



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

# **EIGHTEENTH CONGRESS**

## First Regular Session

**House Bill No.** \_\_\_\_\_

Introduced by Representatives **John Marvin "Yul Servo" C. Nieto**, **Edward Vera Perez Maceda**, **Dale "Along" R. Malapitan**, **Eric M. Martinez**, and **Rolando M. Valeriano**

## **EXPLANATORY NOTE**

Republic Act 10351, popularly known as the Sin Tax Law, was enacted as a good governance measure primarily designed to spur positive impact on both fiscal and public health policies of the country. It corrected the long-standing weaknesses of the tobacco and alcohol excise tax system and increased the rates with the intent of lowering the demand for tobacco and alcohol products. It also raised much needed revenues to fund the Universal Health Care (UHC) program of the government.

The Sin Tax Law has proven to be an unqualified success in terms of generating revenue. Based on the Bureau of Internal Revenue's (BIR) data, the five-year average excise tax collection on sin products prior to the implementation of the Sin Tax Law was pegged at 50.29 Billion Pesos.<sup>1</sup> However, from the start of its implementation in 2013 until 2017, the average doubled to a whopping 134.81 Billion Pesos.<sup>2</sup> In particular, average excise tax collection from tobacco products jacked up from 28.49 Billion Pesos to 89.30 Billion Pesos and an increase from 21.81 Billion Pesos to 45.51 Billion Pesos from alcohol products.

Since its implementation in 2013, the government collected 323.61 Billion Pesos in incremental revenues (Table 1). This resulted in an unprecedented increase in the budget of the Department of Health (DOH) as the incremental revenues derived from RA 10351 were largely allocated for UHC and health infrastructure programs. The DOH budget almost tripled from P53.23 Billion in 2013 to P148.5 Billion in 2017, or a growth of 179% (Table 2).

Table 1. Incremental Revenues from Sin Tax Law, 2013-2017

<b>Year</b>	<b>Incremental Revenues from Sin Tax Law (in Billion Pesos)</b>
2013	51.17
2014	50.23
2015	73.16
2016	67.46
2017	81.58
<b>TOTAL</b>	<b>323.61</b>

Source: Certifications submitted by BIR and BOC to DOF, 2013-2017

<sup>1</sup> Based on BIR's GFS Report from 2008 to 2012

<sup>2</sup> Based on the Certifications submitted by BIR and BOC to DOF from 2013 to 2017

44

45

46 Table 2. Annual Budget of the Department of Health, 2013-2017

<b>Year</b>	<b>Annual Budget (in Billion Pesos)</b>
2013	53.23
2014	83.72
2015	86.97
2016	122.63
<b>2017</b>	<b>148.5</b>

47 Source: DOH Annual Reports, CY 2013-2016

48

49 As mandated by RA 10351, a large amount of the incremental revenues  
 50 earmarked for health remains allocated for premium subsidies for the health  
 51 insurance of indigents and senior citizens not covered by the National Health  
 52 Insurance Program. As a result, PhilHealth almost tripled the coverage of the poor  
 53 families from 5.2 Million in 2013 to 14.3 Million by the end of 2017.<sup>3</sup> With the  
 54 expansion of the coverage, the indigent sector, composed of the members and  
 55 their dependents, now constitutes 33.03% of the 96.97 Million Filipino beneficiaries  
 56 of PhilHealth.

57

58 While much has been accomplished through the Sin Tax Law, there is still  
 59 room to improve this measure in order to generate more revenues and discourage  
 60 unhealthy lifestyles, especially alcohol consumption.

61

62 According to the Global Burden of Diseases 2016 study on alcohol  
 63 collaborators,<sup>4</sup> alcohol use is a leading risk factor for global disease burden<sup>5</sup> and  
 64 causes substantial health loss. The health risks associated with alcohol  
 65 consumption are cancer, heart disease, diabetes, and cirrhosis – which is one of  
 66 the top three burdens of the population. Ultimately, the study revealed that even  
 67 “moderate” alcohol consumption does not protect people from diseases. It argued  
 68 that alcohol use, regardless of amount, is detrimental to health, and that the risk  
 69 of all-cause mortality, and of cancers specifically, rises with increasing levels of  
 70 consumption, and the level of consumption that minimizes health loss is zero. It  
 71 therefore suggests the need for the revision of alcohol control policies worldwide  
 72 and to refocus efforts to lower overall population-level consumption.

73

74 Moreover, alcohol drinking tends to result in behaviors like drunk-driving and  
 75 domestic violence. Based on the Online National Electronic Injury Surveillance  
 76 System of the Department of Health, there were 2,048 vehicular accidents due to  
 77 alcohol intoxication or 9.3% of the 22,089 transport or vehicular crash-related  
 78 injury cases in 2015. This increased from 1,295 alcohol-related accidents in 2013  
 79 and 1,272 alcohol-related accidents in 2014. It must also be noted that for the  
 80 four quarters of 2015, vehicular accidents due to alcohol intoxication remained as  
 81 the top reported risk factor.

82

<sup>3</sup> PhilHealth Report submitted to DOF Sin Tax Monitoring Unit

<sup>4</sup> Global Burden of Diseases 2016 Alcohol Collaborators. (2018). Alcohol use and burden for 195 countries and territories, 1990–2016: A systematic analysis for the Global Burden of Disease Study 2016. *Lancet*, 1-21. [http://dx.doi.org/10.1016/S0140-6736\(18\)31310-2](http://dx.doi.org/10.1016/S0140-6736(18)31310-2)

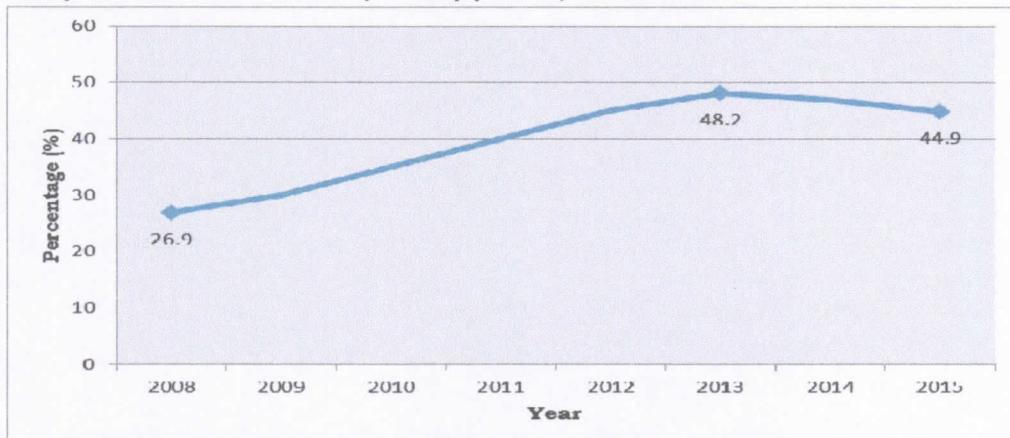
<sup>5</sup> **Disease burden** is the impact of a health problem as measured by financial cost, mortality, morbidity, or other indicators. It is often quantified in terms of quality-adjusted life years (QALYs) or disability-adjusted life years (DALYs), both of which quantify the number of years lost due to **disease** (YLDs).

According to the 2018 National Tax Research Center Review of Excise Taxation of Sin Products, RA 10351 was only successful in lowering the demand of wines and fermented liquors during the first 2-3 years of implementation. However, during its 4<sup>th</sup>-5<sup>th</sup> year (2016-2017), an increase in the demand of alcohol was apparent. At the same time, while there was a decrease in demand for wines and fermented liquors, the demand for distilled spirits during the same time frame was generally on an uptrend<sup>6</sup>. The NTRC therefore suggests that the higher taxes imposed on alcohol was ineffective in curbing alcohol consumption and as such, there is a need to increase taxation on such in order to lower its consumption.

Meanwhile, consistent with the aforementioned NTRC review, the Food and Nutrition Research Institute (FNRI) 2015 Clinical and Health Survey revealed that for the years 2013-2015, there was a significant decrease in the number of alcohol drinkers among adolescents aged 10-19 years old and adults aged 20 years and over. However, despite such decrease for the age group 20 years old and above, FNRI data shows that the percentage of alcohol drinkers in 2015 was still significantly higher than that of the baseline year 2008 (Figure 1).

Moreover, the study revealed that an average of five out of 10 (50%) of the adults surveyed were engaged in binge drinking (Figure 2), a behavior that could lead to a myriad of health problems such as cardiovascular and liver diseases, neurological damage, poor control of diabetes, unintentional and intentional injuries, alcohol poisoning, and sexual dysfunction (Center for Disease Control and Prevention, 2017)<sup>7</sup>. Moreover, an alarming fact that the FNRI found is that even though the legal age for drinking alcoholic beverages in the Philippines is 18 years old, three in ten (27.0%) of adolescents aged 16-17 years were found to already have consumed alcoholic beverages.

Figure 1. Trend in the proportion of current alcohol drinkers among adults, 20 years old and over, Philippines, 1998-2015

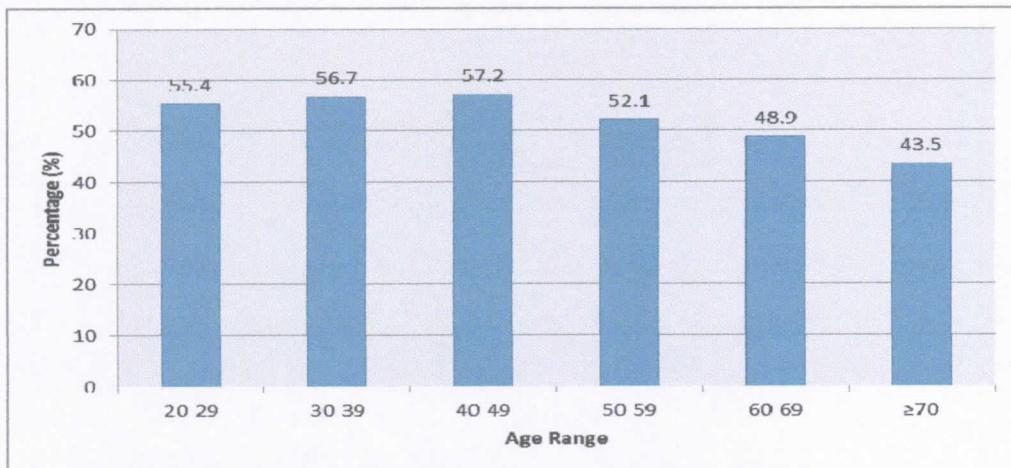


Source: 2015 FNRI Clinical and Health Survey

Figure 2. Prevalence of binge drinking among currently drinking adults (those who reported drinking alcoholic beverages in the past 30 days), 20 years old and over, by age group

<sup>6</sup> Demand growth rates are based on volume of removals of alcohol, or the transfer from factory to warehouse, as per BIR data in NTRC Excise Tax Study.

<sup>7</sup> In 2015 FNRI Clinical and Health Survey



Source: 2015 FNRI Clinical and Health Survey

A factor that may have contributed to the relapse of alcohol consumption is that it remains to be affordable. The Action for Economic Reforms (AEF) contends that the increase in minimum wage during the years succeeding the implementation of Sin Tax Law offsets the increase in alcohol prices, making them still affordable to the public. These are clear manifestations of the excise tax scheme's failure to deter the consumption of alcohol.

Given alcohol's harmful health effects, socially-detrimental externalities, and the apparent uptrend in demand despite higher taxes; there is an indisputable need to review and recalibrate the Sin Tax Law, particularly on its provisions on the excise tax on alcohol products.

This bill seeks to increase the excise tax rates on alcohol products and the indexation rate to 10% to account for inflation and income. It likewise seeks to remove the distinction on whether fermented liquors are brewed and sold in microbreweries and pubs or in factories for simpler administration.

The excise tax imposed on tobacco, which is also a "sin" product, has already increased through the TRAIN Law (Republic Act 10963), with the same aim of decreasing the consumption of such products. This representation believes that the upward adjustment on the alcohol excise tax rates contained in this bill will also be an effective measure to curb alcohol consumption. At the same time, the incremental revenues it will generate will also boost the government's budget for its Universal Health Care program.

As such, it is high time that we, as legislators, take urgent and proper action. Thus, the passage of this bill is earnestly sought.

  
JOHN MARVIN "YUL SERVO" C. NIETO

  
DALE "ALONG" R. MALAPITAN

  
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ERIC M. MARTINEZ

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session  
**House Bill No. 3036**

Introduced by Representatives **John Marvin "Yul Servo" C. Nieto**, **Edward Vera Perez Maceda**, **Dale "Along" R. Malapitan**, **Eric M. Martinez**, and **Rolando M. Valeriano**

## **AN ACT**

**AMENDING SECTIONS 141, 142, AND 143 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS "THE NATIONAL INTERNAL REVENUE CODE OF 1997"**

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

**SECTION 1.** This Act shall be known as the "Alcohol Excise Tax Law."

**SECTION 2.** Chapter III of the National Internal Revenue Code of 1997 (NIRC), as amended, is hereby amended, which shall read as follows:

## CHAPTER III – EXCISE TAX ON ALCOHOL PRODUCTS

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 schedules:

(a) Effective on January 1, 2013

- (1) An ad valorem tax equivalent to fifteen percent (15%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and

(2) In addition to the ad valorem tax herein imposed, a specific tax of Twenty Pesos (P20.00) per proof liter.

(b) Effective on January 1, 2015

- (1) An ad valorem tax equivalent to twenty percent (20%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and

(2) In addition to the ad valorem tax herein imposed, a specific tax rate of Twenty Pesos (P20.00) per proof liter.

(c) In addition to the ad valorem tax herein imposed, the specific tax rate of Twenty pesos (P20.00) per proof liter imposed under this Section shall be

210 increased by four percent (4%) every year thereafter effective on January 1,  
211 2016, through revenue regulations issued by the Secretary of Finance.]

212  
213 **(A) EFFECTIVE ON JANUARY 1, 2020**

214 **(1) AN AD VALOREM TAX EQUIVALENT TO TWENTY-FIVE PERCENT  
215 (25%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND  
216 THE VALUE-ADDED TAX) PER PROOF; AND,**

217 **(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A  
218 SPECIFIC TAX OF FORTY PESOS (P40.00) PER PROOF LITER.**

219  
220 **(B) EFFECTIVE ON JANUARY 1, 2021**

221 **(1) AN AD VALOREM TAX EQUIVALENT TO TWENTY-FIVE PERCENT  
222 (25%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND  
223 THE VALUE-ADDED TAX) PER PROOF; AND,**

224 **(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A  
225 SPECIFIC TAX OF FORTY-FIVE PESOS (P45.00) PER PROOF LITER.**

226  
227 **(C) EFFECTIVE ON JANUARY 1, 2022**

228 **(1) AN AD VALOREM TAX EQUIVALENT TO TWENTY-FIVE PERCENT  
229 (25%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND  
230 THE VALUE-ADDED TAX) PER PROOF; AND,**

231 **(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A  
232 SPECIFIC TAX OF FIFTY PESOS (P50.00) PER PROOF LITER.**

233  
234 **(D) EFFECTIVE ON JANUARY 1, 2023**

235 **(1) AN AD VALOREM TAX EQUIVALENT TO TWENTY-FIVE PERCENT  
236 (25%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND  
237 THE VALUE-ADDED TAX) PER PROOF; AND,**

238 **(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A  
239 SPECIFIC TAX OF FIFTY-FIVE PESOS (P55.00) PER PROOF LITER.**

240  
241 **(E) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, THE  
242 SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY  
243 TEN PERCENT (10%) EVERY YEAR THEREAFTER EFFECTIVE ON JANUARY  
244 1, 2023, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY  
245 OF FINANCE.**

246  
247 Medicinal preparations, flavoring extracts, and all other preparations, except toilet  
248 preparations, of which, excluding water, distilled spirits form the chief ingredient,  
249 shall be subject to the same tax as such chief ingredient.

250  
251 This tax shall be proportionally increased for any strength of the spirits taxed over  
252 proof spirits, and the tax shall attach to this substance as soon as it is in existence  
253 as such, whether it be subsequently separated as pure or impure spirits, or  
254 transformed into any other substance either in the process of original production  
255 or by any subsequent process.

256

257 'Spirits or distilled spirits' is the substance known as ethyl alcohol, ethanol or  
258 spirits of wine, including all dilutions, purifications and mixtures thereof, from  
259 whatever source, by whatever process produced, and shall include whisky, brandy,  
260 rum, gin and vodka, and other similar products or mixtures.

261

262 'Proof spirits' is liquor containing one-half (1/2) of its volume of alcohol of a  
263 specific gravity of seven thousand nine hundred and thirty-nine ten thousandths  
264 (0.7939) at fifteen degrees centigrade (15OC). A 'proof liter' means a liter of proof  
265 spirits.

266

267 'Net retail price' shall mean the price at which the distilled spirits is sold on retail in  
268 at least five (5) major supermarkets in Metro Manila, excluding the amount  
269 intended to cover the applicable excise tax and the value-added tax. For distilled  
270 spirits which are marketed outside Metro Manila, the 'net retail price' shall mean  
271 the price at which the distilled spirits is sold in at least five (5) major  
272 supermarkets in the region excluding the amount intended to cover the applicable  
273 excise tax and the value-added tax. **THIS SHALL INITIALLY BE PROVIDED BY**  
274 **THE MANUFACTURER THROUGH A SWORN STATEMENT AND SHALL BE**  
275 **VALIDATED BY THE BUREAU OF INTERNAL REVENUE THROUGH A PRICE**  
276 **SURVEY.**

277

278 Major supermarkets, as contemplated under this Act, shall be those with the  
279 highest annual gross sales in Metro Manila or the region, as the case may be, as  
280 determined by the **BUREAU OF INTERNAL REVENUE (BIR)** [National Statistics  
281 Office], and shall exclude retail outlets or kiosks, convenience or sari-sari stores,  
282 and others of a similar nature: *Provided*, That no two (2) supermarkets in the list  
283 to be surveyed are affiliated and/or branches of each other: *Provided, finally*, that  
284 in case a particular distilled spirit is not sold in major supermarkets, the price  
285 survey can be conducted in retail outlets where said distilled spirit is sold in Metro  
286 Manila or the region, as the case may be, upon the determination of the  
287 Commissioner of Internal Revenue.

288

289 The net retail price shall be determined by the Bureau of Internal Revenue (BIR)  
290 through a **BIANNUAL** price survey under oath.

291

292 The methodology and all pertinent documents used in the conduct of the latest  
293 price survey shall be submitted to the Congressional Oversight Committee on the  
294 Comprehensive Tax Reform Program (COCTRP) created under Republic Act No.  
295 8240.

296

297 Understatement of the suggested net retail price by as much as fifteen percent  
298 (15%) of the actual net retail price shall render the manufacturer or importer  
299 liable for additional excise tax equivalent to the tax due and difference between  
300 the understated suggested net retail price and the actual net retail price.

301

302 Distilled spirits introduced in the domestic market after the effectivity of this Act  
303 shall be initially taxed according to their suggested net retail prices.

304  
305 'Suggested net retail price' shall mean the price (excluding the value added tax  
306 and the excise tax) at which locally manufactured or imported distilled spirits are  
307 intended by the manufacturer or importer to be sold on retail in major  
308 supermarkets or retail outlets in Metro Manila for those marketed nationwide, and  
309 in other regions, for those with regional markets. At the end of three (3) months  
310 from the product launch, the Bureau of Internal Revenue shall validate the  
311 suggested net retail price of the new brand against the net retail price as defined  
312 herein and initially determine the correct tax on a newly introduced distilled spirits.  
313 After the end of nine (9) months from such validation, the Bureau of Internal  
314 Revenue shall revalidate the initially validated net retail price against the net retail  
315 price as of the time of revalidation in order to finally determine the correct tax on  
316 a newly introduced distilled spirits.

317  
318 [All distilled spirits existing in the market at the time of the effectivity of this Act  
319 shall be taxed according to the tax rates provided above based on the latest price  
320 survey of the distilled spirits conducted by the Bureau of Internal Revenue.]

321  
322 The methodology and all pertinent documents used in the conduct of the latest  
323 price survey shall be submitted to the Congressional Oversight Committee on the  
324 Comprehensive Tax Reform Program created under Republic Act No. 8240.

325  
326 Manufacturers and importers of distilled spirits shall, within thirty (30) days from  
327 the effectivity of this Act, and within the first five (5) days of every third month  
328 thereafter, submit to the Commissioner a sworn statement of the volume of sales  
329 **AND REMOVALS** for each particular brand of distilled spirits sold at his  
330 establishment for the three-month period immediately preceding.

331  
332 Any manufacturer or importer who, in violation of this Section, misdeclares or  
333 misrepresents in his or its sworn statement herein required any pertinent data or  
334 information shall, upon final findings by the Commissioner that the violation was  
335 committed, be penalized by a summary cancellation or withdrawal of his or its  
336 permit to engage in business as manufacturer or importer of distilled spirits.

337  
338 Any corporation, association, or partnership liable for any of the acts or omissions  
339 in violation of this Section shall be fined treble the amount of deficiency taxes,  
340 surcharges, and interest which may be assessed pursuant to this Section.

341  
342 Any person liable for any of the acts or omissions prohibited under this Section  
343 shall be criminally liable and penalized under Section 254 of this Code. Any person  
344 who willfully aids or abets in the commission of any such act or omission shall be  
345 criminally liable in the same manner as the principal.

346  
347 If the offender is not a citizen of the Philippines, he shall be deported immediately  
348 after serving the sentence, without further proceedings for deportation.

349  
350 SEC. 142. *Wines.* – On wines, there shall be collected per liter of volume capacity  
351 effective on [January 1, 2013] **JANUARY 1, 2020**, the following excise taxes:

352  
353 (a) Sparkling wines/champagnes regardless of proof, if the net retail price  
354 per bottle of seven hundred fifty milliliter (750 ml.) volume capacity  
355 (excluding the excise tax and value-added tax) is:

356 (1) Five Hundred Pesos (P500.00) or less – [Two Hundred Fifty Pesos  
357 (P250.00)] **THREE HUNDRED THIRTY-FIVE PESOS (P335.00);**  
358 **AND,**

359 (2) More than Five Hundred Pesos (P500.00) – [Seven Hundred Pesos  
360 (P700.00)] **NINE HUNDRED THIRTY-SEVEN PESOS (P937.00).**

361  
362 (b) Still wines and carbonated wines containing fourteen percent (14%) of  
363 alcohol by volume or less, [Thirty Pesos (P30.00)] **FORTY PESOS**  
364 **(P40.00);** and,

365  
366 (c) Still wines and carbonated wines containing more than fourteen percent  
367 (14%) but not more than twenty-five percent (25%) of alcohol by volume,  
368 [Sixty Pesos (P60.00)] **EIGHTY PESOS (P80.00).**

370 The rates of tax imposed under this Section shall be increased by [four percent  
371 (4%)] **TEN PERCENT (10%)** every year thereafter effective on January 1, [2014]  
372 **2021**, through revenue regulations issued by the Secretary of Finance.

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

378 'Net retail price' shall mean the price at which sparkling wine/champagne is sold  
379 on retail in at least five (5) major supermarkets in Metro Manila, excluding the  
380 amount intended to cover the applicable excise tax and the value-added tax. For  
381 sparkling wines/champagnes which are marketed outside Metro Manila, the 'net  
382 retail price' shall mean the price at which the wine is sold in at least five (5) major  
383 supermarkets in the region excluding the amount intended to cover the applicable  
384 excise tax and the value-added tax. **THIS SHALL INITIALLY BE PROVIDED BY**  
385 **THE MANUFACTURER THROUGH A SWORN STATEMENT AND SHALL BE**  
386 **VALIDATED BY THE BUREAU OF INTERNAL REVENUE THROUGH A PRICE**  
387 **SURVEY.**

388 Major supermarkets, as contemplated under this Act, shall be those with the  
389 highest annual gross sales in Metro Manila or the region, as the case may be, as  
390 determined by the **BUREAU OF INTERNAL REVENUE** [National Statistics Office],  
391 and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and  
392 others of a similar nature: *Provided*, That no two (2) supermarkets in the list to be  
393 surveyed are affiliated and/or branches of each other: *Provided, finally*, That in  
394 case a particular sparkling wine/champagne is not sold in major supermarkets, the  
395 price survey can be conducted in retail outlets where said sparkling  
396 wine/champagne is sold in Metro Manila or the region, as the case may be, upon  
397 the determination of the Commissioner of Internal Revenue.  
398

400 The net retail price shall be determined by the Bureau of Internal Revenue through  
401 a **BIANNUAL** price survey under oath.

402  
403 The methodology and all pertinent documents used in the conduct of the latest  
404 price survey shall be submitted to the Congressional Oversight Committee on the  
405 Comprehensive Tax Reform Program created under Republic Act No. 8240.

406  
407 Understatement of the suggested net retail price by as much as fifteen percent  
408 (15%) of the actual net retail price shall render the manufacturer or importer  
409 liable for additional excise tax equivalent to the tax due and difference between  
410 the understated suggested net retail price and the actual net retail price.

411  
412 Sparkling wines/champagnes introduced in the domestic market after the  
413 effectivity of this Act shall be initially tax classified according to their suggested  
414 net retail prices.

415  
416 'Suggested net retail price' shall mean the price (excluding VAT and excise tax) at  
417 which locally manufactured or imported sparkling wines/champagnes are intended  
418 by the manufacturer or importer to be sold on retail in major supermarkets or  
419 retail outlets in Metro Manila for those marketed nationwide, and in other regions,  
420 for those with regional markets. At the end of three (3) months from the product  
421 launch, the Bureau of Internal Revenue shall validate the suggested net retail price  
422 of the sparkling wine/champagne against the net retail price as defined herein and  
423 initially determine the correct tax bracket to which a newly introduced sparkling  
424 wine/champagne shall be classified. After the end of nine (9) months from such  
425 validation, the Bureau of Internal Revenue shall revalidate the initially validated  
426 net retail price against the net retail price as of the time of revalidation in order to  
427 finally determine the correct tax bracket to which a newly introduced sparkling  
428 wine/champagne shall be classified.

429  
430 The proper tax classification of sparkling wines/champagnes, whether registered  
431 before or after the effectivity of this Act, shall be determined every two (2) years  
432 from the date of effectivity of this Act.

433  
434 [All sparkling wines/champagnes existing in the market at the time of the  
435 effectivity of this Act shall be taxed according to the net retail prices and the tax  
436 rates provided above based on the latest price survey of the sparkling  
437 wines/champagnes conducted by the Bureau of Internal Revenue.]

438  
439 The methodology and all pertinent documents used in the conduct of the latest  
440 price survey shall be submitted to the Congressional Oversight Committee on the  
441 Comprehensive Tax Reform Program created under Republic Act No. 8240.

442  
443 Manufacturers and importers of wines shall, within thirty (30) days from the  
444 effectivity of this Act, and within the first five (5) days of every month thereafter,  
445 submit to the Commissioner a sworn statement of the volume of sales **AND**  
446 **REMOVALS** for each particular brand of wines sold at his establishment for the  
447 three-month period immediately preceding.

448  
449 Any manufacturer or importer who, in violation of this Section, misdeclares or  
450 misrepresents in his or its sworn statement herein required any pertinent data or  
451 information shall, upon final findings by the Commissioner that the violation was  
452 committed be penalized by a summary cancellation or withdrawal of his or its  
453 permit to engage in business as manufacturer or importer of wines.

454  
455 Any corporation, association, or partnership liable for any of the acts or omissions  
456 in violation of this Section shall be fined treble the amount of deficiency taxes,  
457 surcharges, and interest which may be assessed pursuant to this Section.

458  
459 Any person liable for any of the acts or omissions prohibited under this Section  
460 shall be criminally liable and penalized under Section 254 of this Code. Any person  
461 who willfully aids or abets in the commission of any such act or omission shall be  
462 criminally liable in the same manner as the principal. If the offender is not a  
463 citizen of the Philippines, he shall be deported immediately after serving the  
464 sentence, without further proceedings for deportation.

465  
466 SEC. 143. Fermented Liquor. – There shall be levied, assessed, and collected an  
467 excise tax on beer, lager beer, ale, porter and other fermented liquors except  
468 tuba, basi, tapuy, and similar domestic fermented liquors in accordance with the  
469 following schedule:

470  
471 [Effective on January 1, 2013

472 (a) If the net retail price (excluding the excise tax and the value-added tax)  
473 per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or  
474 less, the tax shall be Fifteen pesos (P15.00) per liter; and,

475 (b) If the net retail price (excluding the excise tax and the value-added tax)  
476 per liter of volume capacity is more than Fifty pesos and sixty centavos  
477 (P50.60), the tax shall be Twenty pesos (P20.00) per liter.

478  
479 Effective on January 1, 2014

480  
481 (a) If the net retail price (excluding the excise tax and the value-added tax)  
482 per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or  
483 less, the tax shall be Seventeen pesos (P17.00) per liter; and,

484  
485 (b) If the net retail price (excluding the excise tax and the value-added tax)  
486 per liter of volume capacity is more than Fifty pesos and sixty centavos  
487 (P50.60), the tax shall be Twenty-one pesos (P21.00) per liter.

488  
489 Effective on January 1, 2015

490  
491 (a) If the net retail price (excluding the excise tax and the value-added tax)  
492 per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or  
493 less, the tax shall be Nineteen pesos (P19.00) per liter; and,

494  
495       (b) If the net retail price (excluding the excise tax and the value-added tax)  
496       per liter of volume capacity is more than Fifty pesos and sixty centavos  
497       (P50.60), the tax shall be Twenty-two pesos (P22.00) per liter.

498  
499       Effective on January 1, 2016

500  
501       (a) If the net retail price (excluding the excise tax and the value-added tax)  
502       per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or  
503       less, the tax shall be Twenty-one pesos (P21.00) per liter; and

504  
505       (b) If the net retail price (excluding the excise tax and the value-added tax)  
506       per liter of volume capacity is more than Fifty pesos and sixty centavos  
507       (P50.60), the tax shall be Twenty-three pesos (P23.00) per liter.

508  
509       Effective on January 1, 2017, the tax on all fermented liquors shall be Twenty-  
510       three pesos and fifty centavos (P23.50) per liter.]

511  
512       **EFFECTIVE ON JANUARY 1, 2020, THE TAX ON ALL FERMENTED LIQUORS  
513       REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED  
514       AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND  
515       RESTAURANTS SHALL BE FORTY PESOS (P40.00) PER LITER.**

516  
517       **EFFECTIVE ON JANUARY 1, 2021, THE TAX ON ALL FERMENTED LIQUORS  
518       REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED  
519       AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND  
520       RESTAURANTS SHALL BE FORTY-FIVE PESOS (P45.00) PER LITER.**

521  
522       **EFFECTIVE ON JANUARY 1, 2022, THE TAX ON ALL FERMENTED LIQUORS  
523       REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED  
524       AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND  
525       RESTAURANTS SHALL BE FIFTY PESOS (P50.00) PER LITER.**

526  
527       **EFFECTIVE ON JANUARY 1, 2023, THE TAX ON ALL FERMENTED LIQUORS  
528       REGARDLESS IF MANUFACTURED IN FACTORIES OR SOLD AND BREWED  
529       AT MICRO-BREWERIES OR SMALL ESTABLISHMENTS SUCH AS PUBS AND  
530       RESTAURANTS SHALL BE FIFTY-FIVE PESOS (P55.00) PER LITER.**

531  
532       The rates of tax imposed under this Section shall be increased by [four percent  
533       (4%)] **TEN PERCENT (10%)** every year thereafter effective on January 1, [2018]  
534       **2023**, through revenue regulations issued by the Secretary of Finance. [However,  
535       in case of fermented liquors affected by the 'no downward reclassification'  
536       provision prescribed under this Section, the four percent (4%) increase shall apply  
537       to their respective applicable tax rates.]

538  
539       [Fermented liquors which are brewed and sold at micro-breweries or small  
540       establishments such as pubs and restaurants shall be subject to the rate of

541 Twenty-eight pesos (P28.00) per liter effective on January 1, 2013: Provided, That  
542 this rate shall be increased by four percent (4%) every year thereafter effective on  
543 January 1, 2014, through revenue regulations issued by the Secretary of Finance.

544

545 Fermented liquors introduced in the domestic market after the effectivity of this  
546 Act shall be initially tax classified according to their suggested net retail prices.

547

548 'Suggested net retail price' shall mean the net retail price at which locally  
549 manufactured or imported fermented liquor are intended by the manufacturer or  
550 importer to be sold on retail in major supermarkets or retail outlets in Metro  
551 Manila for those marketed nationwide, and in other regions, for those with regional  
552 markets. At the end of three (3) months from the product launch, the Bureau of  
553 Internal Revenue shall validate the suggested net retail price of the newly  
554 introduced fermented liquor against the net retail price as defined herein and  
555 initially determine the correct tax bracket to which a newly introduced fermented  
556 liquor, as defined above, shall be classified. After the end of nine (9) months from  
557 such validation, the Bureau of Internal Revenue shall revalidate the initially  
558 validated net retail price against the net retail price as of the time of revalidation  
559 in order to finally determine the correct tax bracket to which a newly introduced  
560 fermented liquor shall be classified.

561

562 'Net retail price' shall mean the price at which the fermented liquor is sold on retail  
563 in at least five (5) major supermarkets in Metro Manila (for brands of fermented  
564 liquor marketed nationally), excluding the amount intended to cover the applicable  
565 excise tax and the value- added tax. For brands which are marketed outside Metro  
566 Manila, the 'net retail price' shall mean the price at which the fermented liquor is  
567 sold in at least five (5) major supermarkets in the region excluding the amount  
568 intended to cover the applicable excise tax and the value-added tax.

569

570 Major supermarkets, as contemplated under this Act, shall be those with the  
571 highest annual gross sales in Metro Manila or the region, as the case may be, as  
572 determined by the National Statistics Office, and shall exclude retail outlets or  
573 kiosks, convenience or sari-sari stores, and others of a similar nature: Provided,  
574 That no two (2) supermarkets in the list to be surveyed are affiliated and/or  
575 branches of each other: Provided, finally, That in case a particular fermented  
576 liquor is not sold in major supermarkets, the price survey can be conducted in  
577 retail outlets where said fermented liquor is sold in Metro Manila or the region, as  
578 the case may be, upon the determination of the Commissioner of Internal  
579 Revenue.

580

581 The net retail price shall be determined by the Bureau of Internal Revenue (BIR)  
582 through a price survey under oath.

583

584 The methodology and all pertinent documents used in the conduct of the latest  
585 price survey shall be submitted to the Congressional Oversight Committee on the  
586 Comprehensive Tax Reform Program created under Republic Act No. 8240.

587

588 Understatement of the suggested net retail price by as much as fifteen percent  
589 (15%) of the actual net retail price shall render the manufacturer or importer

590 liable for additional excise tax equivalent to the tax due and difference between  
591 the understated suggested net retail price and the actual net retail price.

592  
593 Any downward reclassification of present categories, for tax purposes, of  
594 fermented liquors duly registered at the time of the effectivity of this Act which will  
595 reduce the tax imposed herein, or the payment thereof, shall be prohibited.

596  
597 The proper tax classification of fermented liquors, whether registered before or  
598 after the effectivity of this Act, shall be determined every two (2) years from the  
599 date of the effectivity of this Act.

600  
601 All fermented liquors existing in the market at the time of the effectivity of this Act  
602 shall be classified according to the net retail prices and the tax rates provided  
603 above based on the latest price survey of the fermented liquors conducted by the  
604 Bureau of Internal Revenue.

605  
606 The methodology and all pertinent documents used in the conduct of the latest  
607 price survey shall be submitted to the Congressional Oversight Committee on the  
608 Comprehensive Tax Reform Program created under Republic Act No. 8240.

609  
610 Every brewer or importer of fermented liquor shall, within thirty (30) days from  
611 the effectivity of this Act, and within the first five (5) days of every month  
612 thereafter, submit to the Commissioner a sworn statement of the volume of sales  
613 **AND REMOVALS** for each particular brand of fermented liquor sold at his  
614 establishment for the three-month period immediately preceding.

615  
616 Any brewer or importer who, in violation of this Section, misdeclares or  
617 misrepresents in his or its sworn statement herein required any pertinent data or  
618 information shall, upon final findings by the Commissioner that the violation was  
619 committed, be penalized by a summary cancellation or withdrawal of his or its  
620 permit to engage in business as brewer or importer of fermented liquor.

621  
622 Any corporation, association, or partnership liable for any of the acts or omissions  
623 in violation of this Section shall be fined treble the amount of deficiency taxes,  
624 surcharges, and interest which may be assessed pursuant to this Section.

625  
626 Any person liable for any of the acts or omissions prohibited under this Section  
627 shall be criminally liable and penalized under Section 254 of this Code. Any person  
628 who willfully aids or abets in the commission of any such act or omission shall be  
629 criminally liable in the same manner as the principal.

630  
631 If the offender is not a citizen of the Philippines, he shall be deported immediately  
632 after serving the sentence, without further proceedings for deportation.

633 **SECTION 2.** Section 288 of Republic Act 8424, or the National Internal Revenue  
634 Code of 1997, as last amended by Republic Act No. 10963, shall read as follows:

635 "(A) x x x

636 "(B) x x x

637 "(C) x x x

638 "(D) x x x

639 "(E) x x x

640 "(F) x x x

641 **"(G) INCREMENTAL REVENUES FROM THE ALCOHOL EXCISE TAX**  
642 **LAW. – ONE HUNDRED PERCENT (100%) OF THE INCREMENTAL**  
643 **REVENUES FROM THIS ACT SHALL BE AUTOMATICALLY**  
644 **APPROPRIATED TO THE UNIVERSAL HEALTH CARE.**

645

646 **SECTION 3. Repertorial Requirements.** – The Interagency Committee created  
647 under Republic Act 10963 shall submit to the President of the Senate of the  
648 Philippines, the Speaker of the House of Representatives, the Senate Committee  
649 on Finance, and House Committee on Appropriations a detailed report on the  
650 expenditure of the amounts earmarked hereon copy furnished to the chairpersons  
651 of the Committee on Ways and Means of both houses of Congress. The report shall  
652 likewise be posted on the official websites of the agencies concerned.

653

654 **SECTION 4. Implementing Rules and Regulations.** – The Secretary of Finance  
655 shall, upon the recommendation of the Commissioner of **THE BUREAU OF**  
656 Internal Revenue, promulgate the necessary rules and regulations for the effective  
657 implementation of this Act.

658

659 **SECTION 5. Repealing Clause.** – All laws, decrees, executive orders, rules and  
660 regulations or parts thereof which are contrary to or inconsistent with this Act are  
661 hereby repealed, amended or modified accordingly.

662

663 **SECTION 6. Effectivity.** – This Act shall take effect upon its publication either in  
664 the Official Gazette or in a newspaper of general circulation.

665

666

667 *Approved,*