



HOUSE OF REPRESENTATIVES

H. No. 8618

BY REPRESENTATIVES SUANSING (H.), NIETO, GARIN (S.),
MACAPAGAL-ARROYO, SUANSING (E.), BATOCABE AND CO,
PER COMMITTEE REPORT NO. 934

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 Congress assembled:*

1 SECTION 1. Title VI, Chapter III, Excise Tax on Alcohol
2 Products, of the National Internal Revenue Code (NIRC) of 1997, as
3 amended, is hereby further amended to read as follows:

4 "CHAPTER III – EXCISE TAX ON ALCOHOL PRODUCTS

5 "SEC. 141. *Distilled Spirits*. – On distilled spirits,
6 subject to the provisions of Section 133 of this Code, an
7 excise tax shall be levied, assessed and collected based
8 on the following schedules:

9 ["(a) Effective on January 1, 2013

10 "(1) An *ad valorem* tax equivalent to fifteen percent
11 (15%) of the net retail price (excluding the excise tax
12 and the value-added tax) per proof; and

1 “(2) In addition to the *ad valorem* tax herein
2 imposed, a specific tax of Twenty pesos (P20.00) per
3 proof liter.]

4 [“(b) Effective on January 1, 2015

5 “(1) An *ad valorem* tax equivalent to twenty percent
6 (20%) of the net retail price (excluding the excise tax
7 and the value-added tax) per proof; and

8 “(2) In addition to the *ad valorem* tax herein
9 imposed, a specific tax rate of Twenty pesos (P20.00) per
10 proof liter.]

11 [“(c) In addition to the *ad valorem* tax herein
12 imposed, the specific tax rate of Twenty pesos (P20.00)
13 imposed under this Section shall be increased by four
14 percent (4%) every year thereafter effective on January
15 1, 2016, through revenue regulations issued by the
16 Secretary of Finance.]

17 “(A) EFFECTIVE JANUARY 1, 2019

18 “(1) AN *AD VALOREM* TAX EQUIVALENT TO
19 TWENTY-TWO PERCENT (22%) OF THE NET RETAIL
20 PRICE (EXCLUDING THE EXCISE TAX AND THE
21 VALUE-ADDED TAX) PER PROOF; AND

22 “(2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN
23 IMPOSED, A SPECIFIC TAX OF THIRTY PESOS (P30.00)
24 PER PROOF LITER.

25 “(B) EFFECTIVE JANUARY 1, 2020

1 “(1) AN *AD VALOREM* TAX EQUIVALENT TO
2 TWENTY-TWO PERCENT (22%) OF THE NET RETAIL
3 PRICE (EXCLUDING THE EXCISE TAX AND THE
4 VALUE-ADDED TAX) PER PROOF; AND

5 “(2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN
6 IMPOSED, A SPECIFIC TAX OF THIRTY-FIVE PESOS
7 (P35.00) PER PROOF LITER.

8 “(C) EFFECTIVE JANUARY 1, 2021

9 “(1) AN *AD VALOREM* TAX EQUIVALENT TO
10 TWENTY-TWO PERCENT (22%) OF THE NET RETAIL
11 PRICE (EXCLUDING THE EXCISE TAX AND THE
12 VALUE-ADDED TAX) PER PROOF; AND

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

16 “(D) EFFECTIVE JANUARY 1, 2022

17 “(1) AN *AD VALOREM* TAX EQUIVALENT TO
18 TWENTY-TWO PERCENT (22%) OF THE NET RETAIL
19 PRICE (EXCLUDING THE EXCISE TAX AND THE
20 VALUE-ADDED TAX) PER PROOF; AND

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

24 “(E) IN ADDITION TO THE *AD VALOREM* TAX HEREIN
25 IMPOSED, THE SPECIFIC TAX IMPOSED UNDER THIS
26 SECTION SHALL BE INCREASED BY SEVEN PERCENT
27 (7%) EVERY YEAR THEREAFTER, EFFECTIVE JANUARY

1 1, 2023, THROUGH REVENUE REGULATIONS TO BE
2 ISSUED BY THE SECRETARY OF FINANCE.

3 "Medicinal preparations, flavoring extracts, and all
4 other preparations, except toilet preparations, of which,
5 excluding water, distilled spirits form the chief
6 ingredient, shall be subject to the same tax as such chief
7 ingredient.

8 "This tax shall be proportionally increased for any
9 strength of the spirits taxed over proof spirits, and the
10 tax shall attach to this substance as soon as it is in
11 existence as such, whether it be subsequently separated
12 as pure or impure spirits, or transformed into any other
13 substance either in the process of original production or
14 by any subsequent process.

15 " 'Spirits or distilled spirits' is the substance known
16 as ethyl alcohol, ethanol or spirits of wine, including all
17 dilutions, purifications and mixtures thereof, from
18 whatever source, by whatever process produced, and
19 shall include whisky, brandy, rum, gin and vodka, and
20 other similar products or mixtures.

21 " 'Proof spirits' is liquor containing one-half (1/2) of
22 its volume of alcohol of a specific gravity of seven
23 thousand nine hundred and thirty-nine ten thousandths
24 (0.7939) at fifteen degrees centigrade (15°C). A 'proof
25 liter' means a liter of proof spirits.

26 " 'Net retail price' shall mean the price at which the
27 distilled spirits is sold on retail in at least five (5) major

1 supermarkets in Metro Manila, excluding the amount
2 intended to cover the applicable excise tax and the
3 value-added tax. For distilled spirits which are
4 marketed outside Metro Manila, the 'net retail price'
5 shall mean the price at which the distilled spirits is sold
6 in at least five (5) major supermarkets in the region
7 excluding the amount intended to cover the applicable
8 excise tax and the value-added tax. THIS SHALL
9 INITIALLY BE PROVIDED BY THE MANUFACTURER
10 THROUGH A SWORN STATEMENT AND SHALL BE
11 VALIDATED BY THE BUREAU OF INTERNAL REVENUE
12 (BIR) THROUGH A PRICE SURVEY.

13 ["Major supermarkets, as contemplated under this
14 Act, shall be those with the highest annual gross sales
15 in Metro Manila or the region, as the case may be, as
16 determined by the National Statistics Office and shall
17 exclude retail outlets or kiosks, convenience or sari-sari
18 stores, and others of a similar nature: *Provided*, That no
19 two (2) supermarkets in the list to be surveyed are
20 affiliated and/or branches of each other: *Provided*,
21 *finally*, That in case a particular distilled spirit is not
22 sold in major supermarkets, the price survey can be
23 conducted in retail outlets where said distilled spirit is
24 sold in Metro Manila or the region, as the case may be,
25 upon the determination of the Commissioner of Internal
26 Revenue.]

1 "MAJOR SUPERMARKETS, AS CONTEMPLATED
2 UNDER THIS ACT, SHALL BE THOSE WITH THE HIGHEST
3 ANNUAL GROSS SALES IN METRO MANILA OR THE
4 REGION, AS THE CASE MAY BE, AS DETERMINED BY THE
5 BUREAU OF INTERNAL REVENUE (BIR), AND SHALL
6 EXCLUDE RETAIL OUTLETS OR KIOSKS, CONVENIENCE
7 OR SARI-SARI STORES, AND OTHERS OF A SIMILAR
8 NATURE: *PROVIDED*, THAT NO TWO (2) SUPERMARKETS
9 IN THE LIST TO BE SURVEYED ARE AFFILIATED AND/OR
10 BRANCHES OF EACH OTHER: *PROVIDED, FINALLY*, THAT
11 IN CASE A PARTICULAR DISTILLED SPIRIT IS NOT SOLD
12 IN MAJOR SUPERMARKETS, THE PRICE SURVEY CAN BE
13 CONDUCTED IN RETAIL OUTLETS WHERE SAID
14 DISTILLED SPIRIT IS SOLD IN METRO MANILA OR THE
15 REGION, AS THE CASE MAY BE, UPON THE
16 DETERMINATION OF THE COMMISSIONER OF INTERNAL
17 REVENUE.

18 "The net retail price shall be determined by the
19 Bureau of Internal Revenue (BIR) through a BIENNIAL
20 price survey under oath.

21 "The methodology and all pertinent documents used
22 in the conduct of the latest price survey shall be
23 submitted to the Congressional Oversight Committee on
24 the Comprehensive Tax Reform Program (COCCTRP)
25 created under Republic Act No. 8240.

26 "Understatement of the suggested net retail price by
27 as much as fifteen percent (15%) of the actual net retail
28 price shall render the manufacturer or importer liable

1 for additional excise tax equivalent to the tax due and
2 difference between the understated suggested net retail
3 price and the actual net retail price.

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

7 " 'Suggested net retail price' shall mean the net
8 retail price (EXCLUDING THE EXCISE TAX AND THE
9 VALUE-ADDED TAX) at which locally manufactured or
10 imported distilled spirits are intended by the
11 manufacturer or importer to be sold on retail in major
12 supermarkets or retail outlets in Metro Manila for those
13 marketed nationwide, and in other regions, for those
14 with regional markets. At the end of three (3) months
15 from the product launch, the Bureau of Internal
16 Revenue shall validate the suggested net retail price of
17 the new brand against the net retail price as defined
18 herein and initially determine the correct tax on a
19 newly introduced distilled spirits. After the end of nine
20 (9) months from such validation, the Bureau of Internal
21 Revenue shall revalidate the initially validated net
22 retail price against the net retail price as of the time of
23 revalidation in order to finally determine the correct tax
24 on a newly introduced distilled spirits.

25 ["All distilled spirits existing in the market at the
26 time of the effectivity of this Act shall be taxed
27 according to the tax rates provided above based on the

1 latest price survey of the distilled spirits conducted by
2 the Bureau of Internal Revenue.]

3 "The methodology and all pertinent documents used
4 in the conduct of the latest price survey shall be
5 submitted to the Congressional Oversight Committee on
6 the Comprehensive Tax Reform Program created under
7 Republic Act No. 8240.

8 "Manufacturers and importers of distilled spirits
9 shall, within thirty (30) days from the effectivity of this
10 Act, and within the first five (5) days of every third
11 month thereafter, submit to the Commissioner a sworn
12 statement of the volume of sales AND REMOVALS for
13 each particular brand of distilled spirits sold at his
14 establishment for the three-month period immediately
15 preceding.

16 "Any manufacturer or importer who, in violation of
17 this Section, misdeclares or misrepresents in his or its
18 sworn statement herein required any pertinent data or
19 information shall, upon final findings by the
20 Commissioner that the violation was committed, be
21 penalized by a summary cancellation or withdrawal of
22 his or its permit to engage in business as manufacturer
23 or importer of distilled spirits.

24 "Any corporation, association or partnership liable
25 for any of the acts or omissions in violation of this
26 Section shall be fined treble the amount of deficiency

1 taxes, surcharges and interest which may be assessed
2 pursuant to this Section.

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

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

12 "SEC. 142. *Wines*. – On wines, there shall be
13 collected [per liter of volume capacity] effective on
14 [January 1, 2013] JANUARY 1, 2019, the following
15 excise taxes:

16 "(a) Sparkling wines[/champagnes] regardless of
17 proof[, if the net retail price per bottle of seven hundred
18 fifty milliliter (750 ml.) volume capacity (excluding the
19 excise tax and value-added tax) is]:

20 ["(1) Five hundred pesos (P500.00) or less – Two
21 hundred fifty pesos (P250.00); and

22 "(2) More than Five hundred pesos (P500.00) –
23 Seven hundred pesos (P700.00).]

24 "(1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTEEN
25 PERCENT (15%) OF THE NET RETAIL PRICE (EXCLUDING

1 THE EXCISE TAX AND THE VALUE-ADDED TAX) PER
2 LITER; AND

3 “(2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN
4 IMPOSED, A SPECIFIC TAX OF SIX HUNDRED FIFTY
5 PESOS (P650.00) PER LITER.

6 “THE SPECIFIC TAX IMPOSED HEREIN SHALL BE
7 INCREASED BY SEVEN PERCENT (7%) EVERY YEAR
8 THEREAFTER, EFFECTIVE ON JANUARY 1, 2020,
9 THROUGH REVENUE REGULATIONS TO BE ISSUED BY
10 THE SECRETARY OF FINANCE.

11 “(b) Still wines and carbonated wines containing
12 NOT MORE THAN fourteen percent (14%) of alcohol by
13 volume, [or less, Thirty pesos (P30.00)] FORTY PESOS
14 (P40.00) PER LITER; and

15 “(c) Still wines and carbonated wines containing
16 more than fourteen percent (14%) [but not more than
17 twenty-five percent (25%)] of alcohol by volume, [Sixty
18 pesos (P60.00)] EIGHTY PESOS (P80.00) PER LITER.

19 “The rates of tax imposed under this Section shall
20 be increased by [four percent (4%)] SEVEN PERCENT
21 (7%) every year thereafter effective on [January 1,
22 2014] JANUARY 1, 2020, through revenue regulations
23 TO BE issued by the Secretary of Finance.

24 “*PROVIDED*, THAT COOKING WINES CONTAINING A
25 SALT CONTENT OF NOT LESS THAN 1.5 G/100 ML SHALL
26 NOT BE SUBJECT TO THE TAX IMPOSED HEREIN.

1 ["Fortified wines containing more than twenty-five
2 percent (25%) of alcohol by volume shall be taxed as
3 distilled spirits. 'Fortified wines' shall mean natural
4 wines to which distilled spirits are added to increase
5 their alcohol strength.]

6 " 'Net retail price' shall mean the price at which
7 sparkling wine[/champagne] is sold on retail in at least
8 five (5) major supermarkets in Metro Manila, excluding
9 the amount intended to cover the applicable
10 excise tax and the value-added tax. For sparkling
11 wines[/champagnes] which are marketed outside Metro
12 Manila, the 'net retail price' shall mean the price at
13 which the wine is sold in at least five (5) major
14 supermarkets in the region, excluding the amount
15 intended to cover the applicable excise tax and the
16 value-added tax. THIS SHALL INITIALLY BE PROVIDED
17 BY THE MANUFACTURER THROUGH A SWORN
18 STATEMENT AND SHALL BE VALIDATED BY THE BUREAU
19 OF INTERNAL REVENUE THROUGH A PRICE SURVEY.

20 ["Major supermarkets, as contemplated under this
21 Act, shall be those with the highest annual gross sales
22 in Metro Manila or the region, as the case may be, as
23 determined by the National Statistics Office and shall
24 exclude retail outlets or kiosks, convenience or sari-sari
25 stores, and others of a similar nature: *Provided*, That no
26 two (2) supermarkets in the list to be surveyed are
27 affiliated and/or branches of each other: *Provided*,

1 *finally*, That in case a particular sparkling
2 wine/champagne is not sold in major supermarkets, the
3 price survey can be conducted in retail outlets where
4 said sparkling wine/champagne is sold in Metro Manila
5 or the region, as the case may be, upon the
6 determination of the Commissioner of Internal
7 Revenue.]

8 "MAJOR SUPERMARKETS, AS CONTEMPLATED
9 UNDER THIS ACT, SHALL BE THOSE WITH THE HIGHEST
10 ANNUAL GROSS SALES IN METRO MANILA OR THE
11 REGION, AS THE CASE MAY BE, AS DETERMINED BY THE
12 BUREAU OF INTERNAL REVENUE (BIR), AND SHALL
13 EXCLUDE RETAIL OUTLETS OR KIOSKS, CONVENIENCE
14 OR SARI-SARI STORES, AND OTHERS OF A SIMILAR
15 NATURE: *PROVIDED*, THAT NO TWO (2) SUPERMARKETS
16 IN THE LIST TO BE SURVEYED ARE AFFILIATED AND/OR
17 BRANCHES OF EACH OTHER: *PROVIDED, FINALLY*, THAT
18 IN CASE A PARTICULAR SPARKLING WINE IS NOT SOLD
19 IN MAJOR SUPERMARKETS, THE PRICE SURVEY CAN
20 BE CONDUCTED IN RETAIL OUTLETS WHERE SAID
21 SPARKLING WINE IS SOLD IN METRO MANILA OR THE
22 REGION, AS THE CASE MAY BE, UPON THE
23 DETERMINATION OF THE COMMISSIONER OF INTERNAL
24 REVENUE.

25 "The net retail price shall be determined by the
26 Bureau of Internal Revenue through a BIENNIAL price
27 survey under oath.

1 “The methodology and all pertinent documents used
2 in the conduct of the latest price survey shall be
3 submitted to the Congressional Oversight Committee on
4 the Comprehensive Tax Reform Program created under
5 Republic Act No. 8240.

6 “Understatement of the suggested net retail price by
7 as much as fifteen percent (15%) of the actual net retail
8 price shall render the manufacturer or importer liable
9 for additional excise tax equivalent to the tax due and
10 difference between the understated suggested net retail
11 price and the actual net retail price.

12 “Sparkling wines[/champagnes] introduced in the
13 domestic market after the effectivity of this Act shall be
14 initially tax classified according to their suggested net
15 retail prices.

16 “ ‘Suggested net retail price’ shall mean the net
17 retail price (EXCLUDING THE EXCISE TAX AND THE
18 VALUE-ADDED TAX) at which locally manufactured or
19 imported sparkling wines[/champagnes] are intended
20 by the manufacturer or importer to be sold on retail in
21 major supermarkets or retail outlets in Metro Manila
22 for those marketed nationwide, and in other regions, for
23 those with regional markets. At the end of three (3)
24 months from the product launch, the Bureau of Internal
25 Revenue shall validate the suggested net retail price of
26 the sparkling wine[/champagne] against the net retail

1 price as defined herein and initially determine the
2 correct tax bracket to which a newly introduced
3 sparkling wine[/champagne] shall be classified. After
4 the end of nine (9) months from such validation, the
5 Bureau of Internal Revenue shall revalidate the
6 initially validated net retail price against the net retail
7 price as of the time of revalidation in order to finally
8 determine the correct tax bracket to which a newly
9 introduced sparkling wine[/champagne] shall be
10 classified.

11 "The proper tax classification of sparkling
12 wines[/champagnes], whether registered before or after
13 the effectivity of this Act, shall be determined every
14 two (2) years from the date of effectivity of this Act.

15 ["All sparkling wines/champagnes existing in the
16 market at the time of the effectivity of this Act shall be
17 taxed according to the net retail prices and the tax rates
18 provided above based on the latest price survey
19 of the sparkling wines/champagnes conducted by the
20 Bureau of Internal Revenue.]

21 "The methodology and all pertinent documents used
22 in the conduct of the latest price survey shall be
23 submitted to the Congressional Oversight Committee on
24 the Comprehensive Tax Reform Program created under
25 Republic Act No. 8240.

1 “Manufacturers and importers of wines shall, within
2 thirty (30) days from the effectivity of this Act, and
3 within the first five (5) days of every month thereafter,
4 submit to the Commissioner a sworn statement of the
5 volume of sales AND REMOVALS for each particular
6 brand of wine[s] sold at [his] THEIR establishments for
7 the three-month period immediately preceding.

8 “Any manufacturer or importer who, in violation of
9 this Section, misdeclares or misrepresents in his or its
10 sworn statement herein required any pertinent data or
11 information shall, upon final findings by the
12 Commissioner that the violation was committed be
13 penalized by a summary cancellation or withdrawal of
14 his or its permit to engage in business as manufacturer
15 or importer of wines.

16 “Any corporation, association or partnership liable
17 for any of the acts or omissions in violation of this
18 Section shall be fined treble the amount of deficiency
19 taxes, surcharges and interest which may be assessed
20 pursuant to this Section.

21 “Any person liable for any of the acts or omissions
22 prohibited under this Section shall be criminally liable
23 and penalized under Section 254 of this Code. Any
24 person who willfully aids or abets in the commission of
25 any such act or omission shall be criminally liable in the
26 same manner as the principal.

1 “If the offender is not a citizen of the Philippines, he
2 shall be deported immediately after serving the
3 sentence, without further proceedings for deportation.”

4 “SEC. 143. *Fermented Liquors*. – There shall be
5 levied, assessed and collected an excise tax on beer,
6 lager beer, ale, porter and other fermented liquors
7 except *tuba, basi, tapuy* and similar fermented liquors
8 in accordance with the following schedule:

9 [“Effective on January 1, 2013

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

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

18 [“Effective on January 1, 2014

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

23 “(b) If the net retail price (excluding the excise tax
24 and the value-added tax) per liter of volume capacity is
25 more than Fifty pesos and sixty centavos (P50.60), the
26 tax shall be Twenty-one pesos (P21.00) per liter.]

1 ["Effective on January 1, 2015

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

6 “(b) If the net retail price (excluding the excise tax
7 and the value-added tax) per liter of volume capacity is
8 more than Fifty pesos and sixty centavos (P50.60), the
9 tax shall be Twenty-two pesos (P22.00) per liter.]

10 ["Effective on January 1, 2016

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

15 “(b) If the net retail price (excluding the excise tax
16 and the value-added tax) per liter of volume capacity is
17 more than Fifty pesos and sixty centavos (P50.60), the
18 tax shall be Twenty-three pesos (P23.00) per liter.]

19 ["Effective on January 1, 2017, the tax on all
20 fermented liquors shall be Twenty-three pesos and fifty
21 centavos (P23.50) per liter.]

22 **“EFFECTIVE ON JANUARY 1, 2019, THE TAX ON ALL**
23 **FERMENTED LIQUORS SHALL BE TWENTY-EIGHT PESOS**
24 **(P28.00) PER LITER.**

1 "EFFECTIVE ON JANUARY 1, 2020, THE TAX ON ALL
2 FERMENTED LIQUORS SHALL BE THIRTY-TWO PESOS
3 (P32.00) PER LITER.

4 "EFFECTIVE ON JANUARY 1, 2021, THE TAX ON ALL
5 FERMENTED LIQUORS SHALL BE THIRTY-FOUR PESOS
6 (P34.00) PER LITER.

7 "EFFECTIVE ON JANUARY 1, 2022, THE TAX ON ALL
8 FERMENTED LIQUORS SHALL BE THIRTY-SIX PESOS
9 (P36.00) PER LITER.

10 "THE SPECIFIC TAX RATES IMPOSED HEREIN SHALL
11 BE APPLIED TO ALL FERMENTED LIQUORS REGARDLESS
12 IF MANUFACTURED IN FACTORIES OR SOLD AND
13 BREWED AT MICRO-BREWERIES OR SMALL
14 ESTABLISHMENTS SUCH AS PUBS AND RESTAURANTS.

15 "The rates of tax imposed under this Section shall
16 be increased by [four percent (4%)] SEVEN PERCENT
17 (7%) every year thereafter effective on [January 1,
18 2018,] JANUARY 1, 2023, through revenue regulations
19 issued by the Secretary of Finance. [However, in case of
20 fermented liquors affected by the 'no downward
21 reclassification' provision prescribed under this Section,
22 the four percent (4%) increase shall apply to their
23 respective applicable tax rates.]

24 ["Fermented liquors which are brewed and sold at
25 micro-breweries or small establishments such as
26 pubs and restaurants shall be subject to the rate of
27 Twenty-eight pesos (P28.00) per liter effective on

1 January 1, 2013: *Provided*, That this rate shall be
2 increased by four percent (4%) every year thereafter
3 effective on January 1, 2014, through revenue
4 regulations issued by the Secretary of Finance.]

5 [“Fermented liquors introduced in the domestic
6 market after the effectivity of this Act shall be initially
7 tax classified according to their suggested net retail
8 prices.]

9 [“ ‘Suggested net retail price’ shall mean the net
10 retail price at which locally manufactured or imported
11 fermented liquor are intended by the manufacturer or
12 importer to be sold on retail in major supermarkets or
13 retail outlets in Metro Manila for those marketed
14 nationwide, and in other regions, for those with regional
15 markets. At the end of three (3) months from the
16 product launch, the Bureau of Internal Revenue shall
17 validate the suggested net retail price of the newly
18 introduced fermented liquor against the net retail price
19 as defined herein and initially determine the correct tax
20 bracket to which a newly introduced fermented liquor,
21 as defined above, shall be classified. After the end of
22 nine (9) months from such validation, the Bureau of
23 Internal Revenue shall revalidate the initially validated
24 net retail price against the net retail price as of the time
25 of revalidation in order to finally determine the correct

1 tax bracket to which a newly introduced fermented
2 liquor shall be classified.]

3 [" 'Net retail price' shall mean the price at which
4 the fermented liquor is sold on retail in at least five (5)
5 major supermarkets in Metro Manila (for brands of
6 fermented liquor marketed nationally), excluding the
7 amount intended to cover the applicable excise tax and
8 the value-added tax. For brands which are marketed
9 outside Metro Manila, the 'net retail price' shall mean
10 the price at which the fermented liquor is sold in at
11 least five (5) major supermarkets in the region
12 excluding the amount intended to cover the applicable
13 excise tax and the value-added tax.]

14 ["Major supermarkets, as contemplated under this
15 Act, shall be those with the highest annual gross sales
16 in Metro Manila or the region, as the case may be, as
17 determined by the National Statistics Office, and shall
18 exclude retail outlets or kiosks, convenience or sari-sari
19 stores, and others of a similar nature: *Provided*, That
20 no two (2) supermarkets in the list to be surveyed are
21 affiliated and/or branches of each other: *Provided*,
22 *finally*, That in case a particular fermented liquor is not
23 sold in major supermarkets, the price survey can be
24 conducted in retail outlets where said fermented liquor
25 is sold in Metro Manila or the region, as the case may

1 be, upon the determination of the Commissioner of
2 Internal Revenue.]

3 ["The net retail price shall be determined by the
4 Bureau of Internal Revenue (BIR) through a price
5 survey under oath.]

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

11 ["Understatement of the suggested net retail price
12 by as much as fifteen percent (15%) of the actual net
13 retail price shall render the manufacturer or importer
14 liable for additional excise tax equivalent to the tax due
15 and difference between the understated suggested net
16 retail price and the actual net retail price.]

17 ["Any downward reclassification of present
18 categories, for tax purposes, of fermented liquors duly
19 registered at the time of the effectivity of this Act which
20 will reduce the tax imposed herein, or the payment
21 thereof, shall be prohibited.]

22 ["The proper tax classification of fermented liquors,
23 whether registered before or after the effectivity of this
24 Act, shall be determined every two (2) years from the
25 date of effectivity of this Act.]

1 [“All fermented liquors existing in the market at
2 the time of the effectivity of this Act shall be classified
3 according to the net retail prices and the tax rates
4 provided above based on the latest price survey of the
5 fermented liquors conducted by the Bureau of Internal
6 Revenue.]

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

12 “Every brewer or importer of fermented liquor shall,
13 within thirty (30) days from the effectivity of this Act,
14 and within the first five (5) days of every month
15 thereafter, submit to the Commissioner a sworn
16 statement of the volume of sales AND REMOVALS for
17 each particular brand of fermented liquor sold at his
18 establishment for the three-month period immediately
19 preceding.

20 “Any brewer or importer who, in violation of this
21 Section, misdeclares or misrepresents in his or its sworn
22 statement herein required any pertinent data or
23 information shall, upon final findings by the
24 Commissioner that the violation was committed, be
25 penalized by a summary cancellation or withdrawal of
26 his or its permit to engage in business as brewer or
27 importer of fermented liquor.

1 “Any corporation, association or partnership liable
2 for any of the acts or omissions in violation of this
3 Section shall be fined treble the amount of deficiency
4 taxes, surcharges and interest which may be assessed
5 pursuant to this Section.

6 “Any person liable for any of the acts or omissions
7 prohibited under this Section shall be criminally liable
8 and penalized under Section 254 of this Code. Any
9 person who willfully aids or abets in the commission of
10 any such act or omission shall be criminally liable in the
11 same manner as the principal.

12 “If the offender is not a citizen of the Philippines, he
13 shall be deported immediately after serving the
14 sentence, without further proceedings for deportation.”

15 SEC. 2. *Implementing Rules and Regulations.* – The
16 Secretary of Finance shall, upon the recommendation of the
17 Commissioner of Internal Revenue, promulgate the necessary rules
18 and regulations for the effective implementation of this Act.

19 SEC. 3. *Separability Clause.* – If any provision of this Act
20 shall be held unconstitutional or invalid, the other provisions not
21 otherwise affected shall remain in full force and effect.

22 SEC. 4. *Repealing Clause.* – All laws, decrees, executive
23 orders, rules and regulations or parts thereof which are contrary to
24 or inconsistent with this Act are hereby repealed, amended or
25 modified accordingly.

1 SEC. 5. *Effectivity.* – This Act shall take effect on January
2 1, 2019 after its complete publication either in the *Official Gazette*
3 or in a newspaper of general circulation.

Approved,

O