

[REVENUE REGULATIONS NO. 20-2018, August 24, 2018]

PRESCRIBING THE IMPLEMENTING RULES AND GUIDELINES ON THE IMPOSITION OF EXCISE TAX ON SWEETENED BEVERAGES PURSUANT TO SECTION 47 OF REPUBLIC ACT NO. 10963, OTHERWISE KNOWN AS THE "TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN) LAW"

*Adopted: 25 July 2018
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SECTION 1. SCOPE. - Pursuant to Section 244 of the National Internal Revenue Code (NIRC), as amended, and Section 84 of Republic Act (R.A.) No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN)" Law, these regulations are hereby promulgated to implement Section 150-B of the NIRC, as amended, on the excise tax on sweetened beverages, as introduced by Section 47 of the TRAIN Law.

SEC. 2. DEFINITION OF TERMS - For purposes of these Regulations and for a more effective enforcement and collection of excise taxes, the following words and phrases shall have the meaning indicated below:

a. "ACT" – shall refer to Republic Act (R.A) No. 10963 otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law";

b. SWEETENED BEVERAGES (SBs) - refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following, as described in the Food Category System from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev 2017 or the latest) as adopted by the FDA:

- (1) Sweetened juice drinks; (2) Sweetened tea;
- (3) All carbonated beverages; (4) Flavored water;
- (5) Energy and sports drinks;
- (6) Other powdered drinks not classified as milk, juice, tea, and coffee;
- (7) Cereal and grain beverages; and
- (8) Other non-alcoholic beverages that contain added sugar.

c. CALORIC SWEETENER - refers to a substance that is sweet and includes sucrose, fructose, and glucose that produces a certain sweetness.

d. HIGH FRUCTOSE CORN SYRUP (HFCS) – refers to a sweet saccharide

mixture containing fructose and glucose which is derived from corn and added to provide sweetness to beverages, and which includes other similar fructose syrup preparations.

e. **NON-CALORIC SWEETENER** - refers to a substance that is artificially or chemically processed that produces a certain sweetness. These are substances which can be directly added to beverages, such as aspartame, sucralose, saccharin, acesulfame potassium, neotame, cyclamates and other non-nutritive sweeteners approved by the Codex Alimentarius and adopted by the FDA.

SEC. 3. TAX RATES AND BASES – There shall be levied, assessed and collected, effective January 1, 2018, a specific tax on sweetened beverages, in accordance with the following:

PRODUCT DESCRIPTION	Tax Rate (per liter of volume capacity)
Using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners	P6 .00
Using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener	P12 . 00
Using purely coconut sap sugar and purely steviol glycosides	Exempt

Coconut sap sugar shall comply with specifications as stated in the Philippine National Standard (PNS)/Bureau of Agricultural and Fisheries Products Standards (BAFPS) 76:2010 ICS 67.180 or latest updated standards.

Steviol glycoside specified shall comply with the Joint FAO/WHO Expert Committee on Food Additives (JECFA) specifications.

Computation of Excise Tax (Illustrations):

1. Carbonated Beverages

No . of Cases	100
Mu lti pli ed by no. of bottl es per case	x 6
Tota l no. of bot tl es	600
Mu lti pli ed by cont ent per bottle	x 1 . 5L
Tota l Vol ume in Li ters	900L
Mu lti pli ed by Specific Tax Rate	x P12 . 00
Tota l Exci se Tax to be paid before removal	P10 , 800.00

2. Powdered Juice

Sweety Import Corp. will remove from customs custody 50 cases of Four Seasons Powdered Juice using caloric and non-caloric sweetener containing 144 packs by 25 grams. Each 25 grams pack can make 1 Liter (per serving suggestion appearing on the label).

No . of Cases	50
Mu lti pli ed by no. of packs per case	x 14 4
Tota l no. of packs	7 , 200
Mu lti pli ed by servi ng suggesti on per pack in lit ers of vol ume	x 1 L
Tota l Vol ume in Li ters	7 , 200 L
Mu lti pli ed by Specific Tax Rate	x P6 . 00
Tota l Exci se Tax to be paid bef ore removal	P43 , 200. 00

SEC. 4. PERSONS LIABLE: The following persons shall be liable for the payment of excise tax on sweetened beverages:

a. For Locally Manufactured Sweetened Beverages

(1) All **Manufacturers of Sweetened Beverages** shall pay the excise tax imposed under Section 150-B, Chapter VI, Title VI of the Tax Code, as amended.

(2) **Person having possession** of domestically manufactured sweetened beverages removed from the place of production without the payment of the tax shall pay the excise tax thereon.

b. For Imported Sweetened Beverages

(1) **All Owners or Importers of Sweetened Beverages** shall pay the excise tax imposed under Section 150-B, Chapter VI, Title VI of the Tax Code, as amended.

(2) **Person having possession** of imported sweetened beverages removed from customs custody without the payment of the tax shall pay the excise tax thereon.

The excise tax shall be paid by the owner or importer of the sweetened beverages or by any person who is found in possession of any untaxed sweetened beverages, including any person other than the one legally entitled to exemption from the excise tax in the proper case. In the case of sweetened beverages brought or imported tax-free into the country by persons, entities, or agencies exempt from tax and are subsequently sold, transferred, or exchanged in the Philippines to non-exempt persons or entities, including the introduction and re-introduction into customs territory of said sweetened beverages intended for exclusive use within the freeport zones, the purchaser or transferee, owner/possessor thereof shall be considered as the importer, and shall be liable for the excise tax due on such importation.

Provided, That toll manufacturers, bottlers and other sub-contractors of manufacturers or importers of sweetened beverages shall not be subject to excise tax. Provided further, in such cases, the manufacturer or importer shall be liable to pay the excise tax on sweetened beverages.

SEC. 5. TIME, PLACE AND MANNER OF FILING OF RETURN AND PAYMENT OF EXCISE TAX ON SWEETENED BEVERAGES.

a. For Locally Manufactured Sweetened Beverages

A separate return (BIR Form No. 2200-S) shall be filed for each place of production with the concerned Revenue District Office (RDO) where the Head Office is duly registered and the excise tax shall be paid before removal of domestically manufactured sweetened beverages from place of production and the return shall be filed and the excise tax paid at any authorized agent bank (AAB), revenue collection officer or duly authorized city or municipal treasurer in the Philippines under Section 130 (A)(2)(3) of the NIRC, as amended.

b. For Imported Sweetened Beverages

All importers/traders of excisable sweetened beverages, whether importing raw materials of any constitution (liquid, syrups, powder, or concentrates) or finished goods, shall apply for an Authority to Release Imported Goods (ATRIG) with Excise LT Regulatory Division (ELTRD), BIR National Office and pay the corresponding excise tax based on the equivalent yield in liters of volume capacity of the imported articles.

The Excise Tax on imported finished goods shall be paid before release from customs custody. However, for imported raw materials which will be used in the production of excisable sweetened beverages, the excise tax due thereon shall be paid before removal of the finished goods from place of production.

SEC. 6. EXCLUSIONS - The following products, as described in the food category system from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev 2017 or the latest) as adopted by the FDA, are not subject to the excise tax imposed under Section 150-B of the NIRC, as amended, to wit:

a. All milk products, including plain milk, infant formula milk, follow-on milk, growing up milk, powdered milk, ready-to-drink milk, flavored milk, and fermented milk.

Milk product refers to products obtained by any processing of milk, which may contain food additives, and other ingredients functionally necessary for the processing (Codex General Standard for the Use of Dairy Terms (Codex Stan 206-1999).

In accordance with the Codex Alimentarius, the following Codex Standards for various milk products are adopted:

1. Milk powders and cream powder (Codex Stan 207-1999)
2. Fermented milks (Codex Stan 243-2003)
3. Blend of evaporated skimmed milk and vegetable fat

(Codex Stan 250-2006)

4. Blend of skimmed milk and vegetable fat in powdered form Codex Stan 251-2006)

5. Blend of sweetened condensed skimmed milk and vegetable fat (Codex Stan 252-2006)

6. Evaporated milks (Codex Stan 281-1971)

7. Sweetened condensed milks (Codex Stan 282-1971)

Dairy products are not synonymous with milk products. Only milk products are covered by the exemption.

b. Soymilk and flavored soymilk shall refer to products, the main ingredients of which are the soybean and/or soy derivative(s) (e.g. soybean flour, soybean concentrates, soybean isolates or defatted soya) and water which are produced without fermentation process. (Codex Stan. CXS 322R-2015)

c. One Hundred Percent (100%) Natural Fruit Juices - Original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of natural fruit juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural fruit juice that do not have added sugar or caloric sweetener. If there is sugar or sweetener added at any amount, the product shall be considered excisable depending on the kind of sweetener added and its corresponding rate specified under the Act;

d. One Hundred Percent (100% Natural Vegetable Juices - Original liquid resulting from the pressing of vegetables, the liquid resulting from the reconstitution of natural vegetable juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural vegetable juice that do not have added sugar or caloric sweetener. If there is sugar or sweetener added at any amount, the product shall be considered excisable depending on the kind of sweetener added and its corresponding rate specified under the Act;

e. Meal Replacement and Medically Indicated Beverages - Any liquid or powder drink/product for oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or as a source of necessary nutrition used due to a medical condition and an oral electrolyte solution for infants and children formulated to prevent dehydration due to illness; and

f. Ground coffee, instant soluble coffee, and pre-packaged powdered coffee products.

The proper classification of beverages shall be subject to the determination by the FDA.

SEC. 7. TRANSFER OF RAW MATERIALS - Manufacturers of sweetened beverages subject to tax herein shall not be allowed to transfer or remove raw materials from