

[EXECUTIVE ORDER NO. 924, November 10, 1983]

REVISING THE RETAIL PRICES AND SPECIFIC TAXES ON LOCAL AND IMPORTED CIGARETTES

WHEREAS, the increase in cost of production of local cigarettes has rendered the existing statutory maximum retail prices unrealistic, leaving the manufacturers insufficient leeway for any price adjustments;

WHEREAS, it becomes imperative to revise the present statutory maximum retail price and provide new specific tax rates to make such rates consistent with the adjusted maximum retail prices;

WHEREAS, in line with the thrust in the realignment of indirect taxes, it becomes necessary to unify the specific tax rates on imported and locally produced cigarettes falling under the highest bracket with the purpose of removing the protective effects of internal indirect taxes;

WHEREAS, in order to simplify tax administration, it is likewise imperative to restructure and reduce the number of tax brackets by way of converting, the fifty per cent additional tax on locally produced cigarettes of foreign brands, into an absolute amount of specific tax;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, pursuant to the powers vested in me under Section 290-B of the National Internal Revenue Code, as amended, do hereby direct and order that:

SECTION 1. Section 149 (b) of the National Internal Revenue Code, as amended, be amended to read as follows:

"Sec. 149. Specific tax on cigars and cigarettes. – On cigars and cigarettes there shall be collected the following taxes:

"(b) Cigarettes-

"(1) On cigarettes packed in thirties, the retail price of which per pack does not exceed one peso and forty centavos, on each thousand three pesos;

"(2) On cigarettes packed in thirties, the retail price of which per pack does not exceed one peso and seventy-five centavos, on each thousand, five pesos;

"(3) On cigarettes packed in thirties, the retail price of which per pack exceeds one peso and seventy-five centavos, on each thousand, eight pesos;

"(4) On cigarettes packed in twenties, the retail price of which per pack does not

exceed two pesos and sixty-five centavos, on each thousand, twenty pesos;

"(5) On cigarettes packed in twenties, the retail price of which exceeds two pesos and sixty-five centavos but does not exceed three pesos and twenty-five centavos on each thousand, twenty-eight pesos;

"(6) On cigarettes packed in twenties, the retail price of which exceeds three pesos and twenty-five centavos but does not exceed four pesos, on each thousand, thirty-two pesos;

"(7) On cigarettes packed in twenties, the retail price of which exceeds four pesos but does not exceed four pesos and fifty centavos, on each thousand, forty-six pesos;

"(8) On cigarettes packed in twenties, the retail price of which exceeds four pesos and fifty centavos, but does not exceed five pesos, on each thousand, sixty-four pesos;

"(9) On cigarettes packed in twenties, the retail price of which exceeds five pesos but does not exceed five pesos and sixty centavos, on each thousand, ninety-one pesos;

"(10) On cigarettes packed in twenties, the retail price of which exceeds five pesos and sixty centavos, on each thousand, one hundred twenty-one pesos;

"(11) If the cigarettes are of foreign manufacture regardless of the retail price or contents per pack, on each thousand, one hundred twenty-one pesos.

"Nothing under the foregoing subparagraph (b) shall be deemed to allow a downward reclassification for tax purposes of any existing brand of cigarettes whenever there is a change in the tax rates or retail price ceilings thereof.

"Cigarettes subject to tax at lower rates before the effectivity of the new rates herein prescribed shall automatically be subject to the corresponding higher rates and there is nothing under this subsection (b) which allows any downward reclassification of tax rates for existing brands of cigarettes duly registered at the time the herein rates become effective.

"In addition, in case a manufacturer introduces a new category of cigarettes using a foreign brand or trademark under a licensing agreement, for tax purposes, the maximum retail price of such cigarettes shall in no case be lower than the prevailing maximum retail price of an existing category of cigarettes using a foreign brand or trademark of comparable quality, blend, cost of production and other relevant factors to prevent underpayment of taxes.

"Duly registered and/or existing brands of cigarettes packed in twenties at the time of the new rates herein prescribed shall not be allowed to be packed in thirties.

"The maximum price at which the various classes of cigars are sold at wholesale in the factory or in the establishment of the importer to the public shall determine the rate of the tax applicable to such cigars; and if the manufacturer or importer also sells, or allows to be sold, his cigars at wholesale in another establishment of which