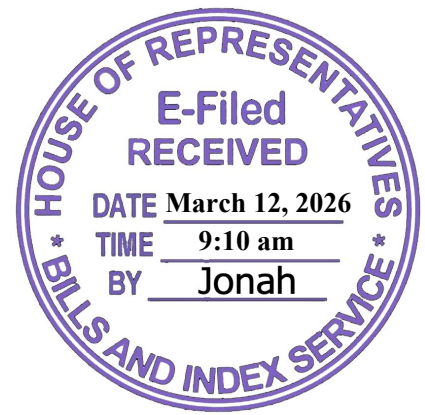


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session
House Bill No. **8479**



Introduced by: Congressman **BIENVENIDO M. ABANTE, JR.**

AN ACT
FURTHER RESTRUCTURING THE EXCISE TAX ON ALCOHOL AND
TOBACCO PRODUCTS, INCREASING THE RATES THEREOF, AND
AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144, 145, AND 288-A
OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

The protection and promotion of public health is a fundamental duty of the State. “The State shall protect and promote the right to health of the people and instill health consciousness among them.”¹ Consistent with this constitutional mandate, the State has adopted taxation policies that discourage the consumption of harmful products such as tobacco and alcohol, while generating revenues to support health programs and services. Over the past decade, landmark reforms² have strengthened the country’s fiscal capacity to finance health services and have supported the implementation the Universal Health Care (UHC) Act.

Notwithstanding these reforms, significant public health challenges persist. Tobacco use and harmful alcohol consumption continue to impose a heavy burden on the country’s health system, contributing substantially to preventable morbidity and mortality. In the Philippines, tobacco use alone is estimated to cause more than 112,000 deaths annually, accounting for approximately 17.5% of total deaths nationwide and more than one-fifth of deaths from non-communicable diseases (NCDs) such as cardiovascular diseases, cancer, and chronic respiratory illnesses. When combined with the harmful use of alcohol and emerging nicotine products such as vaping, these risk factors contribute to approximately 115,000 preventable deaths each year and result in the loss of an estimated 3.9 million years of healthy life among Filipinos.³ These conditions continue to drive the growing prevalence of non-communicable diseases, including liver disease and other chronic illnesses, placing sustained pressure on the country’s public health system.

¹ Article II, Section 15 of the 1987 Constitution.

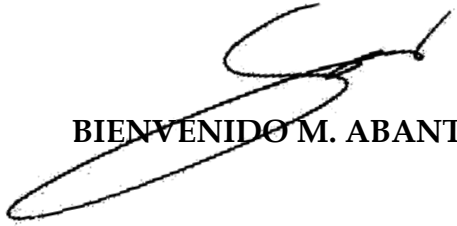
² Republic Act No. 10351 (Sin Tax Reform Law), Republic Act No. 11346, and Republic Act No. 11467.

³ Campaign for Tobacco-Free Kids. (2023). The toll of tobacco in the Philippines. Available at: <https://www.tobaccofreekids.org/problem/toll-global/asia/philippines>.

Given the magnitude of these health and economic burdens, effective policy interventions are necessary to reduce the consumption of these harmful products and mitigate their impact on public health. Excise taxation remains among the most effective policy instruments for reducing harmful consumption while generating public revenues. By increasing retail prices, higher excise taxes discourage the use of tobacco and alcohol—particularly among youth and other price-sensitive consumers—while providing a sustainable funding stream for health system strengthening. Evidence from the Philippines demonstrates the effectiveness of this approach: following the enactment of the 2012 Sin Tax Reform Law, cigarette sales volume declined by approximately 23% between 2012 and 2017 as a result of higher prices, accompanied by a corresponding reduction in tobacco and alcohol consumption.⁴

This bill seeks to further restructure and increase excise tax rates on alcohol and tobacco products under the National Internal Revenue Code of 1997, as amended, while providing annual adjustments to preserve the real value of health taxes. The measure aims to discourage harmful consumption and generate sustainable revenues for public health priorities. It also introduces an additional revenue set-aside under Section 288-A to support the implementation of Universal Health Care, strengthen the health workforce through scholarships, training, compensation support, and incentives for service in underserved areas, expand health promotion and disease prevention programs, and assist tobacco farmers in transitioning to alternative livelihoods. Moreover, the bill strengthens government efforts to combat illicit trade in excisable products by mandating an integrated system that includes digital tax stamps, electronic track-and-trace mechanisms, and automated production monitoring. These reforms seek to sustain the gains of prior health tax reforms, improve tax administration, and ensure the long-term sustainability of Universal Health Care.

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



BIENVENIDO M. ABANTE, JR.

⁴ Pagaduan, J. A., & Austria, M. S. (2019). The Philippine Sin Tax Reform Law: Is It Effective in Reducing Cigarette Consumption? DLSU-Angelo King Institute for Economic and Business Studies Policy Brief. De La Salle University. Retrieved March 10, 2026, from https://animorepository.dlsu.edu.ph/cgi/viewcontent.cgi?params=/context/res_aki/article/1122/&path_info=The_Philippine_Sin_Tax_Reform_Law_Is_It_Effective_in_Reducing_Cigarette_Consumption.pdf.

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

SECTION 1. *Declaration of Policy.* — It is the policy of the State to protect and promote the right to health of the people and instill health consciousness among them. Consistent with Article II, Section 15 of the Constitution, the State shall adopt effective measures to reduce the consumption of tobacco and alcohol products through taxation policies that discourage harmful consumption, generate sustainable revenues for universal health care, and support health workforce development.

SEC. 2. Section 141 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

(A) On distilled spirits, there shall be levied the following taxes:

- (1) An ad valorem tax equivalent to [~~fifteen percent (15%)~~] **TWENTY-FIVE PERCENT (25%)** of the net retail price (excluding the excise tax and the value-added tax) per proof liter; and
- (2) In addition to the ad valorem tax herein imposed, a specific tax of of [~~Twenty pesos (P20.00)~~] **FORTY-FIVE PESOS (P45.00)** per proof liter.

- (3) The specific tax rate imposed under this Section shall be increased by **SEVEN PERCENT (7%)** every year thereafter, effective **JANUARY 1, 2027**.

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SEC. 3. Section 142 of Republic Act No. 8424, as amended, is hereby further amended to read as follows:

SEC. 142. Wines. — On wines, there shall be collected per liter of volume capacity, the following excise taxes:

- (a) Sparkling wines/champagnes regardless of proof, if the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) is:

(1) Five hundred pesos (**₱500.00**) or less — [~~less Two hundred fifty pesos (P250.00)~~] **THREE HUNDRED FIFTY PESOS (₱350.00)**; and

(2) More than Five hundred pesos (**₱500.00**) — [~~Seven hundred pesos (P700.00)~~] **NINE HUNDRED PESOS (₱900.00)**.

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- (b) Still wines and carbonated wines containing fourteen percent (14%) of alcohol by volume or less — [~~Sixty Pesos (P60.00)~~] **NINETY PESOS (₱90.00)**; and

- (c) Still wines and carbonated wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume — [~~Sixty pesos (P60.00)~~] **ONE HUNDRED TWENTY PESOS (₱120.00)**.

The rates of tax imposed under this Section shall be increased by by [~~four percent (4%)~~] **SIX PERCENT (6%)** every year thereafter, effective **JANUARY 1, 2027**.

Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits. ‘Fortified wines’ shall mean natural wines to which distilled spirits are added to increase their alcohol strength.

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SEC. 4. Section 143 of Republic Act No. 8424, as amended, is hereby further amended to read as follows:

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

Effective on **JANUARY 1, 2027**, the tax shall be **THIRTY-FIVE PESOS (P35.00)** per liter;

Effective on **JANUARY 1, 2028**, the tax shall be **FORTY PESOS (P40.00)** per liter; and

Effective on **JANUARY 1, 2029**, the tax shall be **FORTY-FIVE PESOS (P45.00)** per liter.

The rate of tax imposed under this Section shall be increased by **SIX PERCENT (6%)** every year thereafter, effective **JANUARY 1, 2030.**"

SEC. 5. Section 144 of Republic Act No. 8424, as amended, is hereby further amended to read as follows:

SEC. 144. *Tobacco Products.* — There shall be collected an excise tax effective on **JANUARY 1, 2027** on each kilogram of the following products of tobacco:

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Tobacco Products. — There shall be collected an excise tax of [~~One peso and seventy five centavos (P1.75)~~] **FIVE PESOS (P5.00)** on each kilogram of the following products of tobacco:

On tobacco specially prepared for chewing so as to be unsuitable for use in any other manner, on each kilogram, of [~~One peso and fifty centavos (P1.50)~~] **FOUR PESOS (P4.00).**

The rates of tax imposed under this Section shall be increased by by [~~four percent. (4%)~~] **EIGHT PERCENT (8%)** every year thereafter, effective **JANUARY 1, 2028.**

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SEC. 6. Section 145 of Republic Act No. 8424, as amended, is hereby further amended to read as follows:

SEC. 145. Cigars and Cigarettes. —

(A) Cigars. — There shall be levied, assessed and collected on cigars an excise tax in accordance with the following schedule:

- (1) An ad valorem tax equivalent to [~~twenty percent (20%)~~] **TWENTY-FIVE PERCENT (25%)** of the net retail price (excluding the excise tax and the value-added tax) per cigar; and
- (2) In addition to the ad valorem tax herein imposed, a specific tax of [~~Five pesos (P5.00)~~] **TEN PESOS (P10.00)** per cigar.
- (3) The specific tax rate imposed under this subsection shall be increased by [~~four percent (4%)~~] **EIGHT PERCENT (8%)** every year thereafter, effective **JANUARY 1, 2028**.

(B) Cigarettes Packed by Hand. — There shall be levied, assessed and collected on cigarettes packed by hand an excise tax based on the following schedule:

Effective on **JANUARY 1, 2027**, the tax on all cigarettes packed by hand shall be **SEVENTY PESOS (P70.00)** per pack;

Effective on **JANUARY 1, 2028**, the tax on all cigarettes packed by hand shall be **SEVENTY-FIVE PESOS (P75.00)** per pack; and

Effective on **JANUARY 1, 2029**, the tax on all cigarettes packed by hand shall be **EIGHTY PESOS (P80.00)** per pack.

The rate of tax imposed under this subsection shall be increased by [~~four percent (4%)~~] **EIGHT PERCENT (8%)** every year thereafter, effective January 1, 2030.

Duly registered cigarettes packed by hand shall only be packed in twenties and other packaging combinations of not more than twenty.

(C) Cigarettes Packed by Machine. — There shall be levied, assessed and collected on cigarettes packed by machine an excise tax based on the following schedule:

Effective on **JANUARY 1, 2027**, the tax on all cigarettes packed by machine shall be **SEVENTY PESOS (₱70.00)** per pack;

Effective on **January 1, 2028**, the tax on all cigarettes packed by machine shall be **SEVENTY-FIVE PESOS (₱75.00)** per pack; and

Effective on **January 1, 2029**, the tax on all cigarettes packed by machine shall be **EIGHTY PESOS (₱80.00)** per pack.

The rate of tax imposed under this subsection shall be increased by [~~four percent (4%)~~] **EIGHT PERCENT (8%)** every year thereafter, effective January 1, 2030.

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SEC. 7. Section 288-A of Republic Act No. 8424, as amended, is hereby further amended by inserting a new subsection to read as follows:

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(E) Overlay Set-Aside for Health Workforce, Prevention, and Tobacco Farmer Transition. — Notwithstanding any provision of this Code to the contrary, after deducting the allocations required under Republic Act No. 7171 and Republic Act No. 8240, an amount equivalent to ten percent (10%) of the total revenues collected from excise taxes on alcohol products and tobacco products, including heated tobacco products and vapor products, shall be set aside and allocated as follows:

- (1) Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the ‘Universal Health Care Act’;
- (2) Twenty percent (20%) for a Health Workforce Development Fund, to be used exclusively for:
 - (i) compensation support and salary augmentation of government health personnel;
 - (ii) scholarships and training for medical, nursing, and allied health education;
 - (iii) incentives for service in geographically isolated and disadvantaged and other underserved areas; and
 - (iv) strengthening the staffing complement of public hospitals and primary care facilities;
- (3) Ten percent (10%) for health promotion and disease prevention programs; and

- (4) Ten percent (10%) to support tobacco farmers transitioning to alternative livelihoods and agro-industrial projects.

For avoidance of doubt, the allocations under this Section applicable to revenues from excise taxes on alcohol products and tobacco products, including heated tobacco products and vapor products, shall be computed on the remaining balance after the set-aside under this subsection.

The Department of Budget and Management, the Department of Agriculture, the Department of Health, and the Philippine Health Insurance Corporation shall each submit to Congress a detailed annual report on the expenditure of the amounts earmarked under this subsection, and shall publish the same in their respective websites.”

SEC. 8. *Anti-Illicit Trade Measures.* — The Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, shall establish and implement an integrated anti-illicit trade system for excisable alcohol products and tobacco products, including heated tobacco products and vapor products, which shall include, at a minimum:

- (a) digital tax stamps or unique identification markings;
- (b) an electronic track-and-trace system from manufacture or importation to removal and distribution; and
- (c) automated production volume monitoring for manufacturers and importers.

The Secretary of Finance shall, upon recommendation of the Commissioner of Internal Revenue, promulgate the implementing rules and regulations for this Section within one hundred eighty (180) days from the effectivity of this Act. The implementing rules and regulations shall prescribe uniform technical and security standards, registration or accreditation requirements, data reporting and retention rules, audit access protocols, interoperability with Bureau of Internal Revenue systems, and transition periods: Provided, That transition periods shall not exceed twelve (12) months from the effectivity of the implementing rules and regulations, except for good cause shown.

Noncompliance with this Section and its implementing rules and regulations shall be subject to the applicable civil, administrative, and criminal penalties under the National Internal Revenue Code and other applicable laws.

The Secretary of Finance and the Commissioner of Internal Revenue shall submit to the Joint Congressional Oversight Committee on Illicit Trade on Excisable Products created under Section 290-A of this Code semi-annual reports on the implementation of this Section.

SEC. 9. *Implementing Rules and Regulations.* — The Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, and in consultation with the Department of Health, the Department of Budget and Management, the Department of Agriculture, and the Philippine Health Insurance Corporation, shall promulgate the implementing rules and regulations necessary for the effective implementation of this Act within one hundred eighty (180) days from its effectivity. Such rules and regulations shall be published in accordance with law.

SEC. 10. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

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

SEC. 12. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.