

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 5003



Introduced by Honorable Representatives
CIELO KRISEL B. LAGMAN, Albay, 1st District
KAKA J. BAG-AO, Dinagat Islands, Lone District
LEILA M. DE LIMA, Mamamayang Liberal (ML) Party-list

EXPLANATORY NOTE

In 2017, a tax policy imposing a two-tiered specific tax on sweetened beverages was passed into law under Republic Act No. 10963, otherwise known as the Tax Reform Acceleration and Inclusion (TRAIN) Law. It was implemented in January 2018, resulting in a one-time increase in the prices of beverages due to the levied tax rate of Php 6.00 on drinks with caloric and non-caloric sweeteners, and Php 12.00 on those containing high fructose corn syrup (HFCS). The imposition of the SB tax stands on two primary objectives: revenue generation and curbing excessive consumption, associated with obesity and increased risk of non-communicable diseases (NCDs).

As early as the first year of implementation, this tax policy has proven to be effective in attaining its objectives; the sales of SBs in small neighborhood retail stores immediately went down by 8.7% in the first month of 2018¹ while a tax collection of Php 35.5 billion was raised in the same year. In totality, the SB tax policy has contributed an additional revenue of PhP 209.74 billion to the national government from 2018-2023.²

However, since the existing SB tax lacked a necessary feature to adjust the tax schedule with concurrent inflation, its efficacy was eroded by a sustained rise in general prices and income through the years.³ That is, consumption of sweetened beverages has gradually increased—undermining the initial impact of the tax in reducing excessive sugar intake. This contributed to the worsening problem of malnutrition, especially overnutrition, in the country.⁴

The results of the 2023 National Nutrition Survey by the Department of Science and Technology–Food and Nutrition Research Institute (DOST-FNRI) highlighted the country’s triple burden of malnutrition, as evidenced by the rising prevalence of overweight and obesity, alongside persistent undernutrition—including stunting, wasting, and chronic energy deficiency—as well as widespread micronutrient deficiencies. In addition, ischemic heart disease and diabetes, conditions related to excessive sugar consumption, remain the leading causes of death among Filipinos. The worsening situation of malnutrition and non-communicable diseases (NCDs) in the country warrants urgent interventions, including preventive measures—such as enhanced excise taxation—and responsive actions, like the implementation of health and nutrition programs, such

¹ Nielsen (2018), as cited in Onagan, F., Ho, B., & Chua, K. (2018). *Development of a sweetened beverage tax, Philippines*. Bulletin of the World Health Organization, 97(2), 154.

² Excise tax collections on SBs from CPBRD Facts and Figures, BIR Annual Reports

³ Lacaza, R., Udaundo, E., Yap Jr., D. (2024). *An Empirical Evaluation of the Sugar-Sweetened Beverage Tax and its Implications on Health Policy and Tax Revenues*. Congressional Policy and Budget Research Department, PB2024-04.

⁴ Goyena, Eva & Desnacido, Josie & Cristobal, Antoniette & Ducay, Apple. (2024). *Sweetened beverage consumption and its association with overweight and obesity across population groups in the Philippines*. Malaysian Journal of Nutrition. 30. 10.31246/mjn-2024-0035.

as those focused on the first 1,000 days of life and early childhood, and those that allow for the access of fresh fruits and vegetables.


With this, we seek to improve the current SB tax policy by updating the tax rate, expanding the tax scope to previously exempted products, and enhancing key features such as the inclusion of annual indexation and a more impact-driven earmarking of revenues.

According to the World Health Organization (WHO), for an SB Tax to be effective in curbing the consumption of sweetened beverages and reduce the prevalence of obesity and related non-communicable diseases, the rate of the excise tax to be imposed must raise retail prices by at least 20%.⁵

The goal of this bill is to reinforce the efficacy of the SB tax policy in attaining its objectives: reduce the consumption of sweetened beverages—including 3-in-1 coffee, flavored milk, and fermented milk—by twenty-four percent (24%) and raise an incremental revenue of fifty-five billion pesos (Php 55 Billion). This measure will help address the rising cases of non-communicable diseases, as well as overweight and obesity, and undernutrition linked to dental caries in the country, while also generating funds necessary for interventions to address these pressing health and nutrition issues.

Additionally, this bill seeks to expand the earmarking of revenues from the Sweetened Beverages (SB) Tax by allocating a portion of the funds for nutrition programs including programs that helps address malnutrition such as water, sanitation, and hygiene, and to enhance monitoring and evaluation mechanisms to measure the impact of the tax measure in attaining its intended purpose by defining the roles and responsibilities of relevant national government agencies.

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



Rep. Gielo Krisel B. Lagman
1st District of Albay



Rep. Raka J. Bag-ao
Lone District, Dinagat Islands



Rep. Lella M. De Lima
Mamamayang Liberal (ML) Partylist

⁵ World Health Organization. (2017). *Taxes on sugary drinks: Why do it?*. <https://iris.who.int/bitstream/handle/10665/260253/WHO-NMH-PND-16.5Rev.1-eng.pdf>

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AN ACT
AMENDING SECTIONS 150-B AND 288-A OF THE NATIONAL INTERNAL REVENUE CODE
AND CREATING A NEW SECTION, 150-C, AS AMENDED, AND FOR OTHER PURPOSES

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

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

3 "SEC. 150-B. Sweetened Beverages. -

4 "(A.) Rate and Base of Tax. – Effective January 1, 2018 2026:

5 "(1) A tax of Six **TWENTY PESOS (P20.00)** per liter of volume capacity
6 shall be levied, assessed, and collected on sweetened beverages using purely
7 caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and
8 non-caloric sweeteners; Provided, further, That this tax rate shall not apply to
9 sweetened beverages using high fructose corn syrup; Provided, further, That
10 sweetened beverages using purely coconut sap sugar and purely steviol
11 glycosides shall be exempt from this tax;

12 "(2) A tax of Twelve **FORTY PESOS (P40.00)** per liter of volume
13 capacity shall be levied, assessed, and collected on sweetened beverages
14 using purely high fructose corn syrup or in combination with any caloric or non-
15 caloric sweetener.

16 **(3) A TAX OF SIX PESOS (P6.00) PER LITER OF VOLUME CAPACITY**
17 **SHALL BE LEVIED, ASSESSED, AND COLLECTED ON ALL FLAVORED**

MILK, FERMENTED MILK, AND FLAVORED NON-DAIRY MILK BEVERAGES.

(4) A TAX OF SIX PESOS (P6.00) PER LITER OF VOLUME CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED ON ALL SWEETENED COFFEE PRODUCTS.

“ (B) Definition of Terms. ~ As used in this Act:

“(1) Sweetened beverages (SBs) refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following, as described in the Food Category System from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2017 or the latest) as adopted by the FDA:

- “(a) Sweetened juice drinks;**
 - “(b) Sweetened tea;**
 - “(c) All carbonated beverages;**
 - “(d) Flavored water;**
 - “(e) Energy and sports drinks;**
 - “(f) Other powdered drinks not classified as milk, juice, tea, and coffee;**
 - “(g) Cereal and grain beverages;-and**
 - “(h) Other non-alcoholic beverages that contain added sugar.**
 - (i) FLAVORED MILK, FERMENTED MILK, AND FLAVORED NON-DAIRY MILK**
 - (j) ALL SWEETENED COFFEE PRODUCTS**
- X X X”**

(7) NUTRITION-SPECIFIC INTERVENTIONS REFER TO PROGRAMS THAT DIRECTLY ADDRESS THE IMMEDIATE CAUSES OF MALNUTRITION. THESE INTERVENTIONS INCLUDE:

(A) SUPPORT FOR EXCLUSIVE BREASTFEEDING UP TO SIX (6) MONTHS OF AGE AND CONTINUED BREASTFEEDING,

48 TOGETHER WITH APPROPRIATE AND NUTRITIOUS FOOD,
49 UP TO TWO (2) YEARS OF AGE;

50 (B) FORTIFICATION OF FOODS;

51 (C) MICRONUTRIENT SUPPLEMENTATION;

52 (D) DIETARY SUPPLEMENTATION;

53 (E) TREATMENT OF SEVERE MALNUTRITION.

54 (6) NUTRITION-SENSITIVE INTERVENTIONS REFER TO PROGRAMS AND
55 STRATEGIES THAT ADDRESS THE UNDERLYING FACTORS
56 CONTRIBUTING TO MALNUTRITION. THESE INTERVENTIONS INCLUDE:

57 (A) WATER, SANITATION, AND HYGIENE (WASH) – IMPROVING
58 ACCESS TO CLEAN WATER AND SANITATION TO REDUCE
59 DISEASE AND INFECTION;

60 (B) HEALTHCARE – EXPANDING ACCESS TO HEALTH
61 SERVICES TO SUPPORT THE WELL-BEING OF
62 INDIVIDUALS, WITH PARTICULAR EMPHASIS ON THE
63 HEALTH NEEDS OF WOMEN AND CHILDREN.

64 "(C) *Exclusions.* — The following products, as described in the food category system
65 from Codex Alimentarius Food Category Descriptors (Codes Stan 192-1995, Rev. 2017
66 or the latest) as adopted by the FDA, are excluded from the scope of this Act:

67 ~~"(1) All milk products, including plain milk, infant formula milk, follow-on milk,~~
68 ~~growing up milk, powdered milk, ready to drink milk and flavored milk,~~
69 ~~fermented milk, soymilk, and flavored soymilk;~~ MILK PRODUCTS WITHOUT
70 ANY SWEETENER SUCH AS PLAIN MILK AND MILK PRODUCTS
71 INTENDED FOR INFANTS AND FOR YOUNG CHILDREN:

72 (a) INFANT FORMULA – A HUMAN MILK SUBSTITUTE FOR INFANTS
73 (AGED NO MORE THAN 12 MONTHS) THAT IS SPECIFICALLY
74 FORMULATED TO PROVIDE THE SOLE SOURCE OF NUTRITION
75 DURING THE FIRST MONTHS OF LIFE UP TO THE INTRODUCTION
76 OF APPROPRIATE COMPLEMENTARY FEEDING.

77 (b) FOLLOW-UP FORMULA – FOOD INTENDED FOR USE AS A LIQUID
78 PART OF THE COMPLEMENTARY FEEDING OF INFANTS (AGED
79 AT LEAST 6 MONTHS) AND FOR YOUNG CHILDREN (AGED 1-3
80 YEARS).

81 X X X

82 (5) ~~Ground coffee, instant soluble coffee, and pre-packaged powdered coffee~~
83 ~~products~~ GROUND COFFEE AND INSTANT COFFEE AS DESCRIBED IN
84 FDA ADMINISTRATIVE ORDER NO. 136-A S. 1985:

85 (a) ROASTED COFFEE – PRODUCT OBTAINED BY ROASTING THE
86 DRIED BEANS OF THE COFFEE PLANT (GENUS COFFEA)

87 (b) COFFEE EXTRACT – PRODUCT OBTAINED BY EXCLUSIVELY
88 FROM ROASTED COFFEE BY PHYSICAL METHODS USING
89 WATER AS THE MEDIUM OF EXTRACTION AND THE ONLY
90 CARRYING AGENT WHICH IS NOT DERIVED COFFEE BEANS.

91 X X X”

92 SECTION 2. A new Section is hereby added as:

93 “SEC. 150-C. ANNUAL INDEXATION. THE RATE OF TAX IMPOSED IN THIS ACT
94 SHALL BE INCREASED BY SIX PERCENT (6%), EVERY YEAR THEREAFTER,
95 EFFECTIVE ON JANUARY 1, 2026.”

96 SECTION 3. Section 288-A of the National Internal Revenue Code, as amended, is further
97 amended to read as follows:

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

100 (A) Revenues from Excise Tax on Sugar-Sweetened Beverages ~~from Republic Act No.~~
101 ~~40963.~~ -The provisions of existing laws to the contrary notwithstanding, ~~fifty percent~~
102 ~~(50%)~~ of the total revenues collected from the excise tax on sugar-sweetened
103 beverages shall be allocated and used exclusively in the following manner:

104 (1) ~~Eighty percent (80%)~~ **FORTY PERCENT (40%)** to the Philippine Health
105 Insurance Corporation (PhilHealth) for the implementation of Republic Act No.
106 11223, otherwise known as the 'Universal Health Care Act 'of 2019; and

107 (2) ~~Twenty percent (20%)~~ **TEN PERCENT (10%)** shall be allocated nationwide,
108 based on political and district-subdivisions, for medical assistance, the Health
109 Facilities Enhancement Program (HFEP), the annual requirements of which
110 shall be determined by the Department of Health (DOH).

111 **(3) FIFTY PERCENT (50%) SHALL BE ALLOCATED TO THE DEPARTMENT**
112 **OF INTERIOR AND LOCAL GOVERNMENT AND DIVIDED AMONG THE**
113 **PROVINCES AND SHALL BE DISTRIBUTED AS FOLLOWS:**

114 (i) **FORTY PERCENT (40%) FOR NUTRITION SPECIFIC PROGRAMS**
115 **WITH PRIMARY FOCUS ON CHILDREN AGES ZERO TO FIVE**
116 **YEARS OLD AND PREGNANT AND LACTATING WOMEN. THE**
117 **PRIORITIZATION THEREOF SHALL BE BASED ON THE**
118 **RECOMMENDATION OF THE NATIONAL NUTRITION COUNCIL**
119 **GOVERNING BOARD; AND**

120 (ii) **TEN PERCENT (10%) FOR NUTRITION SENSITIVE**
121 **INTERVENTIONS WHICH SHALL INCLUDE WATER, SANITATION**
122 **AND HYGIENE PROGRAMS AS MAY BE DETERMINED BY THE**
123 **DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT (DILG).**

124 **SECTION 4. GOVERNMENT AGENCIES AND OFFICES INVOLVED IN THE**
125 **IMPLEMENTATION OF THE SPECIFIC PROGRAMS MENTIONED HEREIN SHALL**
126 **SUBMIT TO THE CONGRESSIONAL OVERSIGHT COMMITTEE CREATED UNDER**
127 **REPUBLIC ACT NO. 8424, AS AMENDED BY REPUBLIC ACT NO. 10351, A DETAILED**
128 **REPORT ON THE EXPENDITURE OF THE AMOUNTS EARMARKED IN THIS ACT ON THE**
129 **FIRST WEEK OF AUGUST EVERY YEAR. THE REPORTS SHALL BE SIMULTANEOUSLY**
130 **PUBLISHED IN THE OFFICIAL GAZETTE AND IN THE AGENCIES' WEBSITES.**

131 **SECTION 5. IMPLEMENTING RULES AND REGULATIONS. - THE SECRETARY OF**
132 **FINANCE SHALL, UPON THE RECOMMENDATION OF THE COMMISSIONER OF**
133 **INTERNAL REVENUE, PROMULGATE THE NECESSARY RULES AND REGULATIONS**
134 **FOR THE EFFECTIVE IMPLEMENTATION OF THIS ACT.**

135 **SECTION 6. SEPARABILITY CLAUSE. - IF ANY PROVISION OF THIS ACT SHALL BE**
136 **HELD UNCONSTITUTIONAL OR INVALID, THE OTHER PROVISIONS NOT OTHERWISE**
137 **AFFECTED SHALL REMAIN IN FULL FORCE AND EFFECT.**

138 **SECTION 7. REPEALING CLAUSE. "ALL LAWS, DECREES, EXECUTIVE ORDERS,**
139 **RULES AND REGULATIONS OR PARTS THEREOF WHICH ARE CONTRARY TO OR**
140 **INCONSISTENT WITH THIS ACT ARE HEREBY REPEALED, AMENDED OR MODIFIED**
141 **ACCORDINGLY."**

142 **SECTION 8. THIS ACT SHALL TAKE EFFECT UPON ITS PUBLICATION IN A**
143 **NEWSPAPER OF GENERAL CIRCULATION.**

144 **Approved,**