

Republic of the Philippines
House of Representatives
Quezon City

Seventeenth Congress
First Regular Session

House Bill No. **5386**

Introduced by Representative Estrellita B. Suansing



EXPLANATORY NOTE

Section 15, Article II of the 1987 Constitution provides:

"The State shall protect and promote the right to health of the people and instill health consciousness among them."

Section 11, Article XIII of the 1987 Constitution likewise provides in part:

"The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. xxx."

In many stores, the price of a regular bottled water (350 ml) is more expensive than some juices and sodas with the same volume. For this reason, consumers prefer to buy and drink juices and sodas than bottled water. The public's consumption of sugar sweetened beverages more frequently than water will lead to several illnesses attributable to high sugar level in the blood.

Any sugar level higher than normal are unhealthy. Glucose is precious fuel for all the cells in the body at normal level. But it can behave like a slow-acting poison at high level. High sugar levels slowly erode the ability of cells in the pancreas to make insulin. The organ overcompensates and insulin levels stay too high. Over time, the pancreas is permanently damaged. High levels of blood sugar can cause changes that lead to a hardening of the blood vessels, what doctors call atherosclerosis. Almost any part of the body can be harmed by too much sugar.

Damaged blood vessels cause problems such as: kidney disease or kidney failure requiring dialysis; strokes; heart attacks; vision loss or blindness; weakened immune system with a greater risk of infections; erectile dysfunction; nerve damage also called neuropathy that causes tingling, pain, or less sensation in your feet, legs, and hands; poor blood circulation to the legs and feet; and slow wound-healing and the potential for amputation in rare cases.

In an article by WebMD Medical Reference Reviewed by Michael Dansinger, MD on December 14, 2016, it stated that among the worst choices of drinks for persons with high sugar blood level are regular sodas, regular beer, fruity mixed drinks, dessert wines, sweetened tea, coffee with sugar and cream, chocolate drinks and energy drinks, all of which are sugar sweetened beverages.

If the prices of the aforementioned sugary drinks are cheaper than bottled water, the public will prefer to buy sugar sweetened beverages than water. Basic as it is, this seldom noticed consumer preference of sugar sweetened beverages instead of water is destructive to health can be avoided by lowering the price of bottled water compared to sugar sweetened beverages. Hence, this bill seeks to lower the price of bottled water by exempting the sale thereof from the imposition of value-added tax (VAT). Exempting the sale of bottled water from VAT makes it a cheaper and healthier alternative than sugar sweetened beverages.

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



ESTRELLITA B. SUANSING

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AN ACT
EXEMPTING BOTTLED WATER FROM VALUE ADDED TAX, AMENDING
PRESIDENTIAL DECREE NO. 1158, AS AMENDED, ALSO KNOWN AS THE
“NATIONAL INTERNAL REVENUE CODE OF 1997”

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

SECTION 1. Section 109 of Presidential Decree No. 1158, as amended, is hereby further amended to read as follows:

"SEC. 109. *Exempt Transactions.* – (1) Subject to the provisions of subsection (2) hereof, the following shall be exempt from the value-added tax:

(A) xxx xxx xxx;

(U) Services of banks, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries; **[and]**

(V) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of One million five hundred thousand pesos (P1,500,000.00): *Provided, That not later than January 31, 2009 and every three (3) years thereafter, the amount herein stated shall be adjusted to its present value using the Consumer Price Index as published by the National Statistics Office (NSO); AND*

(W) SALE OF BOTTLED WATER, EVEN IF THE BOTTLED WATER HAVE UNDERGONE ANY PROCESS OF PREPARATION OR PRESERVATION FOR THE MARKET SUCH AS DISTILLATION, DEIONIZATION, REVERSE OSMOSIS OR OTHER SUITABLE TYPE

1 OF PURIFICATION, THE PRIMARY PURPOSE OF WHICH IS FOR
2 HUMAN CONSUMPTION".

3 SEC. 2. ***Implementing Rules and Regulations.*** – Within sixty (60) days from
4 the effectivity of this Act, the Commissioner of Internal Revenue, in consultation with
5 the Secretary of Finance, shall issue the necessary revenue regulation to carry out the
6 provisions of this Act.

7 SEC. 3. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its
8 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,