

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

Twentieth Congress
First Regular Session

House Bill No. **5475**



**Introduced by AKBAYAN Representatives Percival Cendaña, Atty. Jose Manuel
"Chel" Diokno, and Dadah Kiram Ismula and Dinagat Islands Representative
Kaka Bag-ao**

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

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.

Global evidence shows that alcohol taxes are the most effective measure to reduce alcohol consumption. Raising prices through higher taxes helps delay the initiation of alcohol use among the youth and reduces heavy episodic drinking. Increasing taxes on alcohol in the Philippines will also generate additional revenue for Universal Health Care.

This proposal for an across-the-board increase in alcohol taxes is expected to generate **at least Php 300 billion in incremental revenue for the next six (6) years.**

Increasing taxes on alcoholic beverages is a win-win for Filipinos – to reduce the burden of the harmful use of alcohol and to address other health, safety, and socioeconomic issues.

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



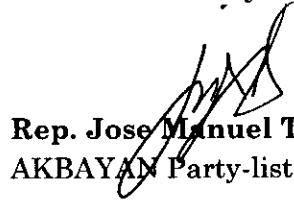
Rep. Percival Cendaña

AKBAYAN Party-list



Rep. Kaka Bag-ao

Lone District of Dinagat Islands



Rep. Jose Manuel Tadeo “Chel” Diokno

AKBAYAN Party-list



Rep. Dadan Kiram Ismula

AKBAYAN Party-list

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

Twentieth Congress
First Regular Session

House Bill No. **5475**

Introduced by AKBAYAN Representatives Percival Cendaña, Atty. Jose Manuel
“Chel” Diokno, and Dadah Kiram Ismula and Dinagat Islands Representative
Kaka Bag-ao

AN ACT
INCREASING THE EXCISE TAX ON ALCOHOLIC BEVERAGES, AMENDING FOR
THIS PURPOSE SECTIONS 141 AND 143 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,
2 is 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, ~~[2020]~~ 2026

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 ~~[Forty-~~
10 ~~two pesos (P42.00)]~~ **EIGHTY EIGHT PESOS (P88.00)** per proof liter.

11 “(B) Effective January 1, ~~[2021]~~ 2027

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 ~~[Forty-~~
15 ~~seven pesos (P47.00)]~~ **ONE HUNDRED NINE PESOS (P109.00)** per proof liter.

16 “(C) Effective January 1, ~~[2022]~~ 2028

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

3 “(2) In addition to the *ad valorem* tax herein imposed, a specific tax of [~~Fifty-~~
4 ~~two pesos (P52.00)~~] **ONE HUNDRED THIRTY SEVEN PESOS (P137.00)** per
5 proof liter.

6 “(D) Effective January 1, [~~2023~~] **2029**

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 [~~Fifty-~~
10 ~~nine pesos (P59.00)~~] **ONE HUNDRED SEVENTY ONE PESOS (P171.00)** per
11 proof liter.

12 “(E) Effective January 1, [~~2024~~] **2030**

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

15 “(2) In addition to the *ad valorem* tax herein imposed, a specific tax of [~~Sixty-~~
16 ~~six pesos (P66.00)~~] **TWO HUNDRED FOURTEEN (P214.00)** per proof liter.

17
18 **“(G) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED,**
19 **THE SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE**
20 **INCREASED BY SIX PERCENT (6%) EVERY YEAR THEREAFTER,**
21 **EFFECTIVE JANUARY 1, 2031, THROUGH REVENUE REGULATIONS TO**
22 **BE ISSUED BY THE SECRETARY OF FINANCE.**

23 XXX

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

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

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

34 **SECTION 3.** Section 142 of the National Internal Revenue Code, as amended, is
35 hereby further amended to read as follows:

1 **SEC. 142. *Wines.* - XXX**

2 “Any person liable for any of the acts or omissions prohibited under this Section
3 shall be criminally liable and penalized under Section 254 of this Code. Any person
4 who willfully aids or abets in the commission of any such act or omission shall be
5 criminally liable in the same manner as the principal.

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

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

12 SECTION 3. Section 143 of the National Internal Revenue Code, as amended, is
13 hereby further amended to read as follows:

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

20 “Effective on January 1, [**2020**] **2026**, the tax shall be **FIFTY PESOS (P50.00)**
21 per liter.

22 “Effective on January 1, [**2021**] **2027**, the tax shall be **FIFTY FIVE PESOS**
23 **(P55.00)** per liter.

24 “Effective on January 1, [**2022**] **2028**, the tax shall be **SIXTY ONE PESOS**
25 **(P61.00)** per liter.

26 “Effective on January 1, [**2023**] **2029**, the tax shall be **SIXTY SEVEN PESOS**
27 **(P67.00)** per liter.

28 “Effective on January 1, [**2024**] **2030**, the tax shall be **SEVENTY THREE**
29 **PESOS (P73.00)** per liter.

30 “The rates of tax imposed under this Section shall be increased by six percent
31 (6%) every year thereafter effective January 1, [**2025**] **2031**, through revenue
32 regulations issued by the Secretary of Finance.

33 “**PRE-MIXED ALCOHOLIC BEVERAGES SUCH AS BUT NOT**
34 **LIMITED TO ‘ALCOPOPS’, ‘ALCOMIXES’, ‘COOLERS’, ‘SPIRIT COOLERS’,**
35 **‘WINE COOLERS’, ‘CRUISERS’, AND ‘BREEZERS’ SHALL MEAN**
36 **FLAVORED BEVERAGES SOLD AS BEING READY TO CONSUME, WITH AN**
37 **ALCOHOL CONTENT OF NOT MORE THAN TEN PERCENT (10%), AND**

1 **MADE BY COMBINING AN ALCOHOLIC PRODUCT SUCH AS FERMENTED**
2 **LIQUOR, DISTILLED SPIRIT, WINE, OR OTHER ALCOHOLIC BEVERAGE**
3 **WITH NON-ALCOHOLIC INGREDIENTS SUCH AS BUT NOT LIMITED TO**
4 **FRUIT JUICE, CREAM, CARBONATED WATER, AND SYRUP. PRE-MIXED**
5 **ALCOHOLIC BEVERAGES SHALL BE TAXED AS FERMENTED LIQUOR.**

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

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

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

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

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

29 **THE BOTTLE, CAN, OR ANY OUTSIDE PACKAGING OF PRE-MIXED**
30 **ALCOHOLIC BEVERAGES OR FERMENTED LIQUOR AND OTHER**
31 **ALCOHOLIC PRODUCTS SHALL HAVE THE CORRESPONDING HEALTH**
32 **WARNING BASED ON THE GUIDELINES TO BE ISSUED BY THE BIR, IN**
33 **CONSULTATION WITH THE DEPARTMENT OF HEALTH.**

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

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

1 "Section 8. Duty of the Commissioner to Ensure the Provision and Distribution
2 of Forms, Receipts, Certificates, and Appliances, and the Acknowledgment of Payment
3 of Taxes. -

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

17 "Internal revenue stamps, whether of a bar code or fusion design, or other
18 markings shall be firmly and conspicuously affixed or printed on each pack of cigars
19 and cigarettes and bottles **OR CAN OR ANY PACKAGING** of distilled spirits **OR**
20 **WINES OR PRE-MIXED ALCOHOLIC BEVERAGE OR FERMENTED**
21 **LIQUORS** subject to excise tax in the manner and form as prescribed by the
22 Commissioner, upon approval of the Secretary of Finance.

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

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

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

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

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

Approved,