

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **3885**



Introduced by CHRISTOPHER S. CO and RODEL M. BATOCABE

EXPLANATORY NOTE

This bill seeks to regulate the use of firecrackers by imposing excise taxes on the sale thereof.

Notwithstanding the continuous and rigorous efforts of the Department of Health (DOH), Philippines National Police (PNP), and the media to warn the public on the dangers of fireworks, and to implement Republic Act No. 7183 or the Act Regulating the Sale, Manufacture, Distribution, and Use of Firecrackers and other Polytechnic Devices, the number of deaths and injuries caused by firecrackers increases every year.

In December 2013, the DOH reported 914 firework injuries while in 2012, there were 892 firework injuries. While the injuries were reportedly of less serious in nature than that of previous years, the number is higher. The DOH, the PNP, and other concerned government agencies, have suggested other ways of regulating the sale and use of fireworks and other similar devices.

The injuries, deaths, and destruction of property must be prevented by regulating the sale and use of firecrackers and fireworks. By exercising the power of taxation on the sale of firecrackers, Congress will be able to minimize, if not put an end, to the use of dangerous firecrackers.

The legislature has the inherent power to select the subjects of taxation and to grant exemptions. Taxation may also be made the implement of the state's police power (*Lutz v. Araneta*, G.R. No. L-7859, 1955; *Planters Products, Inc., v. Fertiphil Corporation*, G.R. No. 166006, 2008). Police power is the capacity of the government to regulate behavior and enforce order within their territory for the betterment of the general welfare, morals, health and safety.

In view of the above circumstances, the swift passage of the bill is earnestly sought.

Rep. CHRISTOPHER S. CO

Rep. RODEL M. BATOCABE

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AN ACT
PROVIDING FOR AN EXCISE TAX ON THE SALE OF FIRECRACKERS AND
FIREWORKS, AMENDING THEREFOR REPUBLIC ACT NO. 8242,
OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF
1997, AND FOR OTHER PURPOSES

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

Section 1. Chapter VI – Excise Tax on Miscellaneous Articles, under Title VI of the
National Internal Revenue Code of 1997 is hereby amended to read as follows:

“SECTION 150-A. FIREWORKS AND FIRECRACKERS. – THERE SHALL
BE LEVIED, ASSESSED AND COLLECTED, AGAINST PURCHASERS, A
TAX EQUIVALENT TO TWENTY-PERCENT (20%) BASED ON THE
MANUFACTURER’S SELLING PRICE, NET OF EXCISE TAX AND VALUE
ADDED TAX OF FIREWORKS AND FIRECRACKERS.

(A) DEFINITION OF TERMS.

(1) FIREWORKS WHICH SHALL MEAN ANY COMPOSITION
OR DEVICE THAT IS DESIGNED TO PRODUCE A VISIBLE
EFFECT BY COMBUSTION, EXPLOSION, DEFLAGRATION,
OR DETONATION, BY COMBINING OR USING ANY
COMBUSTIBLE OR EXPLOSIVE SUBSTANCE, OR ANY
SUBSTANCE WHICH WHEN COMBINED WITH OTHER
SUBSTANCE OR ARTICLE, PRODUCES A VISIBLE
EFFECT; AND

(2) “FIRECRACKERS” WHICH SHALL MEAN ANY
COMPOSITION OR DEVICE THAT IS DESIGNED TO
PRODUCE A AUDIBLE EFFECT BY COMBUSTION,
EXPLOSION, DEFLAGRATION, OR DETONATION, BY
COMBINING OR USING ANY COMBUSTIBLE OR
EXPLOSIVE SUBSTANCE, OR ANY SUBSTANCE WHICH

WHEN COMBINED WITH OTHER SUBSTANCE OR ARTICLE, PRODUCES AN AUDIBLE EFFECT.

(B) EXCEPTED DEVICES. THIS SECTION SHALL NOT APPLY TO DEVICES USED FOR THE FOLLOWING:

- (1) MARINE, RAILROAD, OR AVIATION PURPOSES;
- (2) RADIO, TELEVISION, FILM, THEATER PRODUCTIONS, ATHLETIC EVENTS;
- (3) INDUSTRIAL PURPOSES; AND
- (4) GOVERNMENT, MILITARY PURPOSES

(C) THE EXCISE TAX IMPOSED BY THIS SECTION SHALL BE COLLECTED BY THE FIREWORKS OR FIRECRACKERS DEALER, RETAILER, OR SELLER, FROM THE FIREWORKS OR FIRECRACKERS CONSUMER OR PURCHASER.

(D) THE FIREWORKS OR FIRECRACKERS DEALER, RETAILER, OR SELLER SHALL BE RESPONSIBLE FOR THE COLLECTION OF THE TAX AND THE PAYMENT OF THE TAX TO THE COMMISSIONER.

(E) THE TAX ADVANCED AND PAID BY THE DEALER, RETAILER, OR SELLER AS PROVIDED IN THIS SECTION SHALL BE ADDED TO AND COLLECTED AS PART OF THE SALES PRICE OF THE CONSUMER FIREWORKS SOLD OR DISTRIBUTED. THE AMOUNT OF THE TAX SHALL BE STATED SEPARATELY FROM THE PRICE OF THE FIREWORKS OR FIRECRACKERS. "

Section 2. *Implementing Rules and Regulations.* The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations to implement the provisions of this Act.

Section 3. *Repealing Clause.* 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.

Section 4. *Effectivity.* 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,