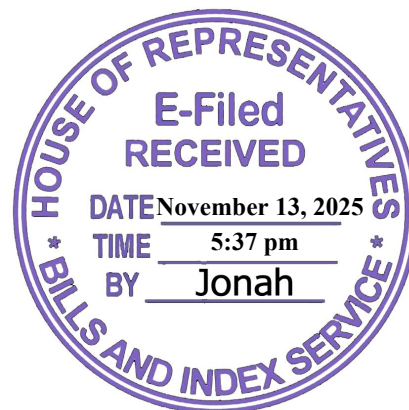




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5969



Introduced by Representative **ANTONINO B. ROMAN III**

EXPLANATORY NOTE

The Philippines is facing a triple burden of malnutrition marked by the coexistence of (1) undernutrition (wasting, stunting, and chronic energy deficiency), (2) overnutrition (overweight and obesity), and (3) micronutrient deficiencies, especially in iron, iodine, and Vitamin A. In the same communities where children go hungry, a growing number of people are now afflicted with obesity, alongside the continued persistence of micronutrient deficiencies. The latest National Nutrition Survey revealed that one (1) in five (5) Filipino children suffers from stunting. On the other hand, overweight and obesity are the most common among adults, affecting two (2) in five (5).¹

Among the drivers of this triple burden of malnutrition is the pervasive presence of harmful products in the market, particularly sweetened beverages, which the Department of Science and Technology–Food and Nutrition Research Institute (DOST-FNRI) and the World Health Organization (WHO) have identified as a major contributor to obesity and non-communicable diseases.^{2,3}

Obesity fuels the growing prevalence of chronic and fatal diseases such as diabetes and cardiovascular diseases—conditions that could have been prevented through proper nutrition and accessible, quality healthcare. Unfortunately, healthy food and healthcare remain inaccessible and unaffordable for millions of Filipinos.

This bill seeks to address these challenges through a stronger and more strategic sweetened beverage tax. It proposes to increase the excise tax from six pesos (₱6.00) to twenty pesos (₱20.00) per liter—an adjustment that partly accounts for inflation since the passing of the SB Tax in 2018 and aligns with the recommendation of the World Health Organization to

¹ DOST-FNRI. National Nutrition Survey 2023

² World Health Organization. (2015). Guideline: Sugars intake for adults and children.
<https://www.who.int/publications/i/item/9789241549028>

³ 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.

raise retail prices by at least 20% to effectively reduce consumption and curb obesity.⁴ Hence, while the nominal increase appears substantial, much of it simply restores the tax's real value and strengthens its intended health impact. The measure also expands the coverage of the tax, provides for automatic annual inflation adjustments, and strengthens the provisions on revenue earmarking.

Beyond its health impact of reducing sweetened beverage consumption by an estimated 24%, thereby lowering the incidence of related diseases, this measure also serves as a revenue reform designed to strengthen and sustain the country's health financing system. The policy is projected to generate an additional revenue of ₱55 billion in its first year of implementation alone. The total SB tax revenue will primarily support the full rollout of the Diagnosis-Related Groups (DRG) payment mechanism of the Philippine Health Insurance Corporation (PhilHealth) through an increased allocation to PhilHealth—a critical reform aimed at improving efficiency, transparency, and equity in healthcare delivery. While the allocation for the Health Facilities Enhancement Program (HFEP) and medical assistance remains at 10%, its absolute value is expected to increase in line with the higher SB tax collections resulting from the tax rate adjustment. Furthermore, the projected revenue will partially fund nutrition programs, particularly nutrition-specific and nutrition-sensitive interventions such as dietary and micronutrient supplementation, treatment of severe malnutrition, and water, sanitation, and hygiene (WASH) initiatives.

At its core, the DRG system promotes a fair and sustainable approach to healthcare financing that benefits both patients and health professionals. For patients, it ensures more predictable healthcare costs through fixed payments based on diagnosis, reducing surprise billing and lowering out-of-pocket expenses, particularly for the poor and the vulnerable. For health professionals, it guarantees reliable and timely compensation while rewarding efficiency and quality of service. Advancing the full implementation of the DRG system through revenues from the sweetened beverage tax establishes a win-win framework that motivates health providers, improves patient outcomes, and ensures that every peso collected from harmful products directly supports a more equitable and efficient health system. This reform comes at a critical time, as out-of-pocket health spending in the country remains among the highest in Southeast Asia at 42.7%.

Table 1. Existing Earmarking of SB Tax Revenues vs. Proposal

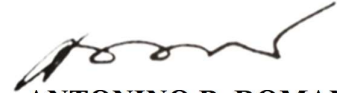
Existing			Proposal		
Share to total revenue	Program		Share to total revenue	Program	
50%	<i>General Appropriations</i>		<i>Nutrition Programs</i>		
			40%	35%	Nutrition-Specific
				5%	Nutrition-Sensitive
	<i>Universal Health Care</i>		<i>Universal Health Care</i>		
50%	80% of 50% PhilHealth		60%	50%	PhilHealth (in support of the full

⁴ 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>

			implementation of the DRG)
20% of 50%	HFEP, med. assistance	10%	HFEP, med. assistance

Through this measure, the government can protect Filipinos from preventable diseases, secure sustainable funding for nutrition programs, and strengthen PhilHealth's capacity to deliver affordable and quality healthcare.

Immediate passage of this bill is earnestly sought.



ANTONINO B. ROMAN III



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5969

Introduced by Representative **ANTONINO B. ROMAN III**

AN ACT
AMENDING SECTIONS 150-B, 288-A, AND 290 OF THE NATIONAL INTERNAL
REVENUE CODE, AND ADDING SECTION 150-C THERETO, AND FOR OTHER
PURPOSES

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

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

SEC. 150-B. *Sweetened Beverages.* -

(A) Rate and Base of Tax. - Effective January 1, 2026:

(1) A tax of ~~Six TWENTY PESOS (P6.00)~~ **(P20.00)** per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners; Provided, further, That this tax rate shall not apply to sweetened beverages using high fructose corn syrup; Provided, further, That sweetened beverages using purely coconut sap sugar and purely steviol glycosides shall be exempt from this tax;

(2) A tax of ~~Twelve FORTY PESOS (P12.00)~~ **(P40.00)** per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener.

(3) A TAX OF SIX PESOS (P6.00) PER LITER OF VOLUME CAPACITY 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; AND**
- (j) ALL SWEETENED COFFEE PRODUCTS.**

X X X

(5) 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, TOGETHER WITH APPROPRIATE AND NUTRITIOUS FOOD, UP TO TWO (2) YEARS OF AGE;**
- (B) FORTIFICATION OF FOODS;**
- (C) MICRONUTRIENT SUPPLEMENTATION;**
- (D) DIETARY SUPPLEMENTATION; AND**

(E) TREATMENT OF SEVERE MALNUTRITION.

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

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

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

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

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

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

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

X X X

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

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

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

X X X

SECTION 2. A new Section is hereby added as:

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

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

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

(A) Revenues from Excise Tax on Sugar-Sweetened Beverages [~~from Republic Act No. 10963.~~] -The provisions of existing laws to the contrary notwithstanding, [~~fifty percent (50%) of~~] the total revenues collected from the excise tax on sugar-sweetened beverages shall be allocated and used exclusively in the following manner:

(1) [~~Eighty percent (80%)~~] **FIFTY PERCENT (50%)** to the Philippine Health Insurance Corporation (PhilHealth) for the implementation of Republic Act No. 11223, otherwise known as the ‘Universal Health Care Act’ of 2019, **TO ENSURE IMPLEMENTATION OF SECTION 18 (B) THEREOF, MANDATING THE USE OF DIAGNOSIS-RELATED GROUPS (DRG) AS PAYMENT SYSTEM; [and]**

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

(3) **FORTY PERCENT (40%) SHALL BE ALLOCATED AND EXCLUSIVELY USED FOR NUTRITION-SPECIFIC AND NUTRITION-SENSITIVE INTERVENTIONS TO BE DIVIDED AMONG PROVINCES WITH SAID ALLOCATION LODGED IN THE LOCAL GOVERNMENT SUPPORT FUND (LGSF). THE DISTRIBUTION SHALL BE AS FOLLOWS:**

(i) **THIRTY-FIVE PERCENT (35%) FOR NUTRITION SPECIFIC PROGRAMS WITH PRIMARY FOCUS ON CHILDREN AGES ZERO TO FIVE YEARS OLD AND PREGNANT AND LACTATING WOMEN. THE PRIORITIZATION THEREOF SHALL BE BASED ON THE**

**RECOMMENDATION OF THE NATIONAL NUTRITION
COUNCIL GOVERNING BOARD; AND**

**(ii) FIVE PERCENT (5%) FOR NUTRITION SENSITIVE
INTERVENTIONS WHICH SHALL INCLUDE WATER,
SANITATION AND HYGIENE PROGRAMS AS MAY BE
DETERMINED BY THE DEPARTMENT OF INTERIOR AND
LOCAL GOVERNMENT (DILG).**

SECTION 4. Section 290 of the National Internal Revenue Code, as amended, is further amended and renumbered to read as follows:

SEC. 290. *Congressional Oversight Committee.* - A Congressional Oversight Committee, hereinafter referred to as the Committee, is hereby constituted in accordance with the provisions of this Code. The Committee shall be composed of the Chairpersons of the Committee on Ways and Means of the Senate and House of Representatives and four (4) additional members from each House, to be designated by the Speaker of the House of Representatives and the Senate President, respectively.

The Committee shall, among others, in aid of legislation:

(1) Monitor and ensure the proper implementation of Republic Act No. 8240;

**(2) MONITOR AND ENSURE THE PROPER IMPLEMENTATION
OF NUTRITION-SPECIFIC AND NUTRITION-SENSITIVE
INTERVENTIONS FUNDED FROM THE LOCAL GOVERNMENT
SUPPORT FUND (LGSF) UNDER SECTION 228-A OF THIS CODE
AND REQUIRE THE SUBMISSION OF A DETAILED REPORT
FROM THE AGENCIES CONCERNED ON THE AMOUNTS
EARMARKED IN ACCORDANCE WITH SEC 83 OF REPUBLIC
ACT NO. 10963, OTHERWISE KNOWN AS “THE TAX REFORM
FOR ACCELERATION AND INCLUSION (TRAIN) LAW;**

~~[(2)]~~ (3) Determine that the power of the Commissioner to compromise and abate is reasonably exercised;

~~[(3)]~~ (4) Review the collection performance of the Bureau of Internal Revenue;

~~[(4)]~~ (5) Review the implementation of the programs of the Bureau of Internal Revenue; and

~~[(5)]~~ (6) Review the performance of the Fiscal Incentives Review Board.

In furtherance of the hereinabove cited objectives, the Committee is empowered to require of the Bureau of Internal Revenue, submission of all pertinent information, including but not limited to: industry audits; collection performance data; status report on criminal actions initiated against persons; and submission of taxpayer returns: Provided, however, That any return or return information which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer

shall be furnished the Committee only when sitting in Executive Session unless such taxpayer otherwise consents in writing to such disclosure.

SECTION 5. Implementing Rules and Regulations. -- The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this act.

SECTION 6. Separability Clause. -- If any provision of this act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 7. Repealing Clause. -- All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this act are hereby repealed, amended or modified accordingly.

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

Approved,