



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4839**



Introduced by Representative Sharon S. Garin

EXPLANATORY NOTE

This bill seeks to increase the excise tax rates on distilled spirits, wines and fermented liquors. For the fermented liquors, this bill seeks to retain the 2-tier tax structure to level the playing field of the stakeholders producing alcohol products through domestic raw materials with that of using imported raw materials. The factored-in inflation rate is likewise increased for revenue raising effort of the government.

According to the Bureau of Internal Revenue, 70% of the total excise tax collection was collected from tobacco and cigarette products while only 30% was collected from alcohol products. This means that tobacco and cigarette products are heavily taxed than that of alcohol products because of the health effects. Tobacco and cigarette products have adverse health effects while alcohol is believed to have certain health benefits when drunk moderately.

Although the 15th Congress had passed the Republic Act No. 10351 otherwise known as the "SinTax Reform Act" with the effectivity on January 1, 2013 which restructures and increases the tax structures and rates, respectively, for both tobacco and alcohol products, this representation believes that such tax rates has not yet saturated to achieve the much-needed revenue of the government.

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


SHARON S. GARIN
Party-list, AAMBIS-OWA



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AN ACT
AMENDING SECTIONS 141, 142 AND 143 OF THE NATIONAL INTERNAL
REVENUE CODE (NIRC) OF 1997 INCREASING AND RESTRUCTURING
THE EXCISE TAX RATES ON ALCOHOL

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

Section 1. Section 141 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10351, is hereby further amended to read as follows:

“Section 141. Distilled Spirits. – On distilled spirits, subject to the provisions of Section 133 of this Code, an excise tax shall be levied, assessed and collected based on the following schedules:

[(a) Effective on January 1, 2013

- (1) An ad valorem tax equivalent to fifteen percent (15%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and
- (2) In addition to the ad valorem tax herein imposed, a specific tax of Twenty pesos (P20.00) per proof liter.

(b) Effective on January 1, 2015

- (1) An ad valorem tax equivalent to twenty percent (20%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and
- (2) In addition to the ad valorem tax herein imposed, a specific tax of Twenty pesos (P20.00) per proof liter.

(c) In addition to the ad valorem tax herein imposed, the specific tax rate of Twenty pesos (P20.00) imposed under this Section shall be increased by four percent (4%) every year thereafter effective on January 1, 2016, through revenue regulations issued by the Secretary of Finance.]

EFFECTIVE ON JANUARY 1, 2017

(1) AN AD VALOREM TAX EQUIVALENT TO TWENTY-FIVE PERCENT (25%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND

(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY PESOS (P30.00) PER PROOF LITER.

IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, THE SPECIFIC TAX RATE OF THIRTY PESOS (P30.00) IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR THEREAFTER EFFECTIVE ON JANUARY 1, 2018, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

Section 2. Section 142 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, is hereby further amended to read as follows:

Section 142. *Wines.* – On wines, there shall be collected per liter of volume capacity effective on January 1, 201[3]7, the following excise taxes:

(a) Sparkling wines/champagnes regardless of proof, if the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) is:

[(1) Five hundred pesos (P500.00) or less -Two hundred fifty pesos (P250.00); and

(2) More than Five hundred pesos (P500.00) – Seven hundred pesos (P700.00).]

(1) FIVE HUNDRED PESOS (P500.00) OR LESS -THREE HUNDRED FIFTY PESOS (P300.00); AND

(2) MORE THAN FIVE HUNDRED PESOS (P500.00) – EIGHT HUNDRED PESOS (P800.00).

[(b) Still wines and carbonated wines containing fourteen percent (14%) of alcohol by volume or less, Thirty pesos (P30.00); and]

(B) STILL WINES AND CARBONATED WINES CONTAINING FOURTEEN PERCENT (14%) OF ALCOHOL BY VOLUME OR LESS, FORTY PESOS (P40.00); AND

[(c) Still wines and carbonated wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, Sixty pesos (P60.00).]

(C) STILL WINES AND CARBONATED WINES CONTAINING MORE THAN FOURTEEN PERCENT (14%) BUT NOT MORE THAN TWENTY-FIVE PERCENT (25%) OF ALCOHOL BY VOLUME, SEVENTY PESOS (P70.00).

[The rates of tax imposed under this Section shall be increased by four percent (4%) every year thereafter effective on January 1, 2014, through revenue regulations issued by the Secretary of Finance.]

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR THEREAFTER EFFECTIVE ON JANUARY 1, 2018, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

Section 3. Section 143 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10351, is hereby further amended to read as follows:

Section 143.*Fermented Liquors.* – There shall be levied, assessed and collected an excise tax on beer, lager beer, ale, porter and other fermented liquors except *tuba*, *basi*, *tapuy* and similar fermented liquors in accordance with the following schedule:

[Effective on January 1, 2013

(a) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or less, the tax shall be Fifteen pesos (P15.00) per liter; and

(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Fifty pesos and sixty centavos (P50.60), the tax shall be Twenty pesos (P20.00) per liter.

Effective on January 1, 2014

(a) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or less, the tax shall be Seventeen pesos (P17.00) per liter; and

(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Fifty pesos and sixty centavos (P50.60), the tax shall be Twenty-one pesos (P21.00) per liter.

Effective on January 1, 2015

(a) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or less, the tax shall be Nineteen pesos (P19.00) per liter; and

(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Fifty pesos and sixty centavos (P50.60), the tax shall be Twenty-two pesos (P22.00) per liter.

Effective on January 1, 2016

(a) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or less, the tax shall be Twenty-one pesos (P21.00) per liter; and

(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Fifty pesos and sixty centavos (P50.60), the tax shall be Twenty-three pesos (P23.00) per liter.

Effective on January 1, 2017, the tax on all fermented liquors shall be Twenty-three pesos and fifty centavos (P23.50) per liter.

The rates of tax imposed under this Section shall be increased by four percent (4%) every year thereafter effective on January 1, 2018, through revenue regulations issued by the Secretary of Finance. However, in case of fermented liquors affected by the 'no downward reclassification' provision prescribed under this Section, the four percent (4%) increase shall apply to their respective applicable tax rates.]

EFFECTIVE ON JANUARY 1, 2017

(A) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER LITER OF VOLUME CAPACITY IS FIFTY PESOS AND SIXTY CENTAVOS (P50.60) OR LESS, THE TAX SHALL BE TWENTY-EIGHT PESOS (P28.00) PER LITER; AND

(B) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER LITER OF VOLUME CAPACITY IS MORE THAN FIFTY PESOS AND SIXTY CENTAVOS (P50.60), THE TAX SHALL BE THIRTY PESOS (P30.00) PER LITER.

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY FOUR PERCENT (4%) EVERY YEAR THEREAFTER EFFECTIVE ON JANUARY 1, 2018, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE. HOWEVER, IN CASE OF FERMENTED LIQUORS AFFECTED BY THE 'NO DOWNWARD RECLASSIFICATION' PROVISION PRESCRIBED UNDER THIS SECTION, THE FIVE PERCENT (5%) INCREASE SHALL APPLY TO THEIR RESPECTIVE APPLICABLE TAX RATES.

SEC. 4. *Implementing Rules and Regulations.* – The Secretary of Finance, upon the recommendation of the Commissioner of the Bureau of Internal Revenue, shall within sixty (60) days from the effectivity of this Act promulgate rules and regulations to faithfully implement the intent and provisions of this Act: Provided, That the failure of the Secretary to promulgate the rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 5. *Separability Clause.* – If any provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected shall remain in full force and effect.

SEC. 6. *Repealing Clause.* – Any laws, rules and regulations, decrees and executive orders, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. *Effectivity Clause.*— This Act shall take effect fifteen (15) days after its complete publication either in the Official Gazette, or in at least two (2) newspapers of general circulation.

Approved,