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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session
3036
House Bill No. _____



Introduced by Representatives **John Marvin "Yul Servo" C. Nieto, Edward Vera Perez Maceda, Dale "Along" R. Malapitan, Eric M. Martinez, and Rolando M. Valeriano**

EXPLANATORY NOTE

Republic Act 10351, popularly known as the Sin Tax Law, was enacted as a good governance measure primarily designed to spur positive impact on both fiscal and public health policies of the country. It corrected the long-standing weaknesses of the tobacco and alcohol excise tax system and increased the rates with the intent of lowering the demand for tobacco and alcohol products. It also raised much needed revenues to fund the Universal Health Care (UHC) program of the government.

The Sin Tax Law has proven to be an unqualified success in terms of generating revenue. Based on the Bureau of Internal Revenue's (BIR) data, the five-year average excise tax collection on sin products prior to the implementation of the Sin Tax Law was pegged at 50.29 Billion Pesos.¹ However, from the start of its implementation in 2013 until 2017, the average doubled to a whopping 134.81 Billion Pesos.² In particular, average excise tax collection from tobacco products jacked up from 28.49 Billion Pesos to 89.30 Billion Pesos and an increase from 21.81 Billion Pesos to 45.51 Billion Pesos from alcohol products.

Since its implementation in 2013, the government collected 323.61 Billion Pesos in incremental revenues (Table 1). This resulted in an unprecedented increase in the budget of the Department of Health (DOH) as the incremental revenues derived from RA 10351 were largely allocated for UHC and health infrastructure programs. The DOH budget almost tripled from P53.23 Billion in 2013 to P148.5 Billion in 2017, or a growth of 179% (Table 2).

Table 1. Incremental Revenues from Sin Tax Law, 2013-2017

Year	Incremental Revenues from Sin Tax Law (in Billion Pesos)
2013	51.17
2014	50.23
2015	73.16
2016	67.46
2017	81.58
TOTAL	323.61

Source: Certifications submitted by BIR and BOC to DOF, 2013-2017

¹ Based on BIR's GFS Report from 2008 to 2012
² Based on the Certifications submitted by BIR and BOC to DOF from 2013 to 2017

Table 2. Annual Budget of the Department of Health, 2013-2017

Year	Annual Budget (in Billion Pesos)
2013	53.23
2014	83.72
2015	86.97
2016	122.63
2017	148.5

Source: DOH Annual Reports, CY 2013-2016

As mandated by RA 10351, a large amount of the incremental revenues earmarked for health remains allocated for premium subsidies for the health insurance of indigents and senior citizens not covered by the National Health Insurance Program. As a result, PhilHealth almost tripled the coverage of the poor families from 5.2 Million in 2013 to 14.3 Million by the end of 2017.³ With the expansion of the coverage, the indigent sector, composed of the members and their dependents, now constitutes 33.03% of the 96.97 Million Filipino beneficiaries of PhilHealth.

While much has been accomplished through the Sin Tax Law, there is still room to improve this measure in order to generate more revenues and discourage unhealthy lifestyles, especially alcohol consumption.

According to the Global Burden of Diseases 2016 study on alcohol collaborators,⁴ alcohol use is a leading risk factor for global disease burden⁵ and causes substantial health loss. The health risks associated with alcohol consumption are cancer, heart disease, diabetes, and cirrhosis – which is one of the top three burdens of the population. Ultimately, the study revealed that even “moderate” alcohol consumption does not protect people from diseases. It argued that alcohol use, regardless of amount, is detrimental to health, and that the risk of all-cause mortality, and of cancers specifically, rises with increasing levels of consumption, and the level of consumption that minimizes health loss is zero. It therefore suggests the need for the revision of alcohol control policies worldwide and to refocus efforts to lower overall population-level consumption.

Moreover, alcohol drinking tends to result in behaviors like drunk-driving and domestic violence. Based on the Online National Electronic Injury Surveillance System of the Department of Health, there were 2,048 vehicular accidents due to alcohol intoxication or 9.3% of the 22,089 transport or vehicular crash-related injury cases in 2015. This increased from 1,295 alcohol-related accidents in 2013 and 1,272 alcohol-related accidents in 2014. It must also be noted that for the four quarters of 2015, vehicular accidents due to alcohol intoxication remained as the top reported risk factor.

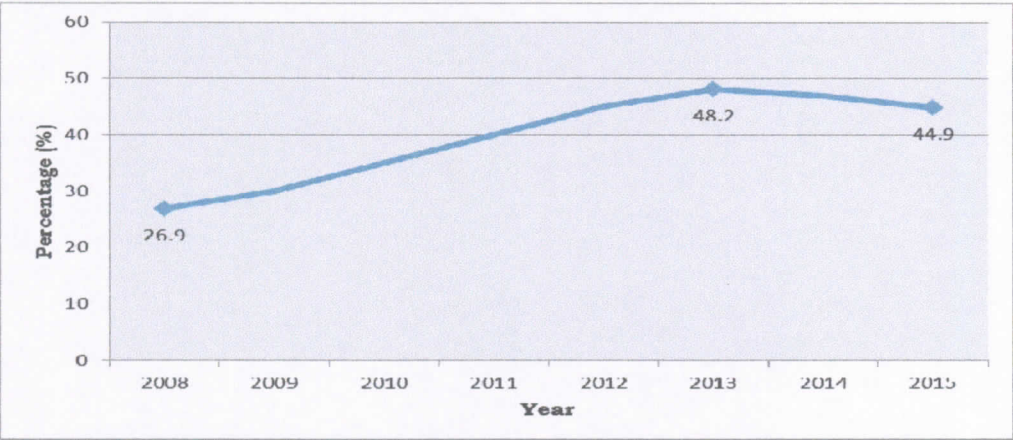
³ PhilHealth Report submitted to DOF Sin Tax Monitoring Unit
⁴ Global Burden of Diseases 2016 Alcohol Collaborators. (2018). Alcohol use and burden for 195 countries and territories, 1990–2016: A systematic analysis for the Global Burden of Disease Study 2016. *Lancet*, 1-21. [http://dx.doi.org/10.1016/S0140-6736\(18\)31310-2](http://dx.doi.org/10.1016/S0140-6736(18)31310-2)
⁵ **Disease burden** is the impact of a health problem as measured by financial cost, mortality, morbidity, or other indicators. It is often quantified in terms of quality-adjusted life years (QALYs) or disability-adjusted life years (DALYs), both of which quantify the number of years lost due to **disease** (YLDs).

83 According to the 2018 National Tax Research Center Review of Excise
84 Taxation of Sin Products, RA 10351 was only successful in lowering the demand of
85 wines and fermented liquors during the first 2-3 years of implementation.
86 However, during its 4th-5th year (2016-2017), an increase in the demand of alcohol
87 was apparent. At the same time, while there was a decrease in demand for wines
88 and fermented liquors, the demand for distilled spirits during the same time frame
89 was generally on an uptrend⁶. The NTRC therefore suggests that the higher taxes
90 imposed on alcohol was ineffective in curbing alcohol consumption and as such,
91 there is a need to increase taxation on such in order to lower its consumption.

92
93 Meanwhile, consistent with the aforementioned NTRC review, the Food and
94 Nutrition Research Institute (FNRI) 2015 Clinical and Health Survey revealed that
95 for the years 2013-2015, there was a significant decrease in the number of alcohol
96 drinkers among adolescents aged 10-19 years old and adults aged 20 years and
97 over. However, despite such decrease for the age group 20 years old and above,
98 FNRI data shows that the percentage of alcohol drinkers in 2015 was still
99 significantly higher than that of the baseline year 2008 (Figure 1).

100
101 Moreover, the study revealed that an average of five out of 10 (50%) of the
102 adults surveyed were engaged in binge drinking (Figure 2), a behavior that could
103 lead to a myriad of health problems such as cardiovascular and liver diseases,
104 neurological damage, poor control of diabetes, unintentional and intentional
105 injuries, alcohol poisoning, and sexual dysfunction (Center for Disease Control and
106 Prevention, 2017)⁷. Moreover, an alarming fact that the FNRI found is that even
107 though the legal age for drinking alcoholic beverages in the Philippines is 18 years
108 old, three in ten (27.0%) of adolescents aged 16-17 years were found to already
109 have consumed alcoholic beverages.

110
111 Figure 1. Trend in the proportion of current alcohol drinkers among adults,
112 20 years old and over, Philippines, 1998-2015

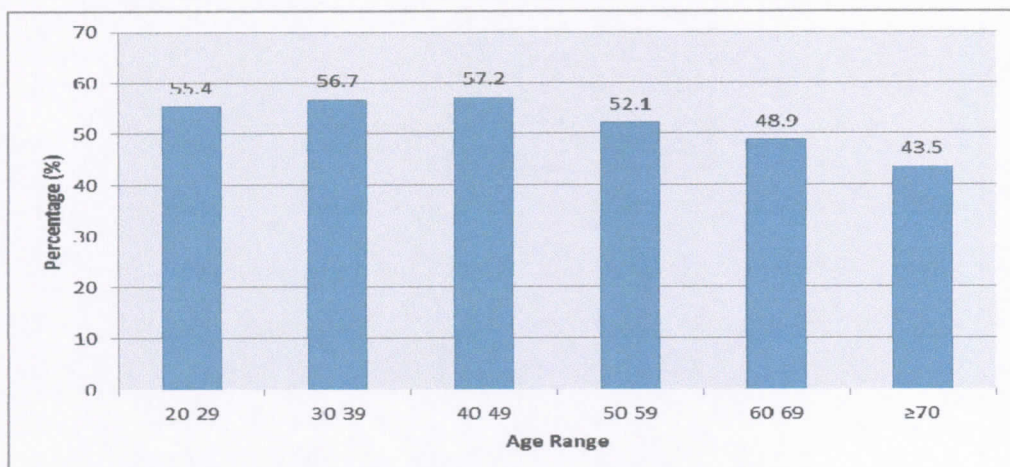


113 Source: 2015 FNRI Clinical and Health Survey

114
115 Figure 2. Prevalence of binge drinking among currently drinking
116 adults (those who reported drinking alcoholic beverages in the past
117 30 days), 20 years old and over, by age group

⁶ Demand growth rates are based on volume of removals of alcohol, or the transfer from factory to warehouse, as per BIR data in NTRC Excise Tax Study.

⁷ In 2015 FNRI Clinical and Health Survey



Source: 2015 FNRI Clinical and Health Survey

A factor that may have contributed to the relapse of alcohol consumption is that it remains to be affordable. The Action for Economic Reforms (AEF) contends that the increase in minimum wage during the years succeeding the implementation of Sin Tax Law offsets the increase in alcohol prices, making them still affordable to the public. These are clear manifestations of the excise tax scheme's failure to deter the consumption of alcohol.

Given alcohol's harmful health effects, socially-detrimental externalities, and the apparent uptrend in demand despite higher taxes; there is an indisputable need to review and recalibrate the Sin Tax Law, particularly on its provisions on the excise tax on alcohol products.

This bill seeks to increase the excise tax rates on alcohol products and the indexation rate to 10% to account for inflation and income. It likewise seeks to remove the distinction on whether fermented liquors are brewed and sold in microbreweries and pubs or in factories for simpler administration.

The excise tax imposed on tobacco, which is also a "sin" product, has already increased through the TRAIN Law (Republic Act 10963), with the same aim of decreasing the consumption of such products. This representation believes that the upward adjustment on the alcohol excise tax rates contained in this bill will also be an effective measure to curb alcohol consumption. At the same time, the incremental revenues it will generate will also boost the government's budget for its Universal Health Care program.

As such, it is high time that we, as legislators, take urgent and proper action. Thus, the passage of this bill is earnestly sought.

JOHN MARVIN "YUL SERVO" C. NIETO

DALE "ALONG" R. MALAPITAN

ROLANDO M. VALERIANO

EDWARD VERA PEREZ MACEDA

ERIC M. MARTINEZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 3036

Introduced by Representatives **John Marvin "Yul Servo" C. Nieto, Edward Vera Perez Maceda, Dale "Along" R. Malapitan, Eric M. Martinez, and Rolando M. Valeriano**

AN ACT

AMENDING SECTIONS 141, 142, AND 143 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS "THE NATIONAL INTERNAL REVENUE CODE OF 1997"

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

SECTION 1. This Act shall be known as the "Alcohol Excise Tax Law."

SECTION 2. Chapter III of the National Internal Revenue Code of 1997 (NIRC), as amended, is hereby amended, which shall read as follows:

CHAPTER III – EXCISE TAX ON ALCOHOL PRODUCTS

SEC. 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 rate 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) per proof liter 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.]

(A) EFFECTIVE ON JANUARY 1, 2020

(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 FORTY PESOS (P40.00) PER PROOF LITER.

(B) EFFECTIVE ON JANUARY 1, 2021

(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 FORTY-FIVE PESOS (P45.00) PER PROOF LITER.

(C) EFFECTIVE ON JANUARY 1, 2022

(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 FIFTY PESOS (P50.00) PER PROOF LITER.

(D) EFFECTIVE ON JANUARY 1, 2023

(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 FIFTY-FIVE PESOS (P55.00) PER PROOF LITER.

(E) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, THE SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY TEN PERCENT (10%) EVERY YEAR THEREAFTER EFFECTIVE ON JANUARY 1, 2023, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient.

This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

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'Spirits or distilled spirits' is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures.

'Proof spirits' is liquor containing one-half (1/2) of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten thousandths (0.7939) at fifteen degrees centigrade (15OC). A 'proof liter' means a liter of proof spirits.

'Net retail price' shall mean the price at which the distilled spirits is sold on retail in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For distilled spirits which are marketed outside Metro Manila, the 'net retail price' shall mean the price at which the distilled spirits is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. **THIS SHALL INITIALLY BE PROVIDED BY THE MANUFACTURER THROUGH A SWORN STATEMENT AND SHALL BE VALIDATED BY THE BUREAU OF INTERNAL REVENUE THROUGH A PRICE SURVEY.**

Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the **BUREAU OF INTERNAL REVENUE (BIR)** [National Statistics Office], and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: *Provided*, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: *Provided, finally*, that in case a particular distilled spirit is not sold in major supermarkets, the price survey can be conducted in retail outlets where said distilled spirit is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.

The net retail price shall be determined by the Bureau of Internal Revenue (BIR) through a **BIANNUAL** price survey under oath.

The methodology and all pertinent documents used in the conduct of the latest price survey shall be submitted to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP) created under Republic Act No. 8240.

Understatement of the suggested net retail price by as much as fifteen percent (15%) of the actual net retail price shall render the manufacturer or importer liable for additional excise tax equivalent to the tax due and difference between the understated suggested net retail price and the actual net retail price.

Distilled spirits introduced in the domestic market after the effectivity of this Act shall be initially taxed according to their suggested net retail prices.

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'Suggested net retail price' shall mean the price (excluding the value added tax and the excise tax) at which locally manufactured or imported distilled spirits are intended by the manufacturer or importer to be sold on retail in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three (3) months from the product launch, the Bureau of Internal Revenue shall validate the suggested net retail price of the new brand against the net retail price as defined herein and initially determine the correct tax on a newly introduced distilled spirits. After the end of nine (9) months from such validation, the Bureau of Internal Revenue shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax on a newly introduced distilled spirits.

[All distilled spirits existing in the market at the time of the effectivity of this Act shall be taxed according to the tax rates provided above based on the latest price survey of the distilled spirits conducted by the Bureau of Internal Revenue.]

The methodology and all pertinent documents used in the conduct of the latest price survey shall be submitted to the Congressional Oversight Committee on the Comprehensive Tax Reform Program created under Republic Act No. 8240.

Manufacturers and importers of distilled spirits shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every third month thereafter, submit to the Commissioner a sworn statement of the volume of sales **AND REMOVALS** for each particular brand of distilled spirits sold at his establishment for the three-month period immediately preceding.

Any manufacturer or importer who, in violation of this Section, misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon final findings by the Commissioner that the violation was committed, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of distilled spirits.

Any corporation, association, or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharges, and interest which may be assessed pursuant to this Section.

Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence, without further proceedings for deportation.

SEC. 142. *Wines.* – On wines, there shall be collected per liter of volume capacity effective on [January 1, 2013] **JANUARY 1, 2020**, 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 value-added tax) is:

(1) Five Hundred Pesos (P500.00) or less – [Two Hundred Fifty Pesos (P250.00)] **THREE HUNDRED THIRTY-FIVE PESOS (P335.00); AND,**

(2) More than Five Hundred Pesos (P500.00) – [Seven Hundred Pesos (P700.00)] **NINE HUNDRED THIRTY-SEVEN PESOS (P937.00).**

(b) Still wines and carbonated wines containing fourteen percent (14%) of alcohol by volume or less, [Thirty Pesos (P30.00)] **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)] **EIGHTY PESOS (P80.00).**

The rates of tax imposed under this Section shall be increased by [four percent (4%)] **TEN PERCENT (10%)** every year thereafter effective on January 1, [2014] **2021**, through revenue regulations issued by the Secretary of Finance.

Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits. 'Fortified wines' shall mean natural wines to which distilled spirits are added to increase their alcohol strength.

'Net retail price' shall mean the price at which sparkling wine/champagne is sold on retail in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For sparkling wines/champagnes which are marketed outside Metro Manila, the 'net retail price' shall mean the price at which the wine is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. **THIS SHALL INITIALLY BE PROVIDED BY THE MANUFACTURER THROUGH A SWORN STATEMENT AND SHALL BE VALIDATED BY THE BUREAU OF INTERNAL REVENUE THROUGH A PRICE SURVEY.**

Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the **BUREAU OF INTERNAL REVENUE** [National Statistics Office], and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: *Provided*, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: *Provided, finally*, That in case a particular sparkling wine/champagne is not sold in major supermarkets, the price survey can be conducted in retail outlets where said sparkling wine/champagne is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.

400 The net retail price shall be determined by the Bureau of Internal Revenue through
401 a **BIANNUAL** price survey under oath.

402

403 The methodology and all pertinent documents used in the conduct of the latest
404 price survey shall be submitted to the Congressional Oversight Committee on the
405 Comprehensive Tax Reform Program created under Republic Act No. 8240.

406

407 Understatement of the suggested net retail price by as much as fifteen percent
408 (15%) of the actual net retail price shall render the manufacturer or importer
409 liable for additional excise tax equivalent to the tax due and difference between
410 the understated suggested net retail price and the actual net retail price.

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412 Sparkling wines/champagnes introduced in the domestic market after the
413 effectivity of this Act shall be initially tax classified according to their suggested
414 net retail prices.

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416 'Suggested net retail price' shall mean the price (excluding VAT and excise tax) at
417 which locally manufactured or imported sparkling wines/champagnes are intended
418 by the manufacturer or importer to be sold on retail in major supermarkets or
419 retail outlets in Metro Manila for those marketed nationwide, and in other regions,
420 for those with regional markets. At the end of three (3) months from the product
421 launch, the Bureau of Internal Revenue shall validate the suggested net retail price
422 of the sparkling wine/champagne against the net retail price as defined herein and
423 initially determine the correct tax bracket to which a newly introduced sparkling
424 wine/champagne shall be classified. After the end of nine (9) months from such
425 validation, the Bureau of Internal Revenue shall revalidate the initially validated
426 net retail price against the net retail price as of the time of revalidation in order to
427 finally determine the correct tax bracket to which a newly introduced sparkling
428 wine/champagne shall be classified.

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430 The proper tax classification of sparkling wines/champagnes, whether registered
431 before or after the effectivity of this Act, shall be determined every two (2) years
432 from the date of effectivity of this Act.

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434 [All sparkling wines/champagnes existing in the market at the time of the
435 effectivity of this Act shall be taxed according to the net retail prices and the tax
436 rates provided above based on the latest price survey of the sparkling
437 wines/champagnes conducted by the Bureau of Internal Revenue.]

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439 The methodology and all pertinent documents used in the conduct of the latest
440 price survey shall be submitted to the Congressional Oversight Committee on the
441 Comprehensive Tax Reform Program created under Republic Act No. 8240.

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443 Manufacturers and importers of wines shall, within thirty (30) days from the
444 effectivity of this Act, and within the first five (5) days of every month thereafter,
445 submit to the Commissioner a sworn statement of the volume of sales **AND**
446 **REMOVALS** for each particular brand of wines sold at his establishment for the
447 three-month period immediately preceding.

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449 Any manufacturer or importer who, in violation of this Section, misdeclares or
450 misrepresents in his or its sworn statement herein required any pertinent data or
451 information shall, upon final findings by the Commissioner that the violation was
452 committed be penalized by a summary cancellation or withdrawal of his or its
453 permit to engage in business as manufacturer or importer of wines.

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455 Any corporation, association, or partnership liable for any of the acts or omissions
456 in violation of this Section shall be fined treble the amount of deficiency taxes,
457 surcharges, and interest which may be assessed pursuant to this Section.

458

459 Any person liable for any of the acts or omissions prohibited under this Section
460 shall be criminally liable and penalized under Section 254 of this Code. Any person
461 who willfully aids or abets in the commission of any such act or omission shall be
462 criminally liable in the same manner as the principal. If the offender is not a
463 citizen of the Philippines, he shall be deported immediately after serving the
464 sentence, without further proceedings for deportation.

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466 SEC. 143. Fermented Liquor. – There shall be levied, assessed, and collected an
467 excise tax on beer, lager beer, ale, porter and other fermented liquors except
468 tuba, basi, tapuy, and similar domestic fermented liquors in accordance with the
469 following schedule:

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471 [Effective on January 1, 2013

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

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

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479 Effective on January 1, 2014

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

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

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489 Effective on January 1, 2015

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491 (a) If the net retail price (excluding the excise tax and the value-added tax)
492 per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or
493 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.]

EFFECTIVE ON JANUARY 1, 2020, THE TAX ON ALL FERMENTED LIQUORS REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND RESTAURANTS SHALL BE FORTY PESOS (P40.00) PER LITER.

EFFECTIVE ON JANUARY 1, 2021, THE TAX ON ALL FERMENTED LIQUORS REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND RESTAURANTS SHALL BE FORTY-FIVE PESOS (P45.00) PER LITER.

EFFECTIVE ON JANUARY 1, 2022, THE TAX ON ALL FERMENTED LIQUORS REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND RESTAURANTS SHALL BE FIFTY PESOS (P50.00) PER LITER.

EFFECTIVE ON JANUARY 1, 2023, THE TAX ON ALL FERMENTED LIQUORS REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND RESTAURANTS SHALL BE FIFTY-FIVE PESOS (P55.00) PER LITER.

The rates of tax imposed under this Section shall be increased by [four percent (4%)] **TEN PERCENT (10%)** every year thereafter effective on January 1, [2018] **2023**, 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.]

[Fermented liquors which are brewed and sold at micro-breweries or small establishments such as pubs and restaurants shall be subject to the rate of

541 Twenty-eight pesos (P28.00) per liter effective on January 1, 2013: Provided, That
542 this rate shall be increased by four percent (4%) every year thereafter effective on
543 January 1, 2014, through revenue regulations issued by the Secretary of Finance.

544

545 Fermented liquors introduced in the domestic market after the effectivity of this
546 Act shall be initially tax classified according to their suggested net retail prices.

547

548 'Suggested net retail price' shall mean the net retail price at which locally
549 manufactured or imported fermented liquor are intended by the manufacturer or
550 importer to be sold on retail in major supermarkets or retail outlets in Metro
551 Manila for those marketed nationwide, and in other regions, for those with regional
552 markets. At the end of three (3) months from the product launch, the Bureau of
553 Internal Revenue shall validate the suggested net retail price of the newly
554 introduced fermented liquor against the net retail price as defined herein and
555 initially determine the correct tax bracket to which a newly introduced fermented
556 liquor, as defined above, shall be classified. After the end of nine (9) months from
557 such validation, the Bureau of Internal Revenue shall revalidate the initially
558 validated net retail price against the net retail price as of the time of revalidation
559 in order to finally determine the correct tax bracket to which a newly introduced
560 fermented liquor shall be classified.

561

562 'Net retail price' shall mean the price at which the fermented liquor is sold on retail
563 in at least five (5) major supermarkets in Metro Manila (for brands of fermented
564 liquor marketed nationally), excluding the amount intended to cover the applicable
565 excise tax and the value-added tax. For brands which are marketed outside Metro
566 Manila, the 'net retail price' shall mean the price at which the fermented liquor is
567 sold in at least five (5) major supermarkets in the region excluding the amount
568 intended to cover the applicable excise tax and the value-added tax.

569

570 Major supermarkets, as contemplated under this Act, shall be those with the
571 highest annual gross sales in Metro Manila or the region, as the case may be, as
572 determined by the National Statistics Office, and shall exclude retail outlets or
573 kiosks, convenience or sari-sari stores, and others of a similar nature: Provided,
574 That no two (2) supermarkets in the list to be surveyed are affiliated and/or
575 branches of each other: Provided, finally, That in case a particular fermented
576 liquor is not sold in major supermarkets, the price survey can be conducted in
577 retail outlets where said fermented liquor is sold in Metro Manila or the region, as
578 the case may be, upon the determination of the Commissioner of Internal
579 Revenue.

580

581 The net retail price shall be determined by the Bureau of Internal Revenue (BIR)
582 through a price survey under oath.

583

584 The methodology and all pertinent documents used in the conduct of the latest
585 price survey shall be submitted to the Congressional Oversight Committee on the
586 Comprehensive Tax Reform Program created under Republic Act No. 8240.

587

588 Understatement of the suggested net retail price by as much as fifteen percent
589 (15%) of the actual net retail price shall render the manufacturer or importer

590 liable for additional excise tax equivalent to the tax due and difference between
591 the understated suggested net retail price and the actual net retail price.

592

593 Any downward reclassification of present categories, for tax purposes, of
594 fermented liquors duly registered at the time of the effectivity of this Act which will
595 reduce the tax imposed herein, or the payment thereof, shall be prohibited.

596

597 The proper tax classification of fermented liquors, whether registered before or
598 after the effectivity of this Act, shall be determined every two (2) years from the
599 date of the effectivity of this Act.

600

601 All fermented liquors existing in the market at the time of the effectivity of this Act
602 shall be classified according to the net retail prices and the tax rates provided
603 above based on the latest price survey of the fermented liquors conducted by the
604 Bureau of Internal Revenue.

605

606 The methodology and all pertinent documents used in the conduct of the latest
607 price survey shall be submitted to the Congressional Oversight Committee on the
608 Comprehensive Tax Reform Program created under Republic Act No. 8240.

609

610 Every brewer or importer of fermented liquor shall, within thirty (30) days from
611 the effectivity of this Act, and within the first five (5) days of every month
612 thereafter, submit to the Commissioner a sworn statement of the volume of sales
613 **AND REMOVALS** for each particular brand of fermented liquor sold at his
614 establishment for the three-month period immediately preceding.

615

616 Any brewer or importer who, in violation of this Section, misdeclares or
617 misrepresents in his or its sworn statement herein required any pertinent data or
618 information shall, upon final findings by the Commissioner that the violation was
619 committed, be penalized by a summary cancellation or withdrawal of his or its
620 permit to engage in business as brewer or importer of fermented liquor.

621

622 Any corporation, association, or partnership liable for any of the acts or omissions
623 in violation of this Section shall be fined treble the amount of deficiency taxes,
624 surcharges, and interest which may be assessed pursuant to this Section.

625

626 Any person liable for any of the acts or omissions prohibited under this Section
627 shall be criminally liable and penalized under Section 254 of this Code. Any person
628 who willfully aids or abets in the commission of any such act or omission shall be
629 criminally liable in the same manner as the principal.

630

631 If the offender is not a citizen of the Philippines, he shall be deported immediately
632 after serving the sentence, without further proceedings for deportation.

633 **SECTION 2.** Section 288 of Republic Act 8424, or the National Internal Revenue
634 Code of 1997, as last amended by Republic Act No. 10963, shall read as follows:

635 "(A) x x x

636 “(B) x x x

637 “(C) x x x

638 “(D) x x x

639 “(E) x x x

640 “(F) x x x

641 **“(G) INCREMENTAL REVENUES FROM THE ALCOHOL EXCISE TAX**
642 **LAW. – ONE HUNDRED PERCENT (100%) OF THE INCREMENTAL**
643 **REVENUES FROM THIS ACT SHALL BE AUTOMATICALLY**
644 **APPROPRIATED TO THE UNIVERSAL HEALTH CARE.**

645

646 **SECTION 3. Repertorial Requirements.** – The Interagency Committee created
647 under Republic Act 10963 shall submit to the President of the Senate of the
648 Philippines, the Speaker of the House of Representatives, the Senate Committee
649 on Finance, and House Committee on Appropriations a detailed report on the
650 expenditure of the amounts earmarked hereon copy furnished to the chairpersons
651 of the Committee on Ways and Means of both houses of Congress. The report shall
652 likewise be posted on the official websites of the agencies concerned.

653

654 **SECTION 4. Implementing Rules and Regulations.** – The Secretary of Finance
655 shall, upon the recommendation of the Commissioner of **THE BUREAU OF**
656 Internal Revenue, promulgate the necessary rules and regulations for the effective
657 implementation of this Act.

658

659 **SECTION 5. Repealing Clause.** – All laws, decrees, executive orders, rules and
660 regulations or parts thereof which are contrary to or inconsistent with this Act are
661 hereby repealed, amended or modified accordingly.

662

663 **SECTION 6. Effectivity.** – This Act shall take effect upon its publication either in
664 the Official Gazette or in a newspaper of general circulation.

665

666

667 *Approved,*