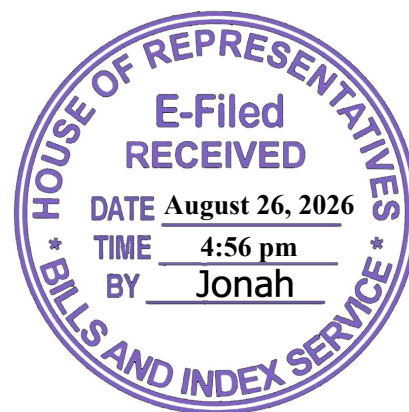


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10996



Introduced by Representative ANTOLIN “LENLEN” A. ORETA III

AN ACT
AMENDING SECTIONS 150-B AND 288-A OF THE NATIONAL INTERNAL
REVENUE CODE AND CREATING A NEW SECTION, 150-C, AS AMENDED, AND
FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill seeks to strengthen public health measures against diet-related diseases while generating sustainable funding for critical national health and nutrition initiatives. The primary policy objective of this legislation is to curb the rising prevalence of lifestyle illnesses, such as diabetes and obesity, by using fiscal policy to encourage healthier consumer choices and incentivize manufacturers to reformulate their products with lower sugar content.

To achieve this health deterrent, the measure updates tax rates on sweetened beverages, establishing higher rates for drinks containing high fructose corn syrup to disincentivize its widespread industrial use. The policy scope is also broadened to encompass commercial sweetened milk and coffee products, ensuring a comprehensive framework across the beverage market. At the same time, the bill safeguards essential public nutrition by strictly exempting staple items such as plain unsweetened milk, infant formula, and standard unflavored coffee products.

Beyond deterrence, a core outcome of this legislation is establishing a dedicated legal mechanism for statutory revenue earmarking. The bill guarantees that revenues collected are funneled directly into essential public services. To address rooted health disparities, forty percent of revenues are ring-fenced specifically for local government support, focusing on targeted nutrition programs for pregnant mothers and children in their first five years of life, alongside vital water, sanitation, and hygiene infrastructure.

Finally, the bill incorporates an annual tax indexation mechanism so that the health deterrent maintains its real value over time without being eroded by economic changes. Coupled with expanded legislative oversight to strictly track the distribution and use of funds at the local level, the ultimate outcome of this measure is a self-sustaining cycle where taxes collected from sugary beverage consumption are directly transformed into long-term investments in maternal care, child nutrition, and accessible healthcare for all Filipinos.

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

A handwritten signature in black ink, reading "Antolin A. Oreta III". The signature is fluid and cursive, with a prominent initial "A" and a stylized "O" for "Oreta".

ANTOLIN "LENLEN" A. ORETA III
Lone District of Malabon City

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Be it enacted by the Senate and 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 (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 (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.**

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(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, soy milk, and flavored soy milk;~~] **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).

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(5) [~~Ground coffee, instant soluble coffee, and pre-packaged powdered, and 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.

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SEC. 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."

SEC. 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).

SEC. 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.

SEC. 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.

SEC. 6. *Separability Clause.* - Should any provision or part of this Act be declared unconstitutional or invalid, the other provisions and parts hereof, insofar as they are separable from the invalid ones, shall remain in full force and effect.

SEC. 7. *Repealing Clause.* - All laws, executive orders or parts thereof inconsistent with this Act are hereby repealed, modified, or amended accordingly.

SEC. 8. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,