



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

FIFTEENTH CONGRESS

First Regular Session

House Bill No. **4787**

Introduced by REP. HERMILANDO I. MANDANAS

EXPLANATORY NOTE

Distilled spirits as defined in the National Internal Revenue Code (NIRC) of 1997, as amended, is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures. Section 141 of the NIRC of 1997, as amended, prescribes the excise tax rates on distilled spirits based on the raw materials used per proof liter.

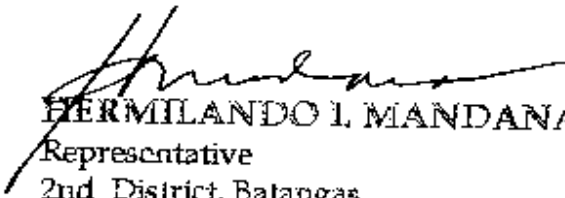
This bill seeks to eliminate the raw materials used in producing the distilled spirits as the basis of imposing the excise tax. All distilled spirits regardless of materials from which they were produced will now be subjected to the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity excluding the excise tax and the value-added tax in determining the particular specific tax a brand of distilled spirits will be classified. This proposed tax scheme on distilled spirits will harmonize the excise tax system currently imposed on wines, fermented liquors and cigarettes as these exciseable products are classified using the net retail price, excluding the excise tax and value-added tax.

Cognizant of our multi-lateral agreement, this proposed measure shall erase the perceived discrimination between locally produced distilled spirits as against imported ones. This proposed legislation would send a positive signal to

the global community that our country is serious in ensuring that our tax laws are in compliance with international agreements.

The requirements of the national government for higher tax collection consequent upon good governance to finance social and infrastructure needs demand an increase in the amount and sphere of excise taxation of distilled spirits. The potential incremental revenue will have an economic impact and will hopefully trickle down to the greater majority of our citizenry who will benefit with the improved government services under the present administration.

With this restructuring of the excise tax on distilled spirits, the government will generate a sizeable amount of revenues necessary to finance the annual fiscal deficit the national government is facing. In view of the foregoing, approval of this measure is earnestly sought.



HERMILANDO L. MANDANAS
Representative
2nd District, Batangas



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AN ACT
RESTRUCTURING THE EXCISE TAX ON DISTILLED SPIRITS
AMENDING FOR THE PURPOSE SECTION 141 OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 141 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 141. *Distilled Spirits.* - [On distilled spirits, there shall be collected, subject to the provisions of Section 133 of this Code, excise tax as follows:]

["(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, Eleven pesos and sixty-five centavos (P11.65);]

["(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be] ON ALL DISTILLED SPIRITS REGARDLESS OF MATERIALS FROM WHICH

PRODUCED, THERE SHALL BE LEVIED, ASSESSED AND COLLECTED EXCISE TAXES in accordance with the net retail price per bottle of seven hundred fifty milliliter (750 mL) volume capacity (excluding the excise tax and the value-added tax) as follows:

"(1) SEVENTY PESOS (P70.00) AND BELOW - TWENTY-NINE PESOS AND THIRTY-SIX CENTAVOS (P29.36), PER PROOF LITER;

(2) MORE THAN SEVENTY PESOS (P70.00) UP TO ONE HUNDRED AND TWENTY PESOS (P120.00) - FORTY-FOUR PESOS AND FOUR CENTAVOS (P44.04), PER PROOF LITER;

(3) MORE THAN ONE HUNDRED AND TWENTY PESOS (P120.00) UP TO ONE HUNDRED AND EIGHTY PESOS (P180.00) - FIFTY-EIGHT PESOS AND SEVENTY-TWO CENTAVOS (P58.72), PER PROOF LITER;

[(1)] (4) [Less than] MORE THAN ONE HUNDRED AND EIGHTY PESOS (P180.00) UP TO Two hundred and fifty pesos (P250.00) - One hundred [twenty-six pesos (P126.00)] FIFTY-EIGHT PESOS AND SEVENTY-THREE CENTAVOS (P158.73), per proof liter;

[(2)] (5) MORE THAN Two hundred and fifty pesos (P250.00) up to Six hundred and seventy-five pesos (P675.00) - [Two hundred fifty-two pesos (P252.00)] THREE HUNDRED SEVENTEEN PESOS AND FORTY-FOUR CENTAVOS (P317.44), per proof liter; and

[(3)] (6) More than Six hundred and seventy-five pesos (P675.00) - [Five hundred four pesos (P504.00)] SIX HUNDRED THIRTY-FOUR PESOS AND NINETY CENTAVOS (P634.90), per proof liter.

"[(c)] Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient.

x x x "

SEC. 2. The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. All laws, decrees, ordinances, rules and regulations, executive or administrative orders, and such other presidential issuances which are inconsistent with any of the provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

SEC. 4. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation whichever comes earlier.

Approved,