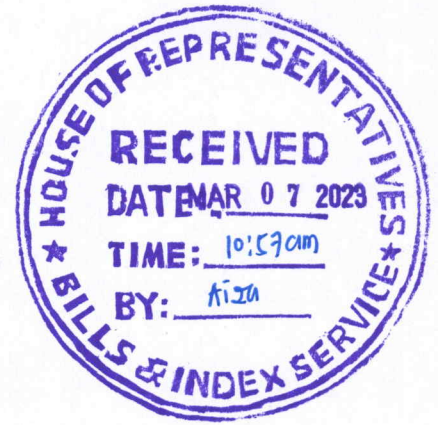


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7485



Introduced by Rep. Ray T. Reyes

EXPLANATORY NOTE

This bill seeks to increase the excise tax on sugar-sweetened beverages to lessen the consumption of sugary beverages and increase the budget for the implementation of Republic Act No. 11223, otherwise known as the *Universal Health Care Act*.

Larry Summers, former Secretary of the United States of America Treasury, said *"if we want to improve global health, we need to tax the things that are killing us. Taxing things that are bad for your health, like tobacco, over things like savings and income is as close to a free lunch as you can get in economics. The economic rationale for taxing these products is strong if we want to save lives and make a better, healthier world."*

Data from the Philippine Statistics Authority (PSA) revealed that from January to December 2020, diabetes ranked fourth among the leading causes of death in the Philippines. One significant factor is the consumption growth of highly processed foods and sugary beverages. It is therefore proper to increase the excise tax on sweetened beverages as proposed under this bill.

Republic Act No. 10963, otherwise known as the *Tax Reform for Acceleration and Inclusion (TRAIN)*, was enacted not only to correct some deficiencies in the tax system to make it simpler, fairer and more efficient but also to introduce an excise tax on sweetened beverages, among other products. In addition, TRAIN law provides for the disposition of revenues from the excise tax on sweetened beverages and other products. Accordingly, fifty per cent (50%) of the total revenues collected from the excise tax on sweetened beverages shall be allocated and used exclusively in the following manner:

1. Eighty per cent (80%) to the Philippine Health Insurance Corporation (PhilHealth) for the implementation of Universal Health Care Act; and
2. Twenty per cent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance, the Health Facilities Enhancement Program (HFEP), the annual requirements of which shall be determined by the Department of Health.

Despite the additional allocation for PhilHealth for implementing the Universal Health Care Act, a budget deficit still hinders its full implementation. Health spending in the past years has risen due to the pandemic, but its share in the national budget remained the same.

This bill seeks to advance health equity by generating revenue for the government, which is proposed to finance the implementation of the Universal Health Care Act. With additional budget, the objectives of the Universal Health Care Act to promote the Filipinos' right to health, equitable access to quality and affordable health care, and healthy living conditions will be realized.

Furthermore, levying a tax on unhealthy products, particularly sugary beverages, will be a win-win situation for the country as not only thousands of premature deaths due to soaring non-communicable diseases could be prevented, but the impact of this tax would increase government revenues.

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


RAY REYES
Representative, Anakalusugan Party-List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 17485

Introduced by Rep. Ray T. Reyes

AN ACT
INCREASING THE EXCISE TAX ON SUGAR-SWEETENED BEVERAGES,
AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE,
AS AMENDED

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

SECTION 1. Section 150-B of the National Internal Revenue Code, as amended, is further amended to read as follows:

“SEC. 150-B. Sweetened Beverages. –

“(A) Rate and Base of Tax. – Effective January 1, [2018]
2024:

“(1) A tax of [Six] **EIGHT** pesos [(P6.00)] **(P8.00)** per liter of volume capacity shall be levied, assessed and collected on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners: *Provided, further,* That this tax rate shall not apply to sweetened beverages using high fructose corn syrup: *Provided, further,* That sweetened beverages using purely coconut sap sugar and purely steviol glycosides shall be exempt from this tax; and

“(2) A tax of [Twelve] **FIFTEEN** pesos [(P12.00)] **(P15.00)** per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener.

“xxx.”

SECTION 2. Section 288-A of the National Internal Revenue Code, as amended, is further amended to read as follows:

“SEC. 288-A. Disposition of Revenues from Excise Tax on Sweetened Beverages, Alcohol, Tobacco Products, Heated Tobacco Products, and Vapor Products. –

“(A) Revenues from Excise Tax on Sugar-Sweetened Beverages [~~from Republic Act No. 10963~~]. – xxx

“x x x”

“(D) x x x”

SECTION 3. All laws, decrees, orders, and issuances, or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SECTION 4. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,