

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

H. No. 3365



Introduced by Representative Estrellita "Ging" B. Suansing

EXPLANATORY NOTE

Our country has seen and experience the most destructive typhoon ever recorded in world history. Likewise for 2013, strong typhoons such as *Santi* and *Yolanda* destroyed Central Luzon and the Visayas Regions, respectively. Lives were lost and properties were heavily damaged.

Filipinos are resilient and can rise above all these calamities. However, necessary funds and revenues for the rehabilitation are needed.

Thus, this bill seeks to impose a ten percent (10%) ad valorem tax on softdrinks and carbonated drinks.

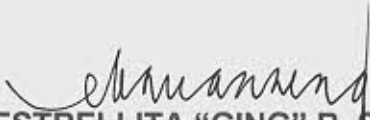
At present, the softdrinks industry is being subject to VAT, income tax, withholding tax, local and real property taxes and customs duties.

On the other hand, flavored or coloured syrups used in the manufacturing of softdrinks are not subject to excise tax but only to twelve percent (12%) VAT and customs duties, if imported.

Taxation of non-alcoholic beverage is not a new concept. Other countries like USA, France, Netherlands and Finland have realized the need to impose taxes on softdrinks and carbonated drinks.

Aside from the rehabilitation fund, another purpose of the bill is to curb the consumption of softdrinks and carbonated drinks. There have been studies which have shown that consumption of said types of goods increase the risk of developing health problems such as blood sugar disorders, obesity, diabetes and other related diseases like bone fractures, hyperacidity, tooth decay and heart problems.

In view of the foregoing, approval of the bill is earnestly sought.


Rep. ESTRELLITA "GING" B. SUANSING
1st District, Nueva Ecija

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AN ACT
IMPOSING A TEN PERCENT (10%) *AD VALOREM* TAX ON SOFTDRINKS AND
CARBONATED DRINKS BY INSERTING A NEW SECTION IN THE NATIONAL
INTERNAL CODE, AS AMENDED

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

SECTION 1. A new section, designated as Section 150-A under Chapter VI, Title VI of the National Internal Revenue Code (NIRC) of 1997, as amended, is inserted to read as follows:

"SEC. 150-A. SOFTDRINKS AND CARBONATED DRINKS. –
THERE SHALL BE LEVIED, ASSESSED AND COLLECTED A TEN PERCENT (10%) *AD VALOREM* TAX ON SOFTDRINKS AND CARBONATED DRINKS SOLD IN BOTTLE AND OTHER TIGHT CONTAINER.

SEC. 2. For purposes of this Act, the following terms are defined as:

- A) "SOFTDRINKS" ARE UNDERSTOOD AS CARBONATED DRINKS SUCH AS COKE, PEPSI, RC COLA, AND THE LIKE, AND ARTIFICIALLY OR NATURALLY FLAVORED DRINKS OF LESS THAN TEN PERCENT (10%) NATURAL FRUIT OR VEGETABLE JUICE SUCH AS MOUNTAIN DEW, ROYAL, SPRITE AND 7-UP AND ARE SOLD IN BOTTLES AND OTHER TIGHT CONTAINERS.
- B) "CARBONATED DRINKS" AS AERATED POTABLE WATER, WHETHER OR NOT CONTAINING ADDED SUGAR OR OTHER SWEETENER OR FLAVOR, AND OTHER NON-ALCOHOLIC BEVERAGES WHICH ARE CHARGED UNDER PRESSURE WITH CARBON DIOXIDE GAS AND ARE SOLD IN BOTTLES AND OTHER AIR TIGHT CONTAINERS; PROVIDED, THAT CARBONATED DRINK SHALL INCLUDE, BUT NOT LIMITED TO, THOSE ARE POPULARLY KNOWN AS SOFTDRINKS, CARBONATED BOTTLED WATER, ENERGY SPORT OR ISOTONIC AND NUTRACEUTICAL DRINKS.

SEC. 3. Rehabilitation Fund. – The amount to be collected under this Act shall be designated as the Rehabilitation Fund for victims of calamities to be allotted for the rehabilitation program such as livelihood development, mass housing, road construction and other infrastructure projects on municipalities, cities and provinces affected by severe and destructive natural calamities.

SEC. 4. Implementing Rules and Regulations. The Secretary of Finance, upon consultation with the Secretary of Budget and Management and Commissioner of Internal Revenue shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 5. Separability Clause. – If any part of this Act shall be held unconstitutional or invalid, other parts not otherwise affected thereby shall remain in full force and effect.

SEC. 6. Repealing Clause. - All other laws, decree, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or repealed accordingly.

SEC. 7. Effectivity. – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,