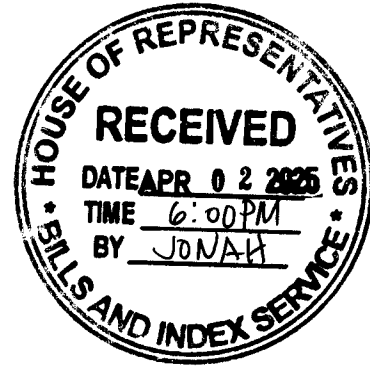


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

Nineteenth Congress
Third Regular Session

House Bill No. **11493**



Introduced by Representative Percival V. Cendaña

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

EXPLANATORY NOTE

Alcohol consumption remains a significant public health concern both globally and in the Philippines. According to the World Health Organization (WHO), the harmful use of alcohol contributes to approximately three (3) million deaths annually. Additionally, alcohol plays a major role in over 230 different diseases, affecting not only drinkers but also those around them. By 2018, global alcohol consumption was estimated at 6.2 liters of pure alcohol per person aged 15 years and older, with unrecorded consumption accounting for 26% of the total consumption worldwide.

In the Philippines, findings from the 2021 Department of Health's mobile phone health survey on non-communicable disease (NCD) risk factors indicate a high prevalence of alcohol consumption. The survey revealed that four (4) in ten (10) Filipinos reported engaging in episodic drinking within 30 days prior to the study. Alcohol consumption was notably higher among men (51.4%) compared to women (28.9%). Furthermore, one (1) in three (3) adult Filipinos (33.1%) reported drinking six or more drinks in a single session, with a higher prevalence among men (43.2%) than women (22.9%).

The enactment of previous sin tax laws, such as Republic Act No. 10351 and its amendment under Republic Act No. 11467, significantly contributed to public health improvements and fiscal sustainability. The additional revenues generated from increased alcohol excise taxes have helped fund health programs, including premium subsidies for the health insurance of indigents and senior citizens not covered by the National Health Insurance Program (NHIP). Notably, even during the coronavirus pandemic, adjustments to alcohol excise tax rates enabled the government to sustain revenue collection, with excise tax revenue increasing by 1% in 2020 despite an overall decline in total government revenue by 11%.

Currently, pre-mixed alcoholic beverages, often marketed as "alcopops," "coolers," "breezers," and similar products, are classified under distilled spirits and subjected to a 22% ad valorem tax plus a specific tax rate of P52.00 per proof liter. However, these beverages exhibit consumption patterns similar to beer and other fermented liquors. This bill seeks to reclassify pre-mixed alcoholic beverages as fermented liquors, imposing a revised excise tax structure that progressively increases specific tax rates from P82.00 per proof liter in 2026 to P252.00 per proof liter in 2031, with a 6% annual increase thereafter.

The adjustment in excise tax rates on pre-mixed alcoholic beverages aims to reduce the harmful effects of alcohol consumption by discouraging excessive drinking, particularly among the youth and vulnerable sectors. By aligning the taxation of pre-mixed alcoholic beverages with other fermented liquors, this measure will help mitigate the public health risks associated with alcohol consumption while ensuring continued funding for essential health programs.

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



Representative Percival V. Cendaña
AKBAYAN Partylist

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

1 **Section 1.** A new section designated as Section 143-A of the National Internal
2 Revenue Code of 1997, as amended, is hereby inserted as follows:

3 **“SEC. 143-A. PRE-MIXED ALCOHOLIC BEVERAGES. THERE**
4 **SHALL BE LEVIED, ASSESSED, AND COLLECTED AN EXCISE TAX ON**
5 **PRE-MIXED ALCOHOLIC BEVERAGES SUCH AS BUT NOT LIMITED**
6 **TO “ALCOPOPS”, “ALCOMIXES”, “COOLERS”, “SPIRIT COOLERS”,**
7 **“WINE COOLERS”, “CRUISERS”, AND “BREEZERS” SHALL MEAN**
8 **FLAVORED BEVERAGES SOLD AS BEING READY TO CONSUME,**
9 **WITH AN ALCOHOL CONTENT OF NOT MORE THAN TEN PERCENT**
10 **(10%), AND MADE BY COMBINING AN ALCOHOLIC PRODUCT SUCH**
11 **AS FERMENTED LIQUOR, DISTILLED SPIRIT, WINE, OR OTHER**
12 **ALCOHOLIC BEVERAGE WITH NON-ALCOHOLIC INGREDIENTS**
13 **SUCH AS BUT NOT LIMITED TO FRUIT JUICE, CREAM,**
14 **CARBONATED WATER, AND SYRUP, IN ACCORDANCE WITH THE**
15 **FOLLOWING SCHEDULE:**

16 **(A)EFFECTIVE JANUARY 1, 2026**

17
18 **(1) AN *AD VALOREM* TAX EQUIVALENT TO TWENTY-TWO**
19 **PERCENT OF NET RETAIL PRICE (EXCLUDING THE**
20 **EXCISE TAX AND VALUE-ADDED TAX) PER PROOF; AND**

1 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN
2 IMPOSED, A SPECIFIC TAX OF EIGHTY-TWO PESOS
3 (P82.00) PER PROOF LITER.

4 (B) EFFECTIVE JANUARY 1, 2027

5 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
6 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
7 TAX AND VALUE-ADDED TAX) PER PROOF; AND

8 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED, A
9 SPECIFIC TAX OF ONE HUNDRED AND THREE PESOS (P103.00)
10 PER PROOF LITER.

11 (C) EFFECTIVE JANUARY 1, 2028

12 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
13 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
14 TAX AND VALUE-ADDED TAX) PER PROOF; AND

15 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED, A
16 SPECIFIC TAX OF ONE HUNDRED TWENTY-NINE PESOS
17 (P129.00) PER PROOF LITER.

18 (D) EFFECTIVE JANUARY 1, 2029

19 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
20 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
21 TAX AND VALUE-ADDED TAX) PER PROOF; AND

22 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED, A
23 SPECIFIC TAX OF ONE HUNDRED SIXTY-ONE PESOS (P161.00)
24 PER PROOF LITER.

25 (E) EFFECTIVE JANUARY 1, 2030

26 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
27 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
28 TAX AND VALUE-ADDED TAX) PER PROOF; AND

29 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED, A
30 SPECIFIC TAX OF TWO HUNDRED AND ONE PESOS (P201.00)
31 PER PROOF LITER.

32 (F) EFFECTIVE JANUARY 1, 2031

33 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
34 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
35 TAX AND VALUE-ADDED TAX) PER PROOF; AND

36 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED, A
37 SPECIFIC TAX OF TWO HUNDRED FIFTY-TWO (P252.00) PER
38 PROOF LITER.

(G) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, THE SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY SIX PERCENT (6%) EVERY YEAR THEREAFTER, EFFECTIVE JANUARY 1, 2031, THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

EVERY BREWER, MANUFACTURER OR IMPORTER OF PRE-MIXED ALCOHOLIC BEVERAGES, 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 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.

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."

Section 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.

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

4 **Section 4. *Separability Clause.*** – If any provision or part of this Act is declared
5 unconstitutional or invalid, the remaining provisions not affected shall continue to be in
6 full force and effect.

7 **Section 5. *Repealing Clause.*** – All laws, decrees, executive orders, or regulations
8 inconsistent with this Act are hereby repealed or modified accordingly.

9 **Section 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
10 publication in the Official Gazette or in a newspaper of general circulation.

Approved,