

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

Twentieth Congress
First Regular Session



House Bill No. **5476**

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 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%).

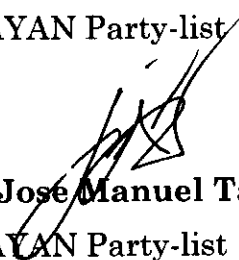
The enactment of previous sin tax laws, such as Republic Act No. 10351 and its amendment under Republic Act No. 11467, significantly contributed to public health improvements and fiscal sustainability. The additional revenues generated from increased alcohol excise taxes have helped fund health programs, 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.


Rep. Percival Cendaña
AKBAYAN Party-list


Rep. Jose Manuel Tadeo "Chel" Diokno
AKBAYAN Party-list


Rep. Kaka Bag-ao
Lone District of Dinagat Islands


Rep. Dadah Kiram Ismula
AKBAYAN Party-list

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

Twentieth Congress
First Regular Session

House Bill No. **5476**

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 PRE-MIXED ALCOHOLIC BEVERAGES,
AMENDING FOR THIS PURPOSE 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:

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

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

(A) EFFECTIVE JANUARY 1, 2026

- 1 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
2 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
3 TAX AND VALUE-ADDED TAX) PER PROOF;
4 AND
5 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN
6 IMPOSED, A SPECIFIC TAX OF EIGHTY-TWO PESOS
7 (P82.00) PER PROOF LITER.

8
9 (B) EFFECTIVE JANUARY 1, 2027

- 10 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
11 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
12 TAX AND VALUE-ADDED TAX) PER PROOF; AND
13 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED,
14 A SPECIFIC TAX OF ONE HUNDRED AND THREE PESOS
15 (P103.00) PER PROOF LITER.

16 (C) EFFECTIVE JANUARY 1, 2028

- 17 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
18 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
19 TAX AND VALUE-ADDED TAX) PER PROOF; AND
20 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED,
21 A SPECIFIC TAX OF ONE HUNDRED TWENTY-NINE PESOS
22 (P129.00) PER PROOF LITER.

23 (D) EFFECTIVE JANUARY 1, 2029

- 24 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
25 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
26 TAX AND VALUE-ADDED TAX) PER PROOF; AND
27 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED,
28 A SPECIFIC TAX OF ONE HUNDRED SIXTY-ONE PESOS
29 (P161.00) PER PROOF LITER.

30 (E) EFFECTIVE JANUARY 1, 2030

- 31 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
32 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
33 TAX AND VALUE-ADDED TAX) PER PROOF; AND
34 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED,
35 A SPECIFIC TAX OF TWO HUNDRED AND ONE PESOS
36 (P201.00) PER PROOF LITER.

1 (F) EFFECTIVE JANUARY 1, 2031

- 2 (1) AN *AD VALOREM TAX* EQUIVALENT TO TWENTY-TWO
3 PERCENT OF NET RETAIL PRICE (EXCLUDING THE EXCISE
4 TAX AND VALUE-ADDED TAX) PER PROOF; AND
5 (2) IN ADDITION TO THE *AD VALOREM TAX* HEREIN IMPOSED,
6 A SPECIFIC TAX OF TWO HUNDRED FIFTY-TWO (P252.00)
7 PER PROOF LITER.

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

13 EVERY BREWER, MANUFACTURER OR IMPORTER OF PRE-MIXED
14 ALCOHOLIC BEVERAGES, WITHIN THIRTY (30) DAYS FROM THE
15 EFFECTIVITY OF THIS ACT, AND WITHIN THE FIRST FIVE (5) DAYS
16 OF EVERY MONTH THEREAFTER, SUBMIT TO THE
17 COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF
18 SALES AND REMOVALS FOR EACH PARTICULAR BRAND OF PRE-
19 MIXED ALCOHOLIC BEVERAGES SOLD AT HIS ESTABLISHMENT
20 FOR THE THREE-MONTH PERIOD IMMEDIATELY PRECEDING.

21 ANY BREWER, MANUFACTURER OR IMPORTER WHO, IN
22 VIOLATION OF THIS SECTION, MISDECLARES OR
23 MISREPRESENTS IN HIS OR ITS SWORN STATEMENT HEREIN
24 REQUIRED ANY PERTINENT DATA OR INFORMATION SHALL,
25 UPON FINAL FINDINGS BY THE COMMISSIONER THAT THE
26 VIOLATION WAS COMMITTED, BE PENALIZED BY A SUMMARY
27 CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO
28 ENGAGE IN BUSINESS AS BREWER, MANUFACTURER OR
29 IMPORTER OF PRE-MIXED ALCOHOLIC BEVERAGES.

30 ANY CORPORATION, ASSOCIATION, OR PARTNERSHIP LIABLE
31 FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS
32 SECTION SHALL BE FINED TREBLE THE AMOUNT OF
33 DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH MAY
34 BE ASSESSED PURSUANT TO THIS SECTION.

35 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
36 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY
37 LIABLE AND PENALIZED UNDER SECTION 254 OF THIS CODE. ANY
38 PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION

1 OF ANY SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE
2 IN THE SAME MANNER AS THE PRINCIPAL.

3 IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE
4 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE
5 SENTENCE, WITHOUT FURTHER PROCEEDINGS FOR
6 DEPORTATION.”

7 **Section 2. *Implementing Rules and Regulations.*** – Within ninety (90)
8 days from the effectivity of this Act, the Department of Finance and the Department
9 of Health shall issue the rules and regulations for the effective implementation of this
10 Act.

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

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

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

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

Approved,