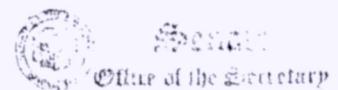


SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )



19 MAY 27 P1:12

SENATE

RECEIVED

714  
**COMMITTEE REPORT No.**

Submitted by the Committee on Ways and Means on MAY 27 2019

Re: Senate Bill No. 2233

Recommending its approval in substitution of Senate Bill Nos. 1599, 1605 and 2177 taking into consideration House Bill No. 8677.

Sponsor: Sen. Sonny Angara

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**MR. PRESIDENT:**

The Committee on Ways and Means to which were referred Senate Bill No. 1599, introduced by Senator Emmanuel D. Pacquiao, entitled:

**"AN ACT  
RAISING THE EXCISE TAX ON TOBACCO PRODUCTS AND AMENDING FOR  
THE PURPOSE PERTINENT SECTIONS OF THE NATIONAL INTERNAL  
REVENUE CODE, AS AMENDED"**

S.B. No. 1605, introduced by Senator Joseph Victor G. Ejercito, entitled:

**"AN ACT  
INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS AND AMENDING  
FOR THE PURPOSE SECTION 145 OF REPUBLIC ACT NO. 8424, OTHERWISE  
KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS  
AMENDED BY REPUBLIC ACT NO. 9334 AND REPUBLIC ACT NO. 10351, AND  
FOR OTHER PURPOSES"**

S.B. No. 2177, introduced by Sen. Win Gatchalian, entitled:

**"AN ACT  
AN ACT INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS AND  
AMENDING FOR THE PURPOSE SECTION 145 OF REPUBLIC ACT NO. 8424,  
OTHERWISE KNOWN AS THE "TAX REFORM ACT OF 1997", AS AMENDED BY  
REPUBLIC ACT NO. 9334 AND REPUBLIC ACT NO. 9334 AND REPUBLIC ACT  
NO. 10351, AND FOR OTHER PURPOSES"**

and House Bill 8677, introduced by Representatives Salceda, D.L. Tan, *et al.*, entitled:

**"AN ACT  
INCREASING THE EXCISE TAX RATE ON TOBACCO PRODUCTS, AMENDING  
FOR THE PURPOSE SECTION 145 OF THE NATIONAL INTERNAL REVENUE  
CODE OF 1997, AS AMENDED BY REPUBLIC ACT. NO. 10963"**

has considered the same and has the honor to report these back to the Senate with the recommendation that the attached bill, Senate Bill No. \_\_\_\_\_, prepared by the Committee, entitled:

**"AN ACT  
INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS, THE PENALTIES  
FOR VIOLATIONS OF PROVISIONS ON ARTICLES SUBJECT TO EXCISE TAX,  
AND EARMARKING INCREMENTAL TOBACCO EXCISE TAX FOR HUMAN  
RESOURCE DEVELOPMENT PROGRAMS FOR HEALTH PROFESSIONALS,  
AMENDING FOR THIS PURPOSE SECTIONS 145, 164, 260, 262, 263, 265 AND  
288(C) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS  
AMENDED BY REPUBLIC ACT NO. 10963, AND FOR OTHER PURPOSES**

be approved in substitution of Senate Bill Nos. 1599, 1605 and 2177 taking into consideration House Bill No.

~~✓ 8677~~ with Senators Pacquiao, JV Ejercito, Gatchalian, and Angara, as authors thereof.

Respectfully Submitted:



**SONNY ANGARA**  
Chairperson

**Vice-Chairpersons**



**LOREN B. LEGARDA**



**JOEL VILLANUEVA**

**PAOLO BENIGNO "BAM" AQUINO IV**

**Members**

**RICHARD J. GORDON**

**GRACE POE**

*SG*  
JOSEPH VICTOR G. EJERCITO

*M. Binay*  
MARIA LOURDES NANCY S. BINAY

*Win Gatchalian*  
WIN GATCHALIAN

*May interpellate  
a proposal  
a amendment*  
FRANCIS "CHIZ" G. ESCUDERO

*Panfilo M. Lacson*  
PANFILO M. LACSON

ANTONIO TRILLANES IV

*Francis "Kiko" Pangilinan*  
FRANCIS "KIKO" PANGILINAN

*Risa Hontiveros*  
RISA HONTIVEROS

*May interpellate /  
propose amendment*

AQUILINO "KOKO" PIMENTEL III

Ex-Officio Members

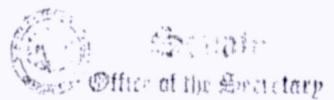
*Juan Miguel Zubiri*  
JUAN MIGUEL "MIGZ" F. ZUBIRI  
Majority Leader

*Franklin Drilon*  
FRANKLIN M. DRILON  
Minority Leader

*Ralph G. Recto*  
RALPH G. RECTO  
Senate President Pro-Tempore

VICENTE C. SOTTO III  
*President*  
Senate of the Philippines

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )



SENATE

19 MAY 27 P1:12

S. No. 2233

(In Substitution of S.B. Nos. 1599, 1605 and 2177 taking into consideration  
H.B. No. 8677) REC'D BY [Signature]

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Prepared by the Committee on Ways and Means with Senators  
Pacquiao, JV Ejercito, Gatchalian, and Angara as authors

---

AN ACT

INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS, THE PENALTIES FOR VIOLATIONS OF PROVISIONS ON ARTICLES SUBJECT TO EXCISE TAX, AND EARMARKING INCREMENTAL TOBACCO EXCISE TAX FOR HUMAN RESOURCE DEVELOPMENT PROGRAMS FOR HEALTH PROFESSIONALS, AMENDING FOR THIS PURPOSE SECTIONS 145, 164, 260, 262, 263, 265 AND 288(C) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 10963, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 145 of the National Internal Revenue Code of 1997, as  
2 amended by Republic Act No. 10963, is hereby further amended to read as follows:

3 "SEC. 145. *Cigars and Cigarettes.* -

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

6 "(1) Effective on January 1, 2013

7 "(a) An ad valorem tax equivalent to twenty percent (20%) of the  
8 net retail price (excluding the excise tax and the value-added  
9 tax) per cigar; and

10 "(b) In addition to the ad valorem tax herein imposed, a specific tax  
11 of Five pesos (P5.00) per cigar.

12 "(2) In addition to the ad valorem tax herein imposed, the specific  
13 tax rate of Five pesos (P5.00) imposed under this subsection shall be

1 increased by [four] FIVE percent [(4%)] 5% effective on January 1, [2014]  
2 2024 through revenue regulations issued by the Secretary of Finance.

3           “NET RETAIL PRICE’ SHALL MEAN THE PRICE AT WHICH  
4 THE CIGAR IS SOLD ON RETAIL IN AT LEAST FIVE (5) MAJOR  
5 SUPERMARKETS IN METRO MANILA (FOR BRANDS OF CIGAR  
6 MARKETED NATIONALLY), EXCLUDING THE AMOUNT  
7 INTENDED TO COVER THE APPLICABLE EXCISE TAX AND THE  
8 VALUE-ADDED TAX. FOR CIGARS WHICH ARE MARKETED ONLY  
9 OUTSIDE METRO MANILA, THE ‘NET RETAIL PRICE’ SHALL  
10 MEAN THE PRICE AT WHICH THE CIGAR IS SOLD IN AT LEAST  
11 FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING  
12 THE AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE  
13 TAX AND THE VALUE-ADDED TAX. THIS SHALL BE PROVIDED  
14 BY THE MANUFACTURER OR IMPORTER THROUGH A SWORN  
15 STATEMENT AND SHALL BE VALIDATED BY THE BUREAU OF  
16 INTERNAL REVENUE THROUGH A PRICE SURVEY.

17           “MAJOR SUPERMARKETS, AS CONTEMPLATED UNDER  
18 THIS ACT, SHALL BE THOSE WITH THE HIGHEST ANNUAL  
19 GROSS SALES IN METRO MANILA OR THE REGION, AS THE  
20 CASE MAY BE, AS DETERMINED BY THE BUREAU OF INTERNAL  
21 REVENUE (BIR), AND SHALL EXCLUDE RETAIL OUTLETS OR  
22 KIOSKS, CONENIENCE OR SARI-SARI STORES, AND OTHERS OF  
23 A SIMILAR NATURE: PROVIDED, THAT NO TWO (2)  
24 SUPERMARKETS IN THE LIST TO BE SURVEYED ARE AFFILIATED  
25 AND/OR BRANCHES OF EACH OTHER: PROVIDED, FINALLY,  
26 THAT IN CASE A PARTICULAR CIGAR IS NOT SOLD IN MAJOR  
27 SUPERMARKETS, THE PRICE SURVEY CAN BE CONDUCTED IN

1 RETAIL OUTLETS WHERE SAID CIGAR IS SOLD IN METRO  
2 MANILA OR THE REGION, AS THE CASE MAY BE, UPON  
3 DETERMINATION OF THE COMMISSIONER OF INTERNAL  
4 REVENUE.

5 "THE NET RETAIL PRICE SHALL BE VALIDATED BY THE  
6 BIR THROUGH A BIANNUAL PRICE SURVEY UNDER OATH.

7 "THE METHODOLOGY AND ALL PERTINENT DOCUMENTS  
8 USED IN THE CONDUCT OF THE LATEST PRICE SURVEY SHALL  
9 BE SUBMITTED TO THE CONGRESSIONAL OVERSIGHT  
10 COMMITTEE ON THE COMPREHENSIVE TAX REFORM PROGRAM  
11 CREATED UNDER REPUBLIC ACT NO. 8240.

12 "(B) *Cigarettes Packed by Hand.* - There shall be levied, assessed and  
13 collected on cigarettes packed by hand an excise tax based on the  
14 following schedules:

15 "[Effective on January 1, 2018 until June 30, 2018, Thirty two pesos  
16 and fifty centavos (P32.50) per pack;

17 "Effective on July 1, 2018 until December 31, 2019, Thirty five pesos  
18 (P35.00) per pack;

19 "Effective on January 1, 2020 until December 31, 2021, Thirty seven  
20 pesos and fifty centavos (P37.50) per pack;

21 "Effective on January 1, 2022 until December 31, 2023, Forty pesos  
22 (P40.00) per pack;

23 The rates of tax imposed under this subsection shall be increased  
24 by four percent (4%) every year effective on January 1, 2024, through  
25 revenue regulations issued by the Secretary of Finance.]

26 "EFFECTIVE ON JANUARY 1, 2020, FORTY-FIVE PESOS  
27 (P45.00) PER PACK;

1           “EFFECTIVE ON JANUARY 1, 2021, FIFTY PESOS (P50.00) PER  
2       PACK;

3           “EFFECTIVE ON JANUARY 1, 2022, FIFTY-FIVE PESOS (P55.00)  
4       PER PACK;

5           “EFFECTIVE ON JANUARY 1, 2023, SIXTY PESOS (P60.00) PER  
6       PACK;

7           “THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION  
8       SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR  
9       EFFECTIVE ON JANUARY 1, 2024, THROUGH REVENUE  
10      REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

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

13          “‘Cigarettes packed by hand’ shall refer to the manner of packaging  
14      of cigarette sticks using an individual person’s hands and not through any  
15      other means such as a mechanical device, machine or equipment.

16          “(C) *Cigarettes Packed by Machine.* – There shall be levied, assessed  
17      and collected on cigarettes packed by machine a tax at the rates prescribed  
18      below:

19          “[Effective on January 1, 2018 until June 30, 2018, the tax on all  
20      cigarettes packed by machine shall be Thirty two pesos and fifty centavos  
21      (P32.50) per pack;

22          “Effective on July 1, 2018 until December 31, 2019, the tax on all  
23      cigarettes packed by machine shall be Thirty five pesos (P35.00) per pack;

24          “Effective on January 1, 2020 until December 31, 2021, the tax on all  
25      cigarettes packed by machine shall be Thirty seven pesos and fifty  
26      centavos (P37.50) per pack;

1           “Effective on January 1, 2022 until December 31, 2023, the tax on all  
2 cigarettes packed by machine shall be Forty pesos (P40.00) per pack;

3           “The rates of tax imposed under this subsection shall be increased  
4 by four percent (4%) every year thereafter effective on January 1, 2024,  
5 through revenue regulations issued by the Secretary of Finance.]

6           **“EFFECTIVE ON JANUARY 1, 2020, FORTY-FIVE PESOS  
7 (P45.00) PER PACK;**

8           **“EFFECTIVE ON JANUARY 1, 2021, FIFTY PESOS (P50.00) PER  
9 PACK;**

10          **“EFFECTIVE ON JANUARY 1, 2022, FIFTY-FIVE PESOS (P55.00)  
11 PER PACK;**

12          **“EFFECTIVE ON JANUARY 1, 2023, SIXTY PESOS (P60.00) PER  
13 PACK;**

14          **“THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION  
15 SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR  
16 EFFECTIVE ON JANUARY 1, 2024, THROUGH REVENUE  
17 REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.**

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

20          “Understatement of the suggested net retail price by as much as  
21 fifteen percent (15%) of the actual net retail price shall render the  
22 manufacturer or importer liable for additional excise tax equivalent to the  
23 tax due and difference between the understated suggested net retail price  
24 and the actual net retail price.

25           “[Cigarettes introduced in the domestic market after the effectivity  
26 of this Act shall be initially tax classified according to their suggested net  
27 retail prices.

1           “‘Suggested net retail price’ shall mean the net retail price at which  
2 locally manufactured or imported cigarettes are intended by the  
3 manufacturer or importer to be sold on retail in major supermarkets or  
4 retail outlets in Metro Manila for those marketed nationwide, and in other  
5 regions, for those with regional markets. At the end of three (3) months  
6 from the product launch, the Bureau of Internal Revenue shall validate the  
7 suggested net retail price of the newly introduced cigarette against the net  
8 retail price as defined herein and initially determine the correct tax  
9 bracket under which a newly introduced cigarette shall be classified. After  
10 the end of nine (9) months from such validation, the Bureau of Internal  
11 Revenue shall revalidate the initially validated net retail price against the  
12 net retail price as of the time of revalidation in order to finally determine  
13 the correct tax bracket under which a newly introduced cigarette shall be  
14 classified.

15           “‘Net retail price’ shall mean the price at which the cigarette is sold  
16 on retail in at least five (5) major supermarkets in Metro Manila (for  
17 brands of cigarettes marketed nationally), excluding the amount intended  
18 to cover the applicable excise tax and the value-added tax. For cigarettes  
19 which are marketed only outside Metro Manila, the ‘net retail price’ shall  
20 mean the price at which the cigarette is sold in at least five (5) major  
21 supermarkets in the region excluding the amount intended to cover the  
22 applicable excise tax and the value-added tax.

23           “The net retail price shall be determined by the Bureau of Internal  
24 Revenue through a price survey under oath.

25           “The methodology and all pertinent documents used in the  
26 conduct of the latest price survey shall be submitted to the Congressional

1                   Oversight Committee on the Comprehensive Tax Reform Program created  
2                   under Republic Act No. 8240.

3                   "The proper tax classification of cigarettes, whether registered  
4                   before or after the effectivity of this Act, shall be determined every two (2)  
5                   years from the date of effectivity of this Act.

6                   "All cigarettes existing in the market at the time of the effectivity of  
7                   this Act shall be classified according to the net retail prices and the tax  
8                   rates provided above based on the latest price survey of cigarettes  
9                   conducted by the Bureau of Internal Revenue.

10                  "The methodology and all pertinent documents used in the  
11                  conduct of the latest price survey shall be submitted to the Congressional  
12                  Oversight Committee on the Comprehensive Tax Reform Program created  
13                  under Republic Act No. 8240.]

14                  "No tobacco products manufactured in the Philippines and  
15                  produced for export shall be removed from their place of manufacture or  
16                  exported without posting of an export bond equivalent to the amount of  
17                  the excise tax due thereon if sold domestically: *Provided*, however, That  
18                  tobacco products for export may be transferred from the place of  
19                  manufacture to a bonded facility, upon posting of a transfer bond, prior to  
20                  export.

21                  "Tobacco products imported into the Philippines and destined for  
22                  foreign countries shall not be allowed entry without posting a bond  
23                  equivalent to the amount of customs duty, excise and value-added taxes  
24                  due thereon if sold domestically.

25                  "Manufacturers and importers of cigars and cigarettes shall, within  
26                  thirty (30) days from the effectivity of this Act and within the first five (5)  
27                  days of every month thereafter, submit to the Commissioner a sworn

1 statement of the volume of sales AND REMOVALS for cigars and/or  
2 cigarettes [sold] for the three-month period immediately preceding.

3 "Any manufacturer or importer who, in violation of this Section,  
4 misdeclares or misrepresents in his or its sworn statement herein required  
5 any pertinent data or information shall, upon final findings by the  
6 Commissioner that the violation was committed, be penalized by a  
7 summary cancellation or withdrawal of his or its permit to engage in  
8 business as manufacturer or importer of cigars or cigarettes.

9 "Any corporation, association or partnership liable for any of the  
10 acts or omissions in violation of this Section shall be fined treble the  
11 aggregate amount of deficiency taxes, surcharges and interest which may  
12 be assessed pursuant to this Section.

13 **"SELLING OF TOBACCO PRODUCTS AT A PRICE LOWER**  
14 **THAN THE COMBINED EXCISE AND VALUE-ADDED TAXES**  
15 **IMPOSED UNDER THE LAW SHALL BE PROHIBITED. THE SELLER**  
16 **OF SUCH PRODUCTS SHALL BE PUNISHED WITH A FINE OF NOT**  
17 **LESS THAN TEN (10) TIMES THE AMOUNT OF EXCISE PLUS**  
18 **VALUE-ADDED TAXES DUE BUT NOT LESS THAN TWO**  
19 **HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN**  
20 **FIVE HUNDRED THOUSAND PESOS (500,000.00), AND**  
21 **IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT**  
22 **MORE THAN SIX (6) YEARS.**

23 **THE BUREAU OF INTERNAL REVENUE IS MANDATED TO**  
24 **ISSUE A REVENUE REGULATION PRESCRIBING THE CIGARETTE**  
25 **FLOOR PRICE OR THE MINIMUM CIGARETTE PRICE TAKING**  
26 **INTO ACCOUNT THE SUM OF THE EXCISE AND VALUE-ADDED**  
27 **TAXES AS PROVIDED HEREIN.**

1            "Any person liable for any of the acts or omissions prohibited  
2       under this Section shall be criminally liable and penalized under Section  
3       254 of this Code. Any person who willfully aids or abets in the  
4       commission of any such act or omission shall be criminally liable in the  
5       same manner as the principal.

6            "If the offender is not a citizen of the Philippines, he shall be  
7       deported immediately after serving the sentence, without further  
8       proceedings for deportation."

9            **SEC. 2.** Sec. 164 of the National Internal Revenue Code of 1997, as amended, is  
10   hereby amended to read as follows:

11            "*SEC. 164. Information to be Given by Manufacturers, Importers,  
12            Indentors and Wholesalers of any Apparatus or Mechanical Contrivance  
13            Specially for the Manufacture of Articles Subject to Excise Tax and  
14            Importers, Indentors, Manufacturers or Sellers of Cigarette Papers in  
15            Bobbins, Cigarette Tipping Paper or Cigarette Filter Tips. -*

16            Manufacturers, indentors, wholesalers and importers of any apparatus or  
17       mechanical contrivance specially for the manufacture of articles subject to  
18       tax shall, before any such apparatus or mechanical contrivance is removed  
19       from the place of manufacture or from the customs house, give written  
20       information to the Commissioner as to the nature and capacity of the  
21       same, the time when it is to be removed, and the place for which it is  
22       destined, as well as the name of the person by whom it is to be used; and  
23       such apparatus or mechanical contrivance shall not be set up nor  
24       dismantled or transferred without a permit in writing from the  
25       Commissioner.

26            "A written permit from the Commissioner for importing,  
27       manufacturing or selling of cigarette paper in bobbins or rolls, cigarette

tipping paper or cigarette filter tips is required before any person shall engage in the importation, manufacture or sale of the said articles. No permit to sell said articles shall be granted unless the name and address of the prospective buyer is first submitted to the Commissioner and approved by him. Records, showing the stock of the said articles and the disposal thereof by sale of persons with their respective addresses as approved by the Commissioner, shall be kept by the seller, and records, showing stock of said articles and consumption thereof, shall be kept by the buyer, subject to inspection by internal revenue officers.

**"ANY VIOLATION OF THIS SECTION SHALL BE NON-BAILABLE, INCLUDING MERE POSSESSION OF ANY APPARATUS OR MECHANICAL CONTRIVANCE FOR THE MANUFACTURE OF CIGARETTES, CIGARETTE PAPER, OR CIGARETTE TIPPING PAPER, FOR WHICH NO PERMIT WAS OBTAINED FROM THE COMMISSIONER SHALL BE PUNISHED WITH A FINE OF NOT LESS THAN ONE HUNDRED MILLION PESOS (P100,000,000.00) AND IMPRISONMENT OF NOT LESS THAN FOURTEEN (14) YEARS."**

SEC. 3. Sec. 260 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

**"SEC. 260. *Unlawful Possession of Cigarette Paper in Bobbins or Rolls, Etc.* - It shall be unlawful for any person to have in his possession cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips, without the corresponding authority therefor issued by the Commissioner. Any person, importer, manufacturer of cigar and cigarettes, who has been found guilty under this Section, shall, upon conviction for each act or omission, be punished by a fine of not less than than [Twenty thousand pesos (P20,000) but not more than One hundred**

1 thousand pesos (P100,000)] ONE MILLION FIVE HUNDRED  
2 THOUSAND PESOS (P1,500,000.00) BUT NOT MORE THAN  
3 FIFTEEN MILLION PESOS (P15,000,000.00) and [suffer] imprisonment  
4 for a term of not less than six (6) years and one (1) day but not more than  
5 twelve (12) years."

6 SEC. 4. Sec. 262 of the National Internal Revenue Code of 1997, as amended, is  
7 hereby amended to read as follows:

8           *"SEC. 262. Shipment or Removal of Liquor or Tobacco Products*  
9           *Under False Name or Brand or as an Imitation of any Existing or*  
10          *Otherwise Known Product Name or Brand.* - Any person who ships,  
11 transports or removes spirituous, compounded or fermented liquors,  
12 wines or any manufactured products of tobacco under any other than  
13 the proper name or brand known to the trade as designating the kind and  
14 quality of the contents of the cask, bottle or package containing the same  
15 or as an imitation of any existing or otherwise known product name or  
16 brand or causes such act to be done, shall, upon conviction for each act or  
17 omission, be punished by a fine of not less than [Twenty Thousand  
18 Pesos (P20,000) but not more than One Hundred thousand pesos  
19 (P100,000)] ONE MILLION FIVE HUNDRED THOUSAND PESOS  
20 (P1,500,000.00) BUT NOT MORE THAN FIFTEEN MILLION PESOS  
21 (P15,000,000.00) and [suffer] imprisonment of not less than six (6) years  
22 and one (1) day but not more than twelve (12) years."

23 SEC. 5. Sec. 263 of the National Internal Revenue Code of 1997, as amended, is  
24 hereby amended to read as follows:

25           *"SEC. 263. Unlawful Possession or Removal of Articles Subject to*  
26          *Excise Tax Without Payment of the Tax.* - Any person who owns and/or  
27 is found in possession of imported articles subject to excise tax, the tax on

1 which has not been paid in accordance with law, or any person who owns  
2 and/or is found in possession of imported tax-exempt articles other than  
3 those to whom they are legally issued shall be punished by:

4           "(a) A fine of not less than [One thousand pesos (P1,000)] **ONE**  
5 **HUNDRED THOUSAND (P100,000.00)** [nor] **BUT NOT** more than [Two  
6 thousand pesos (P2,000)] **TWO HUNDRED THOUSAND PESOS**  
7 **(P200,000.00)** and [suffer] imprisonment of not less than sixty (60) days  
8 but not more than one hundred (100) days if the appraised value, to be  
9 determined in the manner prescribed in the [Tariff and Customs Code]  
10 **CUSTOMS MODERNIZATION AND TARIFF ACT (REPUBLIC ACT**  
11 **NO. 10863)**, including duties and taxes, of the articles does not exceed  
12 [One thousand pesos (P1,000)] **TWO HUNDRED FIFTY THOUSAND**  
13 **PESOS (P250,000.00);**

14           "(b) A fine of not less than [Ten thousand pesos (P10,000)] **ONE**  
15 **MILLION PESOS (P1,000,000.00)** but not more than [Twenty thousand  
16 pesos (P20,000)] **TWO MILLION PESOS (P2,000,000.00)** and [suffer]  
17 imprisonment of not less than two (2) years but not more than four (4)  
18 years if the appraised value, to be determined in the manner prescribed in  
19 the [Tariff and Customs Code] **CUSTOMS MODERNIZATION AND**  
20 **TARIFF ACT (REPUBLIC ACT NO. 10863)**, including duties and taxes, of  
21 the articles exceeds [One thousand pesos (P1,000)] **TWO HUNDRED**  
22 **FIFTY THOUSAND PESOS (P250,000.00)** but does not exceed [Fifty  
23 thousand pesos (P50,000)] **FIVE HUNDRED THOUSAND PESOS**  
24 **(P500,000.00);**

25           "(c) A fine of not less than [Thirty thousand pesos (P30,000)]  
26 **THREE MILLION PESOS (P3,000,000.00)** but not more than [Sixty  
27 thousand pesos (P60,000)] **FOUR MILLION PESOS (P4,000,000.00)** and

1 [suffer] imprisonment of not less than four (4) years but not more than six  
2 (6) years, if the appraised value, to be determined in the manner  
3 prescribed in the [Tariff and Customs Code] **CUSTOMS**  
4 **MODERNIZATION AND TARIFF ACT (REPUBLIC ACT NO. 10863)**,  
5 including duties and taxes of the articles is more than [Fifty thousand  
6 pesos (P50,000) but does not exceed One hundred fifty thousand pesos  
7 (P150,000)] **FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT**  
8 **DOES NOT EXCEED ONE MILLION PESOS (P1,000,000.00); [or]**

9 "(d) A fine of not less than [Fifty thousand pesos (P50,000)] **TEN**  
10 **MILLION PESOS (P10,000,000.00)** but not more than [One hundred  
11 thousand pesos (P100,000)] **TWENTY MILLION PESOS**  
12 (P20,000,000.00) and [suffer] imprisonment of not less than ten (10)  
13 years but not more than twelve (12) years, if the appraised value, to be  
14 determined in the manner prescribed in the [Tariff and Customs Code]  
15 **CUSTOMS MODERNIZATION AND TARIFF ACT (REPUBLIC ACT**  
16 **NO. 10863)**, including duties and taxes, of the articles [exceeds One  
17 hundred fifty thousand pesos (P150,000)] **IS MORE THAN ONE**  
18 **MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN FIVE**  
19 **MILLION PESOS (P5,000,000.00)];**

20 "Any person who is found in possession of locally manufactured  
21 articles subject to excise tax, the tax on which has not been paid in  
22 accordance with law, or any person who is found in possession of such  
23 articles which are exempt from excise tax other than those to whom the  
24 same is lawfully issued shall be punished with a fine of not less than (10)  
25 times the amount of excise tax due on the articles found but not less  
26 than [Five hundred pesos (P500)] **ONE MILLION PESOS**  
27 (P1,000,000.00) and [suffer] imprisonment of not less than [two (2) years

1                   but not more than four (4) years] **FIVE (5) YEARS BUT NOT MORE**  
2                   **THAN EIGHT (8) YEARS.**

3                   "Any manufacturer, **IMPORTER**, owner or person in charge of any  
4                   article subject to excise tax who removes or allows or causes the unlawful  
5                   removal of any such articles from the place of production or bonded  
6                   warehouse, upon which the excise tax has not been paid at the time and in  
7                   the manner required, and any person who knowingly aids or abets in the  
8                   removal of such articles as aforesaid, or conceals the same after illegal  
9                   removal shall, for the first offense, be punished with a fine of not less than  
10                  ten (10) times the amount of excise tax due on the articles but not less  
11                  than [One thousand pesos (P1,000)] **FIFTY MILLION PESOS**  
12                  (P50,000,000.00) and [suffer] imprisonment of not less than [one (1) year  
13                  but not more than two (2) years] **FIVE (5) YEARS BUT NOT MORE**  
14                  **THAN EIGHT (8) YEARS.**

15                  "The mere unexplained possession of articles subject to excise tax,  
16                  the tax on which has not been paid in accordance with law, shall be  
17                  punishable under this Section."

18                  **SEC. 6.** Section 265 of the NIRC, as amended by RA 10963 is hereby further  
19                  amended, to read as follows:

20                  "**SEC. 265. Offenses Relating to Stamps.** - Any person who  
21                  commits any of the acts enumerated hereunder shall, upon  
22                  conviction thereof, be punished by a fine of not less than [Twenty  
23                  thousand pesos (P20,000) but not more than Fifty thousand pesos  
24                  (P50,000)] **TEN MILLION PESOS (P10,000,000) BUT NOT MORE**  
25                  **THAN FIVE HUNDRED MILLION PESOS (P500,000,000)** and [suffer]  
26                  imprisonment of not less than [four (4)] **FIVE (5) years but not more than**  
27                  eight (8) years:

1                 “(a) Making, importing, selling, using or possessing without  
2 express authority from the Commissioner, any die for printing or making  
3 stamps, labels, tags or playing cards;

4                 “(b) RE-USING PREVIOUSLY AFFIXED STAMPS, [E]Erasing  
5 the cancellation marks of any stamp previously used, or altering the  
6 written figures or letters or cancellation marks on internal revenue  
7 stamps;

8                 “(c) Possessing false, counterfeit, restored or altered stamps, labels  
9 or tags or causing the commission of any such offense by another;

10                 “(d) Selling or offering for sale any box or package containing  
11 articles subject to excise tax with false, spurious or counterfeit  
12 stamps or labels or selling from any such fraudulent box, package or  
13 container as aforementioned; or

14                 “(e) Giving away or accepting from another, or selling, buying  
15 or using containers on which the stamps are not completely destroyed.

16                 “**PROVIDED, THAT THE CUMULATIVE POSSESSION OF  
17 FALSE/COUNTERFEIT/RECYCLED TAX STAMPS IN EXCESS OF  
18 THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000.00) BE  
19 PUNISHED BY A FINE OF FIVE HUNDRED MILLION PESOS  
20 (P500,000,000.00) OR UP TO FIVE TIMES THE VALUE OF THE  
21 ILLEGAL STAMPS SEIZED AND A MINIMUM OF TEN (10) YEARS  
22 IMPRISONMENT.”**

23                 SEC. 7. Section 288(C) of the NIRC, as amended by RA 10963 is hereby further  
24 amended, to read as follows:

25                 “**SEC. 288. Disposition of Incremental Revenues. –**

26                 “(A) x x x

27                 “(B) x x x

1                 “(C) *Incremental Revenues from the Excise Tax on Alcohol and Tobacco*  
2                 *Products.* –

3                 “After deducting the allocations under Republic Act Nos. 7171 and  
4                 8240, eighty percent (80%) of the remaining balance of the incremental  
5                 revenue derived from this Act shall be allocated for the [universal health  
6                 care under the National Health Insurance Program, the attainment of the  
7                 millennium development goals and health awareness programs]  
8                 **IMPLEMENTATION OF REPUBLIC ACT NO. 11223, OTHERWISE  
9                 KNOWN AS THE UNIVERSAL HEALTH CARE ACT OF 2019;** and  
10                 twenty percent (20%) shall be allocated nationwide, based on political and  
11                 district subdivisions, for medical assistance, [and health enhancement  
12                 facilities program] **THE HEALTH FACILITIES ENHANCEMENT  
13                 PROGRAM (HFEP), AND PROGRAMS ON HUMAN RESOURCE  
14                 DEVELOPMENT, TRAINING AND SALARY INCREASES OF  
15                 HEALTH PERSONNEL,** the annual requirements of which shall be  
16                 determined by the Department of Health (DOH).

17                 “x x x

18                 “Notwithstanding any provisions herein to the contrary, the  
19                 incremental revenues from the tobacco taxes under this Act shall be  
20                 subject to Section 3 of Republic Act No. 7171, otherwise known as "An Act  
21                 to Promote the Development of the Farmer in the Virginia Tobacco  
22                 Producing Provinces", and Section 8 of Republic Act No. 8240, otherwise  
23                 known as "An Act Amending Sections 138, 140, & 142 of the National  
24                 Internal Revenue Code, As Amended, and for other Purposes".

25                 “x x x”

26                 **SEC. 8. *Implementing Rules and Regulations.*** – Within thirty (30) days from the  
27                 effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the

1      Commissioner of Internal Revenue, promulgate the necessary rules and regulations for  
2      its effective implementation.

3            **SEC. 9. *Separability Clause.*** — If any provision of this Act is subsequently  
4      declared invalid or unconstitutional, the other provisions hereof which are not affected  
5      thereby shall remain in full force and effect.

6            **SEC. 10. *Repealing Clause.*** — All laws, decrees, ordinances, rules and  
7      regulations, executive or administrative orders, and such other presidential issuances  
8      that are inconsistent with any of the provisions of this Act are hereby repealed,  
9      amended or otherwise modified accordingly.

10          **SEC. 11. *Effectivity.*** - This Act shall take effect on January 1, 2020 following its  
11      complete publication in the *Official Gazette* or in at least one (1) newspaper of general  
12      circulation.

13          *Approved,*