

[REPUBLIC ACT NO. 7654, June 14, 1993]

AN ACT REVISING THE EXCISE TAX BASE, ALLOCATING A PORTION OF THE INCREMENTAL REVENUE COLLECTED FOR THE EMERGENCY EMPLOYMENT PROGRAM FOR CERTAIN WORKERS AMENDING FOR THE PURPOSE SECTION 142 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. Section 142 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Sec. 142. Cigars and cigarettes. -

"(a) Cigars. - There shall be levied, assessed and collected on cigars a tax of ten percent (10%) of the constructive manufacturer's or importer's wholesale price or the actual manufacturer's or importer's wholesale price, whichever is higher.

"(b) Cigarettes packed by hand. - There shall be levied, assessed and collected on cigarettes packed by hand a tax of fifteen percent (15%) of the constructive manufacturer's wholesale price or the actual manufacturer's wholesale price, whichever is higher.

"(c) Cigarettes packed by machine. - There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below based on the constructive manufacturer's wholesale price or the actual manufacturer's wholesale price, whichever is higher:

"(1) On locally manufactured cigarettes which are currently classified and taxed at fifty-five percent (55%) or the exportation of which is not authorized by contract or otherwise, fifty-five percent (55%) provided that the minimum tax shall not be less than Five pesos (P5.00) per pack.

"(2) On other locally manufactured cigarettes, forty-five percent (45%) provided that the minimum tax shall not be less than Three pesos (P3.00) per pack.

Duly registered or existing brands of cigarettes or new brands thereof packed by machine shall only be packed in twenties.

When the registered manufacturer's wholesale price or the actual

manufacturer's wholesale price whichever is higher of existing brands of cigarettes, including the amounts intended to cover the taxes, of cigarettes packed in twenties does not exceed Four pesos and eighty centavos (P4.80) per pack, the rate shall be twenty percent (20%).

"(d) Imported cigarettes. — If the cigarettes are of foreign manufacture, regardless of the contents per pack, there shall be levied, assessed and collected a tax of fifty-five percent (55%) of the constructive importer's wholesale price or the actual importer's wholesale price, whichever is higher.

"For purposes of this section, the term 'constructive manufacturer's or importer's wholesale price' shall mean the price including the amount intended to cover the tax imposed in paragraphs (a), (b), (c) or (d) hereof and the amount intended to cover the value-added tax imposed under Title IV of this Code at which locally manufactured or imported cigars or cigarettes are offered for sale to the wholesalers or distributors as fixed by the manufacturer or importer and registered with the Bureau of Internal Revenue plus a mark up of twenty percent (20%) of such price. The term 'actual manufacturer's or importer's wholesale price' shall mean the price at which the purchaser actually pays or is obligated to pay to the manufacturer or importer in consideration of the sale, barter, or exchange of cigars and cigarettes.

"The twenty percent (20%) mark up and the minimum taxes provided in this section shall be automatically increased in 1996 by ten percent (10%).

"Manufacturers and importers of cigars and cigarettes shall, within thirty (30) days from the effectivity of this Act, submit to the Commissioner of Internal Revenue a sworn statement of the manufacturer's or importer's wholesale price of each particular brand of their products, and periodically thereafter, a sworn written notification of any change thereof.

"Any downward reclassification of present categories, for tax purposes, of existing brands of cigars or cigarettes duly registered with the Bureau of Internal Revenue at the time of the effectivity of this Act or any reduction or undervaluation of the manufacturer's or importer's registered wholesale price or any violation of this section which will reduce the tax imposed herein, or the payment thereof, shall be prohibited.

"Any manufacturer or importer who, in violation of this section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information or reduces or undervalues or downgrades the classification of any existing brand of cigars and cigarettes duly registered with the Bureau of Internal Revenue at the time of the effectivity of this Act shall, upon discovery, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of cigars or cigarettes.

"Any corporation, association, or partnership liable for any of the acts or