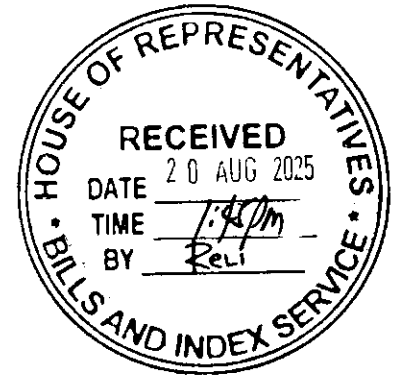


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **3887**



Introduced by **REP. NATHANIEL "Atty. Nat" M. ODUCAO**

EXPLANATORY NOTE

The World Health Organization (WHO) recognizes alcohol use as one of the leading causes of death and disease globally. In 2019, around 2.4 million deaths worldwide were caused by alcohol use. Of those deaths, nearly 40,000 were Filipinos.

In the Philippines, 60.3% of adults are current alcohol drinkers, according to the DOST-FNRI 2023 National Nutrition Survey. 51.8% of adolescent alcohol users and 58.7% of adult alcohol users binge drink, a figure which has remained stagnant over the past decade. Other undesirable consequences of alcohol use include non-communicable diseases, domestic violence, road traffic crashes, and mental illnesses. Taken altogether, the burden of alcohol consumption adds up to billions of pesos in direct costs and indirect costs such as lost productivity from sickness and premature deaths.

With the WHO declaration that no amount of alcohol is safe for our health, there is a need to steer the Filipino people to healthier lifestyle changes. Alarming, there has been studies that shows the second largest consumers of alcohol in the country are aged 15-19 years old.¹ Alcohol in the country is cheap and easily accessed by everyone. Countries around the world, guided by the World Health Organization, have proven that higher taxes save lives—and the Philippines should not be left behind.²

This proposal for an across-the-board increase in alcohol taxes is expected to generate at least Php 200 billion in incremental revenue for the next six (6) years. Increasing taxes on alcohol in the Philippines will also generate additional revenue for Universal Health Care.

Public support is already strong. Recent national surveys indicate that about two-thirds of Filipinos (67%) favor higher excise taxes on alcohol.³ The fact that the majority of Filipinos

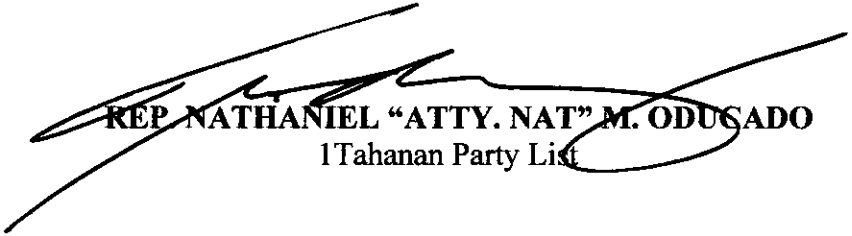
¹ Cabato, Luisa. "Group calls for 6.5% yearly alcohol price hike to cut consumption" last accessed at <https://newsinfo.inquirer.net/1959471/group-calls-for-6-5-yearly-alcohol-price-hike-to-cut-consumption>

² World Health Organization. (2020). Alcohol taxation: An underused public health strategy. Geneva: WHO. Retrieved from <https://www.who.int/publications/i/item/9789240011328>

³ *Id* at 1.

favor stronger alcohol taxation—even when it directly affects consumer prices—shows that the public recognizes the urgency of the problem.

Raising alcohol taxes is not just about money—it's about life, health, and the future of our nation. Every peso added to the price of alcohol could mean one less hospital bed filled, one less funeral to attend, one less child growing up without a parent. If we truly value the health and safety of Filipinos, then we must say yes to higher alcohol taxes—because the cost of inaction is far greater.



REP. NATHANIEL "ATTY. NAT" M. ODUCADO

1 Tahanan Party List

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HOUSE BILL NO. **3887**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

AN ACT
INCREASING THE EXCISE TAX ON ALCOHOLIC BEVERAGES, AMENDING
FOR THIS PURPOSE SECTIONS 141, 142, 143, and 8 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER
PURPOSES

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

1 **SECTION 1.** Section 141 of the National Internal Revenue Code, as amended, is
2 hereby further amended to read as follows:

3 “*SEC. 141. Distilled Spirits.* – On distilled spirits, subject to the provisions of
4 Section 133 of this Code, an excise tax shall be levied, assessed, and collected based
5 on the following schedules:

6 “(A) Effective January 1, **2027**

7 “(1) An *ad valorem* tax equivalent to twenty-two percent (22%) of the net retail
8 price (excluding the excise tax and the value-added tax) per proof; and

9 “(2) In addition to the *ad valorem* tax herein imposed, a specific tax of **EIGHTY**
10 **ONE PESOS (P81.00)** per proof liter.

11 “(B) Effective January 1, **2028**

12 “(1) An *ad valorem* tax equivalent to twenty-two percent (22%) of the net retail
13 price (excluding the excise tax and the value-added tax) per proof; and

14 “(2) In addition to the *ad valorem* tax herein imposed, a specific tax of **NINETY**
15 **THREE PESOS (P93.00)** per proof liter.

16 “(C) Effective January 1, **2029**

17 “(1) An *ad valorem* tax equivalent to twenty-two percent (22%) of the net retail
18 price (excluding the excise tax and the value-added tax) per proof; and

19 “(2) In addition to the *ad valorem* tax herein imposed, a specific tax of **ONE**
20 **HUNDRED SIX PESOS (P106.00)** per proof liter.

“(D) Effective January 1, **2030**

“(1) An ad valorem tax equivalent to twenty-two percent (22%) 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 **ONE HUNDRED TWENTY TWO PESOS (P122.00)** per proof liter.

“(E) Effective January 1, **2031**

“(1) An ad valorem tax equivalent to twenty-two percent (22%) 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 **ONE HUNDRED FORTY ONE PESOS (P141.00)** per proof liter.

“(F) Effective January 1, **2032**

“(1) An ad valorem tax equivalent to twenty-two percent (22%) 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 **ONE HUNDRED SIXTY TWO PESOS (P162.00)** per 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, 2033**, through revenue regulations to be issued by the Secretary of Finance.

XXX

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.

SELLING DISTILLED SPIRITS TO PERSONS BELOW EIGHTEEN (18) YEARS OLD SHALL BE PROHIBITED, AND SHALL BE PUNISHED WITH A FINE OF FIFTY THOUSAND PESOS (P50,000.00) AND IMPRISONMENT OF (30) DAYS.

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. 2. Section 142 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

SEC. 142. Wines. - XXX

“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.

1 **SELLING WINE PRODUCTS TO PERSONS BELOW EIGHTEEN (18)**
2 **YEARS OLD SHALL BE PROHIBITED, AND SHALL BE PUNISHED WITH A FINE**
3 **OF FIFTY THOUSAND PESOS (P50,000.00) AND IMPRISONMENT OF (30) DAYS.**

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

6 **SEC. 3.** Section 143 of the National Internal Revenue Code, as amended, is hereby
7 further amended to read as follows:

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

14 "Effective on January 1, **2027**, the tax shall be **FIFTY PESOS (P50.00)** per liter.

15 "Effective on January 1, **2028**, the tax shall be **FIFTY FIVE PESOS (P55.00)**
16 per liter.

17 "Effective on January 1, **2029**, the tax shall be **SIXTY ONE PESOS (P61.00)**
18 per liter.

19 "Effective on January 1, **2030**, the tax shall be **SIXTY SEVEN PESOS (P67.00)**
20 per liter.

21 "Effective on January 1, **2031**, the tax shall be **SEVENTY THREE PESOS**
22 **(P73.00)** per liter.

23 "Effective on January 1, **2032**, the tax shall be **EIGHTY ONE PESOS (P81.00)**
24 per liter.

25 "The rates of tax imposed under this Section shall be increased by six percent
26 (6%) every year thereafter effective January 1, **2033**, through revenue regulations
27 issued by the Secretary of Finance.

28 **"PRE-MIXED ALCOHOLIC BEVERAGES SUCH AS BUT NOT LIMITED TO**
29 **'ALCOPOPS', 'ALCOMIXES', 'COOLERS', 'SPIRIT COOLERS', 'WINE COOLERS',**
30 **'CRUISERS', AND 'BREEZERS' SHALL MEAN FLAVORED BEVERAGES SOLD**
31 **AS BEING READY TO CONSUME, WITH AN ALCOHOL CONTENT OF NOT MORE**
32 **THAN TEN PERCENT (10%), AND MADE BY COMBINING AN ALCOHOLIC**
33 **PRODUCT SUCH AS FERMENTED LIQUOR, DISTILLED SPIRIT, WINE, OR**
34 **OTHER ALCOHOLIC BEVERAGE WITH NON-ALCOHOLIC INGREDIENTS SUCH**
35 **AS BUT NOT LIMITED TO FRUIT JUICE, CREAM, CARBONATED WATER, AND**
36 **SYRUP. PRE-MIXED ALCOHOLIC BEVERAGES SHALL BE TAXED AS**
37 **FERMENTED LIQUOR.**

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

1 "Any brewer, manufacturer or importer who, in violation of this Section,
2 misdeclares or misrepresents in his or its sworn statement herein required any
3 pertinent data or information shall, upon final findings by the Commissioner that the
4 violation was committed, be penalized by a summary cancellation or withdrawal of his
5 or its permit to engage in business as brewer, manufacturer or importer of **PRE-MIXED**
6 **ALCOHOLIC BEVERAGES OR** fermented liquor.

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

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

14 **SELLING PRE-MIXED ALCOHOLIC BEVERAGES OR FERMENTED**
15 **LIQUORS TO PERSONS BELOW EIGHTEEN (18) YEARS OLD SHALL BE**
16 **PROHIBITED, AND SHALL BE PUNISHED WITH A FINE OF FIFTY THOUSAND**
17 **PESOS (P50,000.00) AND IMPRISONMENT OF (30) DAYS.**

18 **THE BOTTLE, CAN, OR ANY OUTSIDE PACKAGING OF PRE-MIXED**
19 **ALCOHOLIC BEVERAGES OR FERMENTED LIQUOR AND OTHER ALCOHOLIC**
20 **PRODUCTS SHALL HAVE THE CORRESPONDING HEALTH WARNING BASED**
21 **ON THE GUIDELINES TO BE ISSUED BY THE BIR, IN CONSULTATION WITH THE**
22 **DEPARTMENT OF HEALTH.**

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

25 **SEC. 4.** Section 8 of the National Internal Revenue Code, as amended, is hereby
26 further amended to read as follows:

27 "Section 8. Duty of the Commissioner to Ensure the Provision and Distribution
28 of Forms, Receipts, Certificates, and Appliances, and the Acknowledgment of
29 Payment of Taxes. -

30 "(A) Provision and Distribution to Proper-Officials. – Any law to the contrary
31 notwithstanding, it shall be the duty of the Commissioner, among other things, to
32 prescribe, provide, and distribute to the proper officials the requisite licenses; internal
33 revenue stamps; unique, secure and nonremovable identification markings (hereafter
34 called unique identification markings), such as codes or stamps, be affixed to or form
35 part of all unit packets and packages and any outside packaging of cigarettes and
36 bottles **OR CAN OR ANY PACKAGING** of distilled spirits **OR WINES OR PRE-MIXED**
37 **ALCOHOLIC BEVERAGE OR FERMENTED LIQUORS**; labels and other forms;
38 certificates; bonds; records; invoices; books; receipts; instruments; appliances and
39 apparatus used in administering the laws falling within the jurisdiction of the Bureau.
40 For this purpose, internal revenue stamps, or other markings and labels shall be
41 caused by the Commissioner to be printed with adequate security features.

42 "Internal revenue stamps, whether of a bar code or fuson design, or other
43 markings shall be firmly and conspicuously affixed or printed on each pack of cigars
44 and cigarettes and bottles **OR CAN OR ANY PACKAGING** of distilled spirits **OR**
45 **WINES OR PRE-MIXED ALCOHOLIC BEVERAGE OR FERMENTED LIQUORS**

1 subject to excise tax in the manner and form as prescribed by the Commissioner, upon
2 approval of the Secretary of Finance.

3 "To further improve tax administration, cigarette and alcohol manufacturers
4 shall be required to install automated volume-counters of packs and bottles **OR CANS**
5 **OR ANY OTHER PACKAGING OF ALCOHOLIC BEVERAGES** to deter over-
6 removals and misdeclaration of removals."

7 **SEC. 5. Implementing Rules and Regulations.** - Within ninety (90) days from the
8 effectivity of this Act, the Department of Finance and the Department of Health shall issue the
9 rules and regulations for the effective implementation of this Act.

10 **SEC 6. Repealing Clause.** - All laws, decrees, executive orders, rules and regulations,
11 and other issuances or parts thereof, which are inconsistent with the provisions of this Act, are
12 hereby repealed, amended or otherwise modified accordingly.

13 **SEC 7. Separability Clause.** - If any provision of this Act is declared invalid or
14 unconstitutional, the remaining provisions hereof which are not affected shall remain in full
15 force and effect.

16 **SEC 8. Effectivity.** - This Act shall take effect fifteen (15) days following its publication
17 in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,