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[BIR REGULATIONS NO. 17-99, December 16, 1999]

IMPLEMENTING SECTIONS 141, 142, 143 AND 145 (A) AND (C) (1), (2), (3) AND (4) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997 RELATIVE TO THE INCREASE OF THE EXCISE TAX ON DISTILLED SPIRITS, WINES, FERMENTED LIQUORS AND CIGARS AND CIGARETTES PACKED BY MACHINE BY TWELVE PERCENT (12%) ON JANUARY 1, 2000.

Pursuant to Section 244 in relation to Sections 141, 142, 143 and 145 of the National Internal Revenue Code of 1997, these Regulations are hereby promulgated to implement the twelve percent (12%) increase of the excise tax on distilled spirits, wines, fermented liquors and cigars and cigarettes packed by machine by January 1, 2000.

SECTION 1. *New Rates of Specific Tax* . The specific tax rates imposed under the following sections are hereby increased by twelve percent (12%) and the new rates to be levied, assessed, and collected are as follows:

SECTION	DESCRIPTION OF ARTICLES	PRESENT SPECIFIC TAX RATES (Prior to January 1, 2000)	NEW SPECIFIC TAX RATES (Effective January 1, 2000
141	DISTILLED SPIRITS		
	a. 1. If produced from sap of nipa, coconut cassava, camote or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the in the countries where they are processed	P8.00/proof liter	P8.96/proof liter
	a.2. If produced in Pot Still by small distiller or other similar primary distilling apparatus of a distiller producing not more than 100 liters a day containing not more than fifty percent (50%) alcohol by volume	P4.00/proof liter	P4.48/proof liter
	b. If produced from raw materials other than above		
	(1) Net Retail Price per bottle of 750 ml. volume capacity (excluding VAT & Excise) is less	P75.00/proof liter	P84.0/proof liter

	than P250.00		
	(2) Net Retail Price per bottle of 750 ml/ volume capacity (excluding VAT & Excise) is P250.00 up to P675.00	P150.00/proof liter	P168.00/proof liter
	(3) Net Retail Price per bottle of 750 ml. volume capacity (excluding VAT & Excise) is more than P675.00	P300.00/proof liter	P336.00/proof
142	WINES		
	a. Sparkling wines/champagne regardless of proof		
	(1) Net Retail Price per bottle (excluding VAT & Excise) is P500.00 or less	P100.00/liter	P112.00/liter
	(2) Net Retail Price per bottle (excluding VAT & Excise) is more than P500.00	P300.00/liter	P336.00/liter
	b. Still Wines containing 14% of alcohol by volume or less	P12.00/liter	P13.44/liter
	c. Still Wines containing more than 14% but not more than 25% of alcohol by volume	P24.00/liter	P26.88/liter
143	FERMENTED LIQUORS		
	a. Net Retail price per liter (excluding VAT & excise) is less than P14.50	P6.15/liter	P6.89/liter
	b. Net Retail price per liter (excluding VAT & Excise) is P14.50 up to P22.00	P12.15/liter	P10.25/liter
	c. Net Retail Price per liter (excluding VAT & Excise) is more than P22.00	P12.15/liter	P13.61/liter
145	CIGAR AND CIGARTTES		
	a. Cigars	P1.00/cigar	P1.12/cigar
	b. Cigarettes Packed by Machine		
	(1) Net Retail Price (excluding VAT & Excise) exceeds P10.00 per pack	P12.00/pack	P13.44/pack
	(2) Net Retail Price (excluding Vat & Excise) is P6.51 up to P10.00 per pack	P8.00/pack	P8.96/pack

(3) Net Retail Price (excluding VAT & Excise) is P5.00 to P6.50 per pack	P5.00/pack	P5.60/pack
(4) Net Retail Price (excluding VAT & Excise) is below P5.00 per pack	P1.00/pack	P1.12/pack

Provided, however, that the new specific tax rate for any existing brand of cigars, cigarettes packed by machine, distilled spirits, wines and fermented liquors shall not be lower than the excise tax that is actually being paid prior to January 1, 2000.

SECTION 2. Illustrations.

I. New specific tax rate per pack is lower than the specific tax that is actually being paid prior to January 1, 2000.

FLS CORPORATION, a manufacturer will remove 1,000 cases of "MAA Cigarettes" from its place of production. Each case contains 500 packs of cigarettes. Prior to January 1, 2000, the actual specific tax being paid is P3.30 per pack and the specific tax rate is classified under the tax bracket of P1.00 per pack. The excise tax due shall be computed as follows:

Computation:

Actual specific tax being paid prior to January 1, 2000	
P3.30/pack	
Specific tax prescribed under Sec. 145(c)(4)	P1.00/pack
New Specific Tax Rate (P1.00 x 112%)	P1.12

Note: Inasmuch as the prescribed specific tax due per pack is lower than the actual specific tax currently being paid, the latter shall apply. Thus,

Volume of removals (1,000 cases x 500 packs)	500,000 packs
Multiplied by actual specific tax being paid	<u>P3.30</u>
Excise Tax Due	<u>P1,650,000</u>

II. New specific tax rate per pack is higher than the actual specific tax rate currently being paid.

A manufacturer will remove 1,000 cases of "JAA Cigarettes" his place of production. Each case contains 500 packs of cigarettes. Prior to January 1, 2000, the actual specific tax being paid is P5.50 and the specific tax rate is classified under the P5.00 tax class bracket. The excise tax due shall be computed as follows:

Computation:

Actual specific tax being paid prior to January 1, 2000	
P5.50/pack	
Specific tax prescribed under Sec. 145(c)(3)	P5.00/pack
New Specific Tax Rate (P5.00 x 112%)	P5.60/pack

Volume of removals (1,000 cases x 500 packs)	500,000 packs
Multiplied by the new specific tax rate per pack	<u>P5.60</u>
Excise Tax Due	<u>P2,800,000</u>

SECTION 3. Transitory Provisions . For the effective implementation of these regulations, the following guidelines shall be followed during the transitory period:

1. The BIR shall conduct a physical inventory of all finished products for all brands of distilled spirits, wines, fermented liquors, cigars and cigarettes on January 1, 2000 in the presence of authorized representative of the concerned manufacturer who shall jointly attest to the fact of witnessing and verifying the results thereof by affixing their signatures on the attestation clause in the inventory certificate.

2. Every manufacturer, producer and importer of distilled spirits, wines, fermented liquors, cigars, and cigarettes packed by machine shall submit a duly notarized updated list of existing registered brands indicating the following: net wholesale price per case, Excise Tax, VAT and suggested retail price (excluding VAT and Excise Tax), within ten (10) days from the date of effectivity of these regulations.

SECTION 4. Repealing Clause. All existing rules and regulations or parts thereof which are inconsistent with the provisions of these regulations are hereby revoked.

SECTION 5. Effectivity. These regulations shall take effect on January 1, 2000.

Adopted: 16 Dec. 1999

(SGD.) EDGARDO B. ESPIRITU
Secretary of Finance

Recommending Approval:

(SGD.) BEETHOVEN L. RUALO
Commissioner of Internal Revenue



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