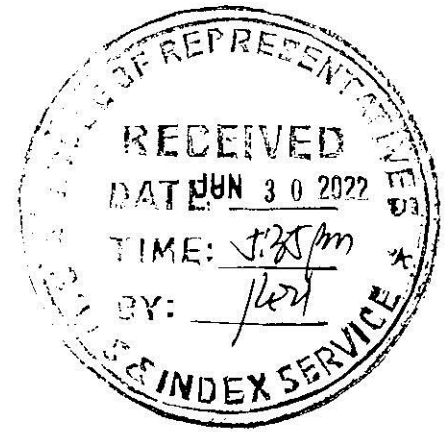


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session



House Bill No. 1810

Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
INCREASING THE EXCISE TAX ON PRE-MIXED ALCOHOLIC BEVERAGES,
AMENDING FOR THIS PURPOSE SECTIONS 143 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Mortality indicators of the World Health Organization show the detrimental use of alcohol results in three (3) million deaths annually. There are 230 different types of diseases where alcohol has a significant role in addition to its harmful effect on the well-being and health of people around the drinker. By 2018, the worldwide total consumption was equal to 6.2 liters of pure alcohol per person 15 years and older. Unrecorded consumption accounts for 26% of the worldwide total consumption.¹

In the Philippines, the 2021 Department of Health's mobile phone health survey on non-communicable diseases (NCD) risk factors showed high alcohol consumption with four (4) in ten Filipinos reporting episodic drinking 30 days prior to the survey. Alcohol use was higher in men compared to women, with 51.4% of men and 28.9% of women reporting current drinking use. One (1) in three (3) adult Filipinos (33.1%) reported drinking six or more drinks on a single drinking occasion while men reported higher rates of heavy drinking occasions compared to women at 43.2 % and 22.9% respectively.²

The enactment of sin tax laws since 2012 resulted in significant fiscal, and given the earmarking provision, public health improvements. The increase in tax revenues improved allocation for premium subsidies for the health insurance of indigents and senior citizens not covered by the National Health Insurance Program. To continue the financial sustainability of health expenditure programs and support positive health outcomes, Republic Act No. 11467 amended Republic Act 10351, further increasing the tax rates on alcohol products.

¹ World Health Organization – Global Information System on Alcohol and Health

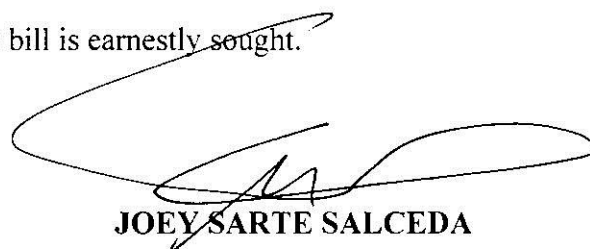
² Department of Health – Non-communicable Disease Mobile Phone Survey 2021

The corresponding adjustment of alcohol excise rates by January 27, 2020, following the Revenue Regulation pursuant to Republic Act No. 11467, softened the impact of the coronavirus pandemic to excise tax collections. The revenue from excise tax increased by 1% in 2020 in contrast to total government revenue which declined by 11% in 2020. The minimal impact on alcohol excise tax receipts is primarily attributed to the increase in domestic distilled spirits consumption, offsetting the decline in beer consumption, the dominant market commodity in terms of volume and value in the Philippines.³

This bill seeks to adjust the excise tax rates on pre-mixed alcoholic beverages similar to beer, given similar consumption patterns. Currently classified under distilled spirits and taxed with rates of 22% ad valorem tax plus a specific tax rate of P52.00, pre-mixed alcoholic beverages will be reclassified and taxed as fermented liquors that will include flavored beverages sold as being ready to consume, with an alcohol content of not more than ten percent (10%), and made by combining an alcoholic product such as fermented liquor, distilled spirit, wine or other alcoholic beverage with non-alcoholic ingredients.

The enactment of this measure will contribute to reducing the burden of the harmful use of alcohol. Other health, safety, and socioeconomic problems attributable to alcohol will likewise be addressed with the implementation of this measure.

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



JOEY SARTE SALCEDA

³ Grenfell-Hill, Richard and Magallon, Jorge. Diageo Philippines. *Modelling the impact of excise rate changes on government revenue and alcohol volume*

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

SECTION 1. Section 143 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“SEC. 143. PRE-MIXED ALCOHOLIC BEVERAGES AND *Fermented Liquors*. There shall be levied, assessed and collected an excise tax on PRE-MIXED ALCOHOLIC BEVERAGES, beer, lager beer, ale, porter and other fermented liquors regardless if manufactured in factories or sold and brewed at micro-breweries or small establishments such as pubs and restaurants, except *tuba, basi, tapuy* and similar fermented liquors in accordance with the following schedule:

“xxx

“The rates of tax imposed under this Section shall be increased by six percent (6%) every year thereafter effective January 1, 2025, through revenue regulations issued by the Secretary of Finance.

“PRE-MIXED ALCOHOLIC BEVERAGES SUCH AS BUT NOT LIMITED TO ‘ALCOPOPS,’ ‘ALCOMIXES,’ ‘COOLERS,’ ‘SPIRIT COOLERS,’ ‘WINE COOLERS,’ ‘CRUISERS,’ AND ‘BREEZERS’ SHALL MEAN FLAVORED BEVERAGES SOLD AS BEING READY TO CONSUME, WITH AN ALCOHOL CONTENT OF NOT MORE THAN TEN PERCENT (10%), AND MADE BY COMBINING AN ALCOHOLIC PRODUCT SUCH AS FERMENTED LIQUOR, DISTILLED SPIRIT, WINE, OR OTHER ALCOHOLIC BEVERAGE WITH NON-ALCOHOLIC INGREDIENTS SUCH AS BUT NOT LIMITED TO FRUIT JUICE, CREAM,

CARBONATED WATER, AND SYRUP. PRE-MIXED ALCOHOLIC BEVERAGES SHALL BE TAXED AS FERMENTED LIQUOR.

“Every brewer, manufacturer or importer of PRE-MIXED ALCOHOLIC BEVERAGES OR fermented liquor shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand of PRE-MIXED ALCOHOLIC BEVERAGES OR fermented liquor sold at his establishment for the three-month period immediately preceding.

“Any brewer, 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 brewer, manufacturer or importer of PRE-MIXED ALCOHOLIC BEVERAGES OR fermented liquor.

“xxx

SEC. 2. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Finance and the Department of Health shall issue the rules and regulations for the effective implementation of this Act.

SEC. 3. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations, and other issuances or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or otherwise modified accordingly.

SEC. 4. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remaining provisions hereof which are not affected shall remain in full force and effect.

SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,