

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 2618



Introduced by **HON. KENNETH T. GATCHALIAN**

EXPLANATORY NOTE

The **2023 National Nutrition Survey (DOST-FNRI)** reported a sharp rise in smoking:

- Adults (20+): **18.5% (2021) → 23.2% (2023)**
- Adolescents (10–19): **7.5% → 39.9%**
- Adults (20–59): **1.4% → 9.9%**

This increase is linked to easier access to products, flavored vapor products, and lower taxes on heated tobacco products (HTPs).

Under current tax rules, nicotine salt is taxed higher than freebase nicotine, allowing misdeclaration and lower selling prices. There are no penalties for violating the flavor ban, making flavored vapes widely available. Lower HTP taxes also push users toward these products.

To address these issues, this bill proposes:

1. A **unitary excise tax** of **₱66.15/mL** for both nicotine salt and freebase nicotine.
2. A **specific tax** of **₱120/device** for vapor products and **₱500/device** for HTPs.
3. **Penalties** for making, importing, selling, or possessing flavored vapes.
4. An **HTP excise tax increase** from **₱35.83 → ₱41/pack** (20 units).

In order to curb smoking and vaping prevalence, the immediate passage of this bill is earnestly sought.



KENNETH T. GATCHALIAN

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NINETEENTH CONGRESS
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HOUSE BILL NO. 2618

Introduced by **HON. KENNETH T. GATCHALIAN**

AN ACT
AMENDING SECTIONS 8, 144, AND 225, AND ADDING A NEW SECTION 263-B AND 263-C OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. Section 8 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 8. *Duty of the Commissioner to Ensure the Provision and Distribution of Forms, Receipts, Certificates, and Appliances, and the Acknowledgment of Payment of Taxes.*

(A) *Provision and Distribution to Proper-Officials.*— Any law to the contrary notwithstanding, it shall be the duty of the Commissioner, among other things, to prescribe, provide, and distribute to the proper officials the requisite licenses; internal revenue stamps; unique, secure and non-removable identification markings (hereafter called unique identification markings), such as codes or stamps, be affixed to or form part of all unit packets and packages and any outside packaging of **CIGARS AND** cigarettes, **HEATED TOBACCO PRODUCTS, AND VAPOR PRODUCTS** and bottles of distilled spirits; labels and other forms; certificates; bonds; records; invoices; books; receipts; instruments; appliances and apparatus used in administering the laws falling within the jurisdiction of the Bureau. For this purpose, internal revenue stamps, or other markings and labels shall be caused by the Commissioner to be printed with adequate security features.

Internal revenue stamps, whether of a bar code or fusion design, or other markings shall be firmly and conspicuously affixed or printed on each pack of cigars and cigarettes, **HEATED TOBACCO PRODUCTS, AND VAPOR PRODUCTS**, and bottles of distilled spirits subject to excise tax in the manner and form as prescribed by the Commissioner, upon approval of the Secretary of Finance.

To further improve tax administration, **CIGARS AND cigaretteS, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS,** and alcohol manufacturers shall be required to install automated volume-counters of packs and bottles to deter over-removals and misdeclaration of removals."

SECTION 2. Section 144 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"Sec. 144. Tobacco Products, Heated Tobacco Products, and Vapor Products. –

"x x x

"(B) Heated Tobacco Products. – There shall be levied, assessed and collected on heated tobacco products an excise tax at the rate **OF FORTY-ONE PESOS (P41.00) PER PACK OF TWENTY (20) UNITS OR PACKAGING COMBINATIONS OF NOT MORE THAN TWENTY (20) UNITS.** [prescribed below:

~~Effective on January 1, 2020, Twenty five pesos (P25.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;~~

~~Effective on January 1, 2021, Twenty seven pesos and fifty centavos (P27.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;~~

~~Effective on January 1, 2022, Thirty pesos (P30.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units; and~~

~~Effective on January 1, 2023, Thirty two pesos and fifty centavos (P32.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units.]~~

"The rates of tax imposed under this Subsection, shall be increased by five percent (5%) every year effective on January 1, ~~[2024]~~ **2026** through revenue regulations issued by the Secretary of Finance.

"x x x

(C) HEATED TOBACCO PRODUCT DEVICE. – EFFECTIVE JANUARY 1, 2026, AN EXCISE TAX EQUIVALENT TO FIVE HUNDRED PESOS (P500.00) PER HEATED TOBACCO PRODUCT DEVICE SHALL BE IMPOSED.

~~"[(C)](D) Vapor Products. –~~ There shall be levied, assessed and collected on vapor products ~~[an excise tax at the rates prescribed below:]~~ **CONTAINING ANY LIQUID**

SUBSTANCE, REGARDLESS OF NICOTINE CONTENT, INCLUDING NICOTINE-FREE LIQUIDS OR ANY SIMILAR PRODUCT, WHETHER CLASSIFIED AS NICOTINE SALT OR SALT NICOTINE, OR CONVENTIONAL 'FREEBASE' OR 'CLASSIC' NICOTINE, AN EXCISE TAX AT THE RATE OF SIXTY-SIX PESOS AND FIFTEEN CENTAVOS (P66.15) PER MILLILITER OR A FRACTION THEREOF.

~~"(1) Nicotine Salt or Salt Nicotine. –~~ There shall be levied, assessed and collected on any liquid substance, regardless of nicotine content, including nicotine-free liquids or any similar product, further classified as nicotine salt or salt nicotine, ~~an excise tax based on the following schedules:~~

~~"Effective on January 1, 2020, Thirty-seven pesos (P37.00) per milliliter or a fraction thereof;~~

~~"Effective on January 1, 2021, Forty-two pesos (P42.00) per milliliter or a fraction thereof;~~

~~"Effective on January 1, 2022, Forty-seven pesos (P47.00) per milliliter or a fraction thereof; and-~~

~~"Effective on January 1, 2023, Fifty-two pesos (P52.00) per milliliter or a fraction thereof.~~

~~"Provided, That the rates of tax imposed under this Subsection shall be increased by five percent (5%) every year effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance.~~

~~"(2) *Conventional 'Freebase' or 'Classic' Nicotine.*— There shall be levied, assessed and collected on any liquid substance, regardless of nicotine content, including nicotine free liquid or any similar product, further classified as conventional 'freebase' or 'classic' nicotine an excise tax based on the following schedules:~~

~~"Effective on January 1, 2020, Forty-five pesos (P45.00) per ten (10) milliliters or a fraction thereof;~~

~~"Effective on January 1, 2021, Fifty pesos (P50.00) per ten (10) milliliters or a fraction thereof;~~

~~"Effective on January 1, 2022, Fifty-five pesos (P55.00) per ten (10) milliliters or a fraction thereof; and~~

~~"Effective on January 1, 2023, Sixty pesos (P60.00) per ten (10) milliliters or a fraction thereof.]"~~

~~"Provided, That the rates of tax imposed under this Subsection shall be increased by five percent (5%) every year effective January 1, [2024] **2026**, through revenue regulations to be issued by the Secretary of Finance.~~

~~"x x x~~

~~"Unit packets and any outside wrapping of vapor products and other similar products shall carry a health warning compliant with Republic Act No. 10643, otherwise known as 'The Graphic Health Warnings Law' **AND INTERNAL REVENUE STAMPS UNDER THIS CODE.**~~

~~"x x x."~~

(E) VAPOR PRODUCT DEVICE. – EFFECTIVE JANUARY 1, 2026, AN EXCISE TAX EQUIVALENT TO ONE HUNDRED TWENTY PESOS (P120.00) PER VAPOR PRODUCT DEVICE, INCLUDING DISPOSABLE, REFILLABLE, OR OTHER SIMILAR DEVICE, SHALL BE IMPOSED.

SEC. 3. Section 225 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

SEC. 225. *When Property to be Sold or Destroyed.* –

"x x x

Distilled spirits, liquors, cigars, cigarettes, **HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS**, other manufactured products of tobacco, and all apparatus used in or about the illicit production of such articles may, upon forfeiture, be destroyed by order of the Commissioner, when the sale of the same for consumption

or use would be injurious to public health or prejudicial to the enforcement of the law.

"x x x."

SEC. 4. A new Section 263-B shall be introduced in the National Internal Revenue Code of 1997, as amended. The new Section 263-B shall read as follows:

SEC. 263-B. MANUFACTURING, IMPORTING, SELLING, OR DISTRIBUTION OF FLAVORED VAPOR PRODUCTS. – ANY PERSON WHO MANUFACTURES, IMPORTS, SELLS, OR DISTRIBUTES VAPOR PRODUCTS WITH FLAVORING OTHER THAN PLAIN TOBACCO OR PLAIN MENTHOL IN VIOLATION OF SECTION 144 (C) OF THIS CODE SHALL BE PUNISHED WITH A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000.00) BUT NOT MORE THAN FIFTEEN MILLION PESOS (P15,000,000.00) AND IMPRISONMENT FOR A TERM OF NOT LESS THAN SIX (6) YEARS AND ONE (1) DAY BUT NOT MORE THAN TWELVE (12) YEARS.

SEC. 5. A new Section 263-C shall be introduced in the National Internal Revenue Code of 1997, as amended. The new Section 263-C shall read as follows:

SEC. 263-C. UNLAWFUL POSSESSION OF FLAVORED VAPOR PRODUCTS. – IT SHALL BE UNLAWFUL FOR ANY PERSON TO HAVE IN HIS POSSESSION VAPOR PRODUCTS WITH FLAVORING OTHER THAN PLAIN TOBACCO OR PLAIN MENTHOL WHICH ARE PROHIBITED UNDER SECTION 144 (C) OF THIS CODE. ANY PERSON WHO HAS BEEN FOUND GUILTY UNDER THIS SECTION SHALL BE SUBJECT TO THE FOLLOWING PENALTIES:

- i. **ON THE FIRST OFFENSE, A FINE OF ONE HUNDRED THOUSAND PESOS (P100,000.00);**
- ii. **ON THE SECOND OFFENSE, A FINE OF THREE HUNDRED THOUSAND PESOS (P300,000.00); AND**
- iii. **ON THE THIRD OFFENSE, A FINE OF FIVE HUNDRED THOUSAND PESOS (P500,000.00) OR IMPRISONMENT OF NOT LESS THAN ONE (1) MONTH AND ONE (1) DAY BUT NOT MORE THAN SIX (6) MONTHS.**

SEC. 6. If any provision of this Act is declared unconstitutional or invalid, other parts or provision hereof not affected thereby shall continue to be in full force and effect.

SEC. 7. All laws, orders, issuances, circulars, rules and regulation or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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