

[**REPUBLIC ACT NO. 11467, January 22, 2020**]

AN ACT AMENDING SECTIONS 109,141, 142, 143,144, 147, 152, 263, 263-A, 265, AND 288-A, AND ADDING A NEW SECTION 290-A TO REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AND FOE OTHER PURPOSES

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

SECTION 1. Section 109 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 109. *Exempt Transactions.* - (1) Subject to the provisions of Subsection 2 hereof, the following transactions shall be exempt from the value-added tax:

"(A) xxx "xxx

"(Z) xxx

"(AA) Sale or importation of prescription drugs and medicines for:

" (i) Diabetes, high cholesterol, and hypertension beginning January 1,2020; and

"(ii) Cancer, mental illness, tuberculosis, and kidney diseases beginning January 1,2023.

"Provided, That the DOH shall issue a list of approved drugs and' medicines for this purpose within sixty (60) days from the effectively of this Act; and

"(BB) xxx"

SEC. 2. Title VI, Chapter III, Excise Tax on Alcohol Products, of the National Internal Revenue Code (NIRC) of 1997, as amended, is hereby further amended to 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 January 1, 2020

"(1) An *ad valorem* tax equivalent to twenty-two percent (22%) of the net retail price (excluding the excise tax and the value-added tax) perproof; and

"(2) In addition to the *ad valorem* tax herein imposed, a specific tax of Forty-two pesos (P42.00) per proof liter.

"(B) Effective January 1,2021

"(1) An *ad valorem* tax equivalent to twenty-two percent ^22%) 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 Forty-seven pesos (P47.00) per proof liter.

"(C) Effective January 1, 2022

"(1) An *ad valorem* tax equivalent to twenty-two percent (22%) 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 Fifty-two pesos (P59.00) per proof liter.

"(D) Effective January 1,2023

"(1) An *ad valorem*, tax equivalent to twenty-two percent (22%) 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 Fifty-nine pesos (P59.00) per proof liter.

"(E) Effective January 1,2024

"(1) An *ad valorem* tax equivalent to twenty-two percent (22%) 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 Sixty-six pesos (P66.00) per proof liter.

"(F) In addition to the *ad valorem* tax herein imposed, the specific tax imposed under this Section shall be increased by six percent (6%) every year thereafter, effective January 1, 2025, through revenue regulations to be issued by the Secretary of Finance.

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

"This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated

as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

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

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

" 'Net retail price' shall mean the price at which the distilled spirits is sold on retail-in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For distilled spirits which are marketed outside Metro Manila, the 'net retail price' shall mean the price at which the distilled spirits is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax:. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue through a price survey.

"Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the Bureau of Internal Revenue, and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: *Provided*, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: *Provided, finally*, That in case a particular distilled spirit is not sold in major supermarkets, the price survey can be conducted in retail outlets where said distilled spirit is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.

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

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

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

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

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

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

"Manufacturers and importers of distilled spirits shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every third month thereafter, submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand of distilled spirits sold at their establishments for the three-month period immediately preceding.

"xxx."

"SEC. 142. *Wines*. - On wines, there shall be levied, assessed and collected effective on January 1, 2020, an excise tax equivalent to Fifty pesos (P50.00) per liter. The rate of tax imposed under this Section shall be increased by six percent (6%) every year thereafter, effective January 1, 2021, through revenue regulations issued by the Secretary of Finance.

"Manufacturers and importers of wines shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand of wine sold at their establishments for the three-month period immediately preceding.

"xxx."

"SEC. 143. *Fermented Liquors*. - There shall be levied, assessed and collected an excise tax on beer, lager beer, ale, porter and other fermented liquors regardless if manufactured in factories or sold and brewed at micro-breweries or small establishments such as pubs and restaurants, except *tuba, basi, tapuy* and similar fermented liquors in accordance with the following schedule:

"Effective on January 1, 2020, the tax shall be Thirty-five pesos (P35.00) per liter;

"Effective on January 1, 2021, the tax shall be Thirty-seven pesos (P37.00) per liter;

"Effective on January 1, 2022, the tax shall be Thirty-nine pesos (P39.00) per liter;

"Effective on January 1, 2023, the tax shall be Forty-one pesos (P41.00) per liter; and

"Effective on January 1, 2024, the tax shall be Forty-three pesos (P43.00) per liter.

"The rates of tax imposed under this Section shall be increased by six percent (6%) every year thereafter effective January 1, 2025, through revenue regulations issued by the Secretary of Finance.

"Every brewer, manufacturer or importer of fermented liquor shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand of fermented liquor sold at Ms establishment for the three-month period immediately preceding.

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

"x x x."

SEC. 3. Section 144 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 11346, is hereby amended to read as follows:

"SEC. 144. *Tobacco Products, Heated Tobacco Products, and Vapor Products.* -

"(A) *Tobacco Products.* - xxx

"(B) *Heated Tobacco Products,* - There shall be levied, assessed and collected on heated tobacco products an excise tax at the rate prescribed below:

"Effective on January 1, 2020, Twenty-five pesos (P25.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;

"Effective on January 1, 2021, Twenty-seven pesos and fifty centavos (P27.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;

"Effective on January 1, 2022, Thirty pesos (P30.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units; and

"Effective on January 1, 2023, Thirty-two pesos and fifty centavos (P32.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units.