

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session
House Bill No. **10712**



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

AN ACT
INCREASING BY FIFTY PERCENT (50%) THE EXCISE TAX ON SWEETENED
BEVERAGES, IMPOSING AN EXCISE TAX ON REFINED SUGAR, AND
AMENDING SECTION 150-B OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

The Constitution recognizes the people's right to health and directs the State to adopt an integrated and comprehensive approach to health development. Consistent with this policy, Section 150-B of the National Internal Revenue Code imposes an excise tax on sweetened beverages.

In carrying out this constitutional policy, legislation should go beyond regulating conduct. It should also help people understand the reasons behind public health measures and encourage them to make informed choices. This finds a fitting parallel in **1 Corinthians 2:13 (KJV)**, which speaks of "...speaking, teaching, and comparing..." These interconnected acts suggest a process of **learning, comprehension, and appreciation**, and **right application**. Applied to public health, it is not enough for people to simply know the risks of excessive sugar consumption. They should understand those risks, appreciate their consequences, and be able to use that knowledge in making healthier choices.

At present, the law imposes ₱6.00 per liter on beverages using caloric or non-caloric sweeteners, or a combination of both, and ₱12.00 per liter on beverages using high-fructose corn syrup. Beverages using purely coconut sap sugar or purely steviol glycosides are exempt.¹

This bill increases these rates by **fifty percent (50%)**, from ₱6.00 to **₱9.00** per liter and from ₱12.00 to **₱18.00** per liter, respectively. Except for the rate adjustments, it retains the existing coverage, definitions, exemptions, labeling requirements,

¹ BIR Ruling No. 343-2021, September 30, 2021, Sec. 150-B of the NIRC as amended.

payment rules, penalties, and regulatory safeguards for sweetened beverages.²

The bill also imposes a new excise tax of **₱5.00 per kilogram** on refined sugar produced in the Philippines for domestic consumption and on imported refined sugar released for domestic consumption.

For this purpose, refined sugar is principally identified by a polarimeter reading of 99.5° or higher. Color, production process, refinery status, laboratory results, and Sugar Regulatory Administration documentation may be used as supporting evidence under the implementing rules. Existing classifications likewise recognize sugar with a polarimeter reading of 99.5° or higher and/or a color of 800 ICU or less as refined sugar.³

The refined-sugar tax applies to sugar as the product subject to tax. Its subsequent use as an ingredient does not result in a second tax under the same provision. A finished beverage remains subject to the sweetened-beverage tax if it independently falls within Section 150-B.

Exports and qualified uses under bond shall be treated as tax suspensions. The tax shall become due upon diversion to domestic consumption or failure to account for the sugar. The Bureau of Internal Revenue, Bureau of Customs, and Sugar Regulatory Administration shall harmonize classification, testing, documentation, bonded transfers, and enforcement procedures.

Before the refined-sugar excise tax takes effect, the Department of Finance, in consultation with the concerned agencies, shall submit to Congress a study on its projected revenue, price, health, industry, and enforcement effects, including its impact on consumers, small businesses, sugarcane farmers, smuggling, and the domestic sugar industry.

Congress shall review the tax and its implementation three (3) years after effectivity and determine whether the rate and regulatory framework should be retained, amended, or repealed.

Revenues from the existing sweetened-beverage excise tax shall continue to be governed by Section 288-A of the National Internal Revenue Code. Fifty percent (50%) of such revenues shall remain earmarked for PhilHealth, medical assistance, and the Health Facilities Enhancement Program. This statutory allocation shall not be altered, reduced, transferred, or repurposed.⁴

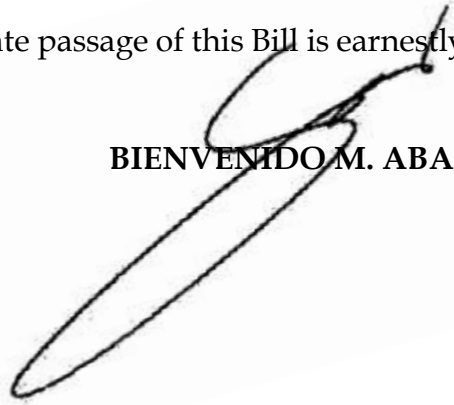
Revenues from the new refined-sugar excise tax shall accrue to the General Fund and shall be subject to appropriation through the annual General Appropriations Act.

² Id.

³ *Secretary of Finance, et al. v. Muñoz, et al.* G.R. No. 212687, July 20, 2022.

⁴ *Pimentel III, et al. v. House of Representatives, et al.* G.R. No. 274778/275405/276233, December 3, 2025.

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



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

SECTION 1. *Short Title.* This Act shall be known as the “**Healthy Beverages and Refined Sugar Tax Act.**”

SEC. 2. *Amendment of Section 150-B(A) of the National Internal Revenue Code of 1997, as amended.*

Section 150-B(A) of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

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

“(A) Rate and Base of Tax. —

“(1) A tax of [~~Six pesos (P6.00)~~] **NINE PESOS (P9.00)** per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely caloric sweeteners, purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners: Provided, 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; and

“(2) A tax of [~~Twelve Pesos (P12.00)~~] **EIGHTEEN PESOS (P18.00)** per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely high-fructose corn syrup or high-fructose corn syrup in combination with any caloric or non-caloric

sweetener.”

SEC. 3. *Preservation of Existing Sweetened-Beverage Provisions.*

Except for the amendments expressly made by this Act, all provisions of Section 150-B of the National Internal Revenue Code of 1997, as amended, shall remain in full force and effect.

The existing statutory definition of sweetened beverages, including its coverage of liquid, powdered, and concentrated products, shall remain applicable. The existing exclusions for milk products, qualifying natural fruit and vegetable juices, meal-replacement and medically indicated beverages, and coffee products shall likewise remain in force.

The existing provisions on filing and payment under Sections 130 and 131, penalties, FDA labeling and post-marketing surveillance, and BIR identification markings shall continue to apply to sweetened beverages.

SEC. 4. *Creation of Section 150-C of the National Internal Revenue Code.*

A new Section 150-C is hereby inserted into Chapter VI, Title VI of the National Internal Revenue Code of 1997, as amended, to read as follows:

“SEC. 150-C. EXCISE TAX ON REFINED SUGAR. —

“(A) Imposition of Tax. — A specific excise tax of Five pesos (₱5.00) per kilogram shall be levied, assessed, and collected on refined sugar manufactured or produced in the Philippines for domestic consumption and on refined sugar imported into the Philippines for domestic consumption.

“(B) Definition of Refined Sugar. — For purposes of this Section, refined sugar refers to sugar whose sucrose content by weight, in the dry state, corresponds to a polarimeter reading of 99.5 degrees or above.

“Color, production process, refinery status, production-line accreditation, laboratory results, Sugar Regulatory Administration certification, and other technical documentation may be used as supporting evidence or presumptive indicators of refined-sugar classification in accordance with the rules and regulations issued under this Act.

“(C) Raw Cane Sugar. — Raw cane sugar refers to sugar extracted from sugarcane through a simple mechanical process, including

pressing for juice, boiling to crystallize, filtering through a centrifuge, and drying, resulting in crystallized sugar containing natural molasses.

“Raw cane sugar shall be produced through only one (1) stage of filtering and centrifuging, without further processing such as washing or bleaching, and shall have a polarimeter reading of less than 99.5 degrees and a color greater than 800 ICU.

“The term includes muscovado sugar meeting the applicable technical specifications.

“(D) Presumption of Refined Sugar. — Cane sugar shall be prima facie presumed to be refined sugar if it is:

- “(1) A product of a refining process;
- “(2) A product of a sugar refinery; or
- “(3) A product of a production line accredited by the Bureau of Internal Revenue as producing or capable of producing sugar with a polarimeter reading of 99.5 degrees or above, where the corresponding quedan, as verified by the Sugar Regulatory Administration, identifies the sugar accordingly.

“The presumption may be rebutted through laboratory testing, Sugar Regulatory Administration certification, or other evidence recognized under the implementing rules.

“(E) Taxable Events. — The tax shall accrue:

- “(1) Upon removal of refined sugar from the place of production, mill, refinery, or factory for domestic consumption; or
- “(2) Upon release of imported refined sugar from customs custody for domestic consumption.

“(F) Tax Suspensions and Exclusions. — The following shall not be subject to the tax imposed under this Section:

- “(1) Raw cane sugar, including muscovado sugar, that meets the requirements of subsection (C);
- “(2) Refined sugar actually exported from the Philippines, subject to proof of actual exportation and compliance with customs and revenue requirements;
- “(3) Refined sugar removed under bond for actual exportation or for transfer to a registered facility or qualified end-user under conditions prescribed by the Secretary of Finance; and
- “(4) Refined sugar acquired by a registered pharmaceutical

manufacturer and demonstrably used as an ingredient in a medicine registered with the appropriate government agency, subject to end-use certification, inventory controls, and the implementing rules.

“A removal under bond shall constitute a suspension of tax and not a permanent exemption. The tax shall become due if the product is diverted to domestic consumption, used for an unauthorized purpose, or not properly accounted for.

“(G) Persons Liable. — The manufacturer, producer, owner, or importer shall be liable for the payment of the tax imposed under this Section.

“(H) Nonduplication of Refined-Sugar Excise Tax. — The tax imposed under this Section shall attach to refined sugar as a taxable article. The subsequent use of refined sugar as an ingredient shall not, by itself, impose another tax under this Section.

“A finished beverage containing refined sugar shall remain subject to the tax imposed under Section 150-B if it falls within the definition of a sweetened beverage under that Section. The taxes under Sections 150-B and 150-C apply to separate taxable articles and taxable events.

“(I) Administration. — The provisions of Sections 130 and 131 of this Code shall apply, as appropriate, to the filing of returns, payment of tax, removal of articles, importation, examination, and enforcement of the tax imposed under this Section.”

SEC. 5 *Classification and Interagency Coordination.*

The Secretary of Finance shall, upon the joint recommendation of the Commissioner of Internal Revenue, the Commissioner of Customs, and the Administrator of the Sugar Regulatory Administration, and in consultation with the Secretary of Agriculture, issue rules for the classification of refined sugar and raw cane sugar subject to Section 150-C.

The implementing rules shall provide for:

1. Polarimeter and color testing;
2. Laboratory methods, sampling, and certificates of analysis;
3. Accreditation of production lines;
4. Verification and marking of quedans;
5. Submission of Sugar Regulatory Administration quality-test results to the Bureau of Internal Revenue;

6. Classification and testing of imported sugar;
7. Procedures for disputed classification and taxpayer challenges;
8. Transfers between registered mills, refineries, warehouses, and manufacturing facilities;
9. Tax-suspension documentation and inventory reconciliation; and
10. Prevention of double taxation upon transfers between registered facilities.

Tariff classification under customs laws shall remain distinct from the determination of excise-tax liability under Section 150-C. The Bureau of Customs shall collect the tax on imported refined sugar upon release for domestic consumption based on the technical definition and implementing rules under this Act.

SEC. 6. *Identification Markings and Records.*

The Commissioner of Internal Revenue may prescribe materially unique, secure, and nonremovable identification markings, codes, stamps, or other control measures for refined sugar subject to tax under Section 150-C.

Manufacturers, producers, importers, warehouses, refineries, and qualified end-users shall maintain records sufficient to establish:

1. The source and classification of the sugar;
2. The quantity produced, received, transferred, exported, or removed;
3. The applicable polarimeter and color results;
4. The destination and end-use of sugar removed under bond; and
5. The payment, suspension, or exemption of the excise tax.

SEC. 7. *Filing, Payment, and Enforcement.*

The filing and payment of excise taxes on sweetened beverages shall continue to be governed by Sections 130 and 131 of the National Internal Revenue Code, as amended.

The same provisions shall apply, as appropriate, to refined sugar. Misdeclaration, misclassification, unlawful removal, diversion, failure to account for products removed under bond, and other violations shall be subject to the applicable penalties under the National Internal Revenue Code and other relevant laws.

SEC. 8. *Revenue Allocation.*

The revenues collected from the excise tax on sweetened beverages shall continue to be allocated in accordance with Section 288-A of the National Internal Revenue Code, as amended.

Nothing in this Act shall alter, reduce, transfer, or repurpose the statutory allocation of sweetened-beverage excise-tax revenues. Fifty percent (50%) of the total revenues collected from the excise tax on sweetened beverages shall continue to be allocated and used exclusively in the manner provided by Section 288-A, including:

Eighty percent (80%) to the Philippine Health Insurance Corporation for the implementation of the Universal Health Care Act; and

Twenty percent (20%) nationwide, based on political and district subdivisions, for medical assistance and the Health Facilities Enhancement Program.

The revenues collected from the excise tax on refined sugar shall accrue to the General Fund and shall be subject to appropriation through the annual General Appropriations Act.

SEC. 9. *Revenue, Health, and Industry Impact Study.*

Within one hundred twenty (120) days from the effectivity of this Act, the Secretary of Finance shall submit to Congress a revenue, health, industry, and enforcement-impact study prepared in consultation with the Secretary of Agriculture, the Secretary of Trade and Industry, the Secretary of Health, the Commissioner of Internal Revenue, the Commissioner of Customs, and the Administrator of the Sugar Regulatory Administration.

The study shall include:

1. Annual domestic production of refined sugar;
2. Annual imports of refined sugar;
3. Estimated taxable volume in kilograms;
4. Projected gross collections from the ₱5.00-per-kilogram tax;
5. Collection, monitoring, and enforcement costs;
6. Expected effects on consumer prices and inflation;
7. Effects on low-income households, small businesses, food manufacturers, and retailers;
8. Effects on sugarcane farmers, sugar mills, refineries, and the domestic sugar supply chain;
9. Risks of smuggling, underdeclaration, misclassification, and substitution;
10. The availability and reliability of BIR, Customs, SRA, and industry data;
11. Expected effects on sugar consumption and health outcomes; and
12. Recommendations on whether the ₱5.00-per-kilogram rate, exemptions, and classification rules remain appropriate.

The Secretary of Finance shall make the study publicly available, subject to applicable laws on confidential taxpayer and customs information.

SEC. 10. *Effectivity of the Refined-Sugar Tax.*

The tax imposed under Section 150-C shall take effect one hundred eighty (180) days after the effectivity of this Act.

The increased rates under Section 150-B(A), as provided in Section 2 of this Act, shall take effect fifteen (15) days after publication under Section 14 of this Act.

SEC. 11. *Periodic Legislative Review.*

Congress shall review the rates, classifications, exemptions, collections, administrative costs, enforcement performance, price effects, and health effects of this Act every three (3) years from its effectivity.

The review shall consider whether:

1. The ₱5.00-per-kilogram refined-sugar rate remains appropriate;
2. The sweetened-beverage rates require further adjustment;
3. The exemptions remain justified;
4. The classification standards remain technically and administratively workable;
5. The tax causes material substitution or smuggling; and
6. The measure produces its intended health and revenue objectives.

SEC. 12. *Implementing Rules and Regulations.*

Within ninety (90) days from the effectivity of this Act, the Secretary of Finance shall promulgate the implementing rules and regulations upon recommendation of the Commissioner of Internal Revenue, the Commissioner of Customs, and the Administrator of the Sugar Regulatory Administration, with the participation of the Department of Agriculture, Department of Trade and Industry, Department of Health, and Food and Drug Administration where appropriate.

The implementing rules shall cover product classification, testing, accreditation, importation, bonded removals, exportation, medical-use documentation, inventory controls, tax payment, identification markings, records, audit, disputes, and enforcement.

SEC. 13. *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. 14. *Repealing Clause.*

All laws, decrees, executive orders, rules, regulations, and other issuances, or parts thereof, inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SEC. 15. *Effectivity.*

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

Approved.