

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4723



Introduced by Rep. Rodel M. Batocabe and Rep. Winston "Winnie" Castelo

EXPLANATORY NOTE

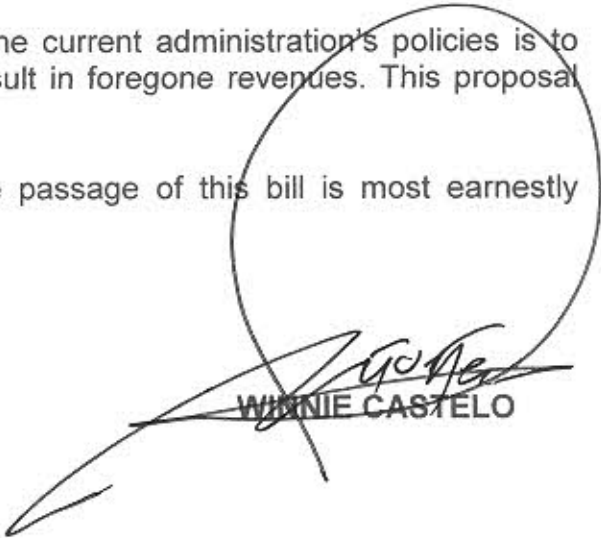
Since 2011, the Philippine market has observed a steady rise in beauty and cosmetic sales due to the increased demand among both male and female consumers with the developing mind-set that beauty and cosmetic products are now a necessity rather than a luxury, which is mostly credited to aggressive marketing campaigns in various platforms. As a result, the beauty industry has grown to an estimated worth of P200 billion while remaining relatively unregulated.

In the government's bid to provide funding for infrastructure projects, imposing tax on non-essential products such as cosmetics is a more reasonable option than imposing excise tax on basic commodities such as fuel, as the latter will also increase transportation and production costs, a cascading effect that will impart an unavoidable encumbrance all the way down to Filipinos below the poverty line. In comparison, any increase of price for beauty and cosmetic products and services shall only be shouldered by those who choose to and can afford it.

This house bill is timely as one of the current administration's policies is to pursue reforms in taxation, which could result in foregone revenues. This proposal hopes to offset such setback.

In view of the foregoing, immediate passage of this bill is most earnestly sought.


RODEL M. BATOCABE


WINNIE CASTELO

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AN ACT IMPOSING EXCISE TAX ON COSMETIC PRODUCTS, AMENDING FOR
THE PURPOSE SECTION 150 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 150 under Chapter VI Title VI of the National Internal
Revenue Code (NIRC) of 1997, as amended, is hereby amended further to read as
follows:

"SEC. 150. *Non-Essential Goods.* - There shall be levied, assessed
and collected a tax equivalent to twenty percent (20%) based on the
wholesale price or the value of importation used by the Bureau of Customs
in determining tariff and customs duties, net of excise tax and value-added
tax, of the following goods:

(a) All goods commonly or commercially known as jewelry, whether
real or imitation, pearls, precious and semi-precious stones and imitations
thereof; goods made of, or ornamented, mounted or fitted with, precious
metals or imitations thereof or ivory (not including surgical and dental
instruments, silver-plated wares, frames or mountings for spectacles or
eyeglasses, and dental gold or gold alloys and other precious metals used
in filling, mounting or fitting the teeth); opera glasses and lorgnettes.

The term "precious metals" shall include platinum, gold, silver and
other metals of similar or greater value.

The term "imitations thereof" shall include platings and alloys of such
metals;

(B) ~~Perfumes and toilet waters~~ COSMETIC PRODUCTS, OR ANY
SUBSTANCE OR PREPARATION INTENDED TO BE PLACED IN
CONTACT WITH THE VARIOUS EXTERNAL PARTS OF THE HUMAN

BODY OR WITH THE TEETH AND THE MUCOUS MEMBRANES OF THE ORAL CAVITY, WITH A VIEW EXCLUSIVELY OR MAINLY TO CLEANING THEM, PERFUMING THEM, CHANGING THEIR APPEARANCE AND/OR CORRECTING BODY ODOR, AND/OR PROTECTING THE BODY OR KEEPING THEM IN GOOD CONDITION;;

(c) Yachts and other vessels intended for pleasure or sports.

SUBSECTION 1. THERE SHALL BE LEVIED, ASSESSED AND COLLECTED A TAX EQUIVALENT TO THIRTY PERCENT (30%) BASED ON THE WHOLESALE PRICE OR THE VALUE OF IMPORTATION USED BY THE BUREAU OF CUSTOMS IN DETERMINING TARIFF AND CUSTOMS DUTIES, NET OF EXCISE TAX AND VALUE-ADDED TAX, OF THE FOLLOWING GOODS:

A. PERFUMES AND TOILET WATERS;"

Section 2. *Implementing Rules and Regulations (IRR)*. – Within ninety (90) days from the approval of this Act, the Secretary of Finance, upon consultation with the Secretary of Budget and Management, the Commissioner of Internal Revenue, and the Director-General of the Food and Drug Administration, shall promulgate the rules and regulations as may be necessary for the proper implementation of this Act.

Section 3. *Separability Clause*. – If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

Section 4. *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 5. *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,