

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 3720



Introduced by HONORABLE SCOTT DAVIES S. LANETE, M.D.


EXPLANATORY NOTE

Carbonated drinks, most commonly called by Filipinos as “softdrinks”, powdered and ready to drink juices are part and parcel of an average Filipino meal. Filipinos have grown fond of softdrinks that the demand for them has led to more and more carbonated drinks and juice products entering the market competition.

It is not a secret that carbonated drinks, apart from the refreshment they bring, cause a lot of health risks. Their high sugar content and the colouring chemicals they contain have a direct correlation to the common illnesses affecting people. Among the health risks associated with carbonated drinks are prostate and pancreatic cancer, cardiovascular diseases, diabetes, liver damage, increased violent tendencies, obesity, and Alzheimer’s disease. These health risks have forced other countries to adopt policies to lessen public consumption of carbonated drinks and juices.

The 1987 Philippine Constitution enjoins the state to protect and promote the right of health of the people and instill health consciousness among them. Thus, it is high time for the Philippines to adopt strict measures in ensuring the safety and well-being of Filipinos. Imposing a tax on the production, sale and consumption of carbonated drinks and juices will not only deter citizens from consuming more than the prescribed daily intake but will also generate additional funds for the government.

Therefore, the passage of this bill is urgently needed.



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**AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8424,
OTHERWISE KNOWN AS THE “NATIONAL INTERNAL REVENUE CODE
OF 1997” AND FOR OTHER PURPOSES**

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

Sec. 1. Section 1 of Republic Act No. 8424 is hereby amended as follows:

“SEC. 151. Mineral Products. -

(A) Rates of Tax. - There shall be levied, assessed and collected on minerals, mineral products and quarry resources, excise tax as follows:

(1) On coal and coke, a tax of Ten pesos (P10.00) per metric ton;

(2) On all nonmetallic minerals and quarry resources, a tax of two percent (2%) based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation.

Notwithstanding the provision of paragraph (4) of Subsection (A) of this Section, locally extracted natural gas and liquefied natural gas shall not be subject to the excise tax imposed herein.

(3) On all metallic minerals, a tax based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation, in accordance with the following schedule;

(a) Copper and other metallic minerals;

(i) On the first three (3) years upon the effectivity of Republic Act No. 7729, one percent (1%);

(ii) On the fourth and the fifth years, one and a half percent (1 1/2%); and

(iii) On the sixth year and thereafter, two percent (2%);

(b) Gold and chromite, two percent (2%).

(4) On indigenous petroleum, a tax of three percent (3%) of the fair international market price thereof, on the first taxable sale, barter, exchange or such similar transaction, such tax to be paid by the buyer or purchaser before removal from the place of production. The phrase 'first taxable sale, barter, exchange or similar transaction' means the transfer of indigenous petroleum in its original state to a first taxable transferee. The fair international market price shall be determined in consultation with an appropriate government agency;

For the purpose of this Subsection, 'indigenous petroleum' shall include locally-extracted mineral oil, hydrocarbon gas, bitumen, crude asphalt, mineral gas and all other similar or naturally associated substances with the exception of coal, peat, bituminous shale and/or stratified mineral deposits.

(5) On carbonated drinks, powdered juices, or ready-to-drink juices, a tax of One peso (P1.00) shall be levied on every milliliter or milligram as the case may be.

Sec. 2. The Department of Finance in coordination with other government agencies concerned, shall promulgate not later than thirty (30) days from the effectivity of this Act, the necessary rules and regulations for the effective implementation of this Act.

Sec. 3. If any part or provision of this Act shall be held unconstitutional or invalid, other provisions which are not affected thereby shall continue to be in full force and effect.

Sec. 4. All laws, issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 5. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved.