

[BIR REVENUE REGULATIONS NO. 17-2012, December 21, 2012]

PRESCRIBING THE IMPLEMENTING GUIDELINES ON THE REVISED TAX RATES ON ALCOHOL AND TOBACCO PRODUCTS PURSUANT TO THE PROVISIONS OF REPUBLIC ACT NO. 10351 AND TO CLARIFY CERTAIN PROVISIONS OF EXISTING REVENUE REGULATIONS

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244 in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement the provisions of Republic Act No. 10351, "An Act Restructuring The Excise Tax On Alcohol And Tobacco Products By Amending Sections 141, 142, 143, 144, 145, 8, 131 And 288 of Republic Act No. 8424, Otherwise Known As The National Internal Revenue Code Of 1997, as amended By Republic Act No. 9334, And For Other Purposes", as well as to clarify certain provisions of existing revenue regulations on alcohol and tobacco products.

SEC. 2. DEFINITION OF TERMS. – For purposes of these Regulations, the following words and phrases shall have the meaning indicated below:

(a) **ACT** – shall refer to Republic Act (R.A.) No. 10351;

(b) **CARBONATED WINE** – shall refer to an effervescent wine artificially charge with carbon dioxide and containing more than 0.392 of carbon dioxide per 100 milliliters of wine;

(c) **CIGARETTES PACKED BY HAND** – shall refer to the manner of packaging of cigarette sticks using an individual person's hands and not through any other means such as a mechanical device, machine or equipment;

(d) **COMPOUNDED LIQUORS** – shall refer intoxicating beverages whatever concocted by or resulting from mixture of or addition to distilled spirits, either before or after rectification, of any coloring matter, flavoring extract or essence or other kind of wine, liquor or other ingredient;

(e) **NET RETAIL PRICE** – shall refer to the price at which the alcohol and tobacco products are 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 alcohol and tobacco products which are marketed outside Metro Manila, the "net retail price" shall mean the price at which the alcohol and tobacco products are 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;

(f) **SPARKLING WINE OR CHAMPAGNE** – shall refer to an effervescent wine containing more than 0.392 grams of carbon dioxide per 100 milliliters of wine resulting solely from the secondary fermentation of the wine within a closed container;

(g) **STILL WINE** – shall refer to wine containing not more than 0.392 of carbon dioxide per 100 milliliters of wine; and

(h) **SUGGESTED NET RETAIL PRICE** – shall refer to the net retail price at which locally manufactured or imported alcohol or tobacco product is intended to be sold by the manufacturer or importer at retail in major supermarkets or retail outlets in the prescribed minimum number of Revenue Regions for brands with national or regional markets.

SEC. 3. REVISED RATES AND BASES OF THE SPECIFIC TAX. – There shall be levied, assessed and collected an excise tax on alcohol or tobacco products, in accordance with the following schedule:

PRODUCT	DATE OF EFFECTIVITY OF TAX RATES
---------	----------------------------------

(1) Distilled Spirits						
(a) Ad Valorem tax Rate Based on the net retail price per proof (excluding the excise and value-added taxes), and	15%	15%	20%	20%	20%	20%
(b) Specific Tax Per proof liter	Php20.00	Php20.00	Php20.00	Php20.80	Php21.63	Effective 1/1/2016, the specific tax rate shall be increased by 4% every year thereafter
(2) Wines	<u>Per liter</u>	<u>Per liter</u>	<u>Per liter</u>	<u>Per liter</u>	<u>Per liter</u>	
(a) Sparkling wines/champagnes, where the net retail price (excluding the excise and value-added taxes) per bottle of 750 ml., regardless of proof is:						
(1) Five Hundred Pesos (P500.00) or less	Php250.00	Php260.00	Php270.40	Php281.22	Php292.47	
(2) More than Five Hundred Pesos (P500.00)	Php700.00	Php728.00	Php757.12	Php787.40	Php818.90	
(b) Still wines and carbonated wines containing fourteen percent (14%) of alcohol by volume or less	Php30.00	Php31.20	Php32.45	Php33.75	Php35.10	Effective 1/1/2014, the specific tax rate shall be increased by 4% every year thereafter
(c) Still wines and carbonated wines containing more than fourteen percent (14%) of alcohol by volume but not more than twenty-five percent (25%) of alcohol by volume	Php60.00	Php62.40	Php64.90	Php67.50	Php70.20	
(d) Fortified wines containing more than twenty-five (25%) percent of alcohol by volume	Taxed as Distilled Spirits	Taxed as Distilled Spirits	Taxed as Distilled Spirits	Taxed as Distilled Spirits	Taxed as Distilled Spirits	

shall be taxed as distilled spirits						

ILLUSTRATION: No. 1- Distilled Spirits Facts: ABC Corp. removes from its factory Brand "XEY" Whisky with the following details:

- 2400 bottles @ 330 ml bottle - 40% alcohol strength - Net Retail Price (NRP) is Php 30.00 per bottle

Step 1. Compute the proof of Brand "XEY" by multiplying the alcohol strength by 2.

$40\% \times 2 = 80$ proof

Step 2. Compute the excise tax due on the removals.

(A) Specific Tax Due Per Bottle of 330 ml.:

Specific Tax per proof liter P20.00 Multiplied by Proof of 330 ml. bottle (.330 ml x .80) .264 Specific Tax per bottle of 330 ml . P 5.28 (B) Ad Valorem Tax Due Per Bottle of 330 ml.: NRP of 330 ml bottle P30.00 Multiplied by Proof .80 NRP per proof P24.00 Multiplied by Ad Valorem Tax rate 15% Ad Valorem Tax Due per bottle of 330 ml. P 3.60 Total Excise Tax Rate per bottle of 330 ml. P 8.88 Multiplied by total number of bottles removed 2,400 Total Excise Tax Due P21,312.00
No. 2 – Cigars FACTS: Total Retail Selling Price, net of VAT and excise tax, per box of cigar containing 25 pieces, P 3,000.00 Step 1: Compute the NRP per cigar. P 3,000.00 divided by 25 cigars = P 120.00 Step 2: Compute the total excise tax due. Ad Valorem Tax (AVT) Due per cigar: NRP-P120.00 x AVT rate 20% P 24.00 Add: Specific Tax (ST) Due: Specific Tax Rate per cigar P 5.00 Total Excise Tax Per Cigar P 29.00 Multiplied by the number of cigars per box 25 Total Excise Tax Due and Payable P725.00

SEC. 4. TAX CLASSIFICATION OF ALCOHOL AND TOBACCO PRODUCTS. – Any alcohol or tobacco product that is introduced in the domestic market on or after the effectivity of this Act shall be initially tax classified according to their suggested net retail prices as declared in the prescribed manufacturer's or importer's sworn statement, subject to the initial validation and revalidation requirements prescribed under Revenue Regulations No. 3-2006, as amended by Section 6 of these Regulations.

In case of an alcohol and or tobacco product that was duly registered with the BIR before the effectivity of the Act but was not tax classified by the BIR according to the new tax rates provided under the Act, such product shall be treated as a newly introduced product upon re-introduction thereof in the domestic market after the effectivity of the Act. Accordingly, the tax classification thereof shall be based on the suggested net retail price declared in the aforesaid sworn statement, subject to the initial validation and revalidation requirements.

The proper tax classification of all fermented liquors and tobacco products, whether registered before or after the effectivity of the Act, shall be determined every two (2) years from the date of effectivity of the Act.

For purposes of tax classification, alcohol or tobacco products, whether imported or domestically manufactured, shall be taxed according to their individual brand name (whether or not with prefix or suffix), color and/or design of label (such as logo, font, picturegram, and the like), manner and/or form of packaging or size of container of the product. Accordingly, the following instances, but not limited to, shall be taxed differently: