

'19 MAY 27 P1:12

SENATE

RECEIVED



COMMITTEE REPORT No. 714

Submitted by the Committee on Ways and Means on MAY 27 2019

Re: Senate Bill No. 2233

Recommending its approval in substitution of Senate Bill Nos. 1599, 1605 and 2177 taking into consideration House Bill No. 8677.

Sponsor: Sen. Sonny Angara

MR. PRESIDENT:

The Committee on Ways and Means to which were referred Senate Bill No. 1599, introduced by Senator Emmanuel D. Pacquiao, entitled:

"AN ACT
RAISING THE EXCISE TAX ON TOBACCO PRODUCTS AND AMENDING FOR
THE PURPOSE PERTINENT SECTIONS OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED"

S.B. No. 1605, introduced by Senator Joseph Victor G. Ejercito, entitled:

"AN ACT
INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS AND AMENDING
FOR THE PURPOSE SECTION 145 OF REPUBLIC ACT NO. 8424, OTHERWISE
KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED BY REPUBLIC ACT NO. 9334 AND REPUBLIC ACT NO. 10351, AND
FOR OTHER PURPOSES"

S.B. No. 2177, introduced by Sen. Win Gatchalian, entitled:

"AN ACT
AN ACT INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS AND
AMENDING FOR THE PURPOSE SECTION 145 OF REPUBLIC ACT NO. 8424,
OTHERWISE KNOWN AS THE "TAX REFORM ACT OF 1997", AS AMENDED BY
REPUBLIC ACT NO. 9334 AND REPUBLIC ACT NO. 9334 AND REPUBLIC ACT
NO. 10351, AND FOR OTHER PURPOSES"

and House Bill 8677, introduced by Representatives Salceda, D.L. Tan, *et al.*, entitled:

**“AN ACT
INCREASING THE EXCISE TAX RATE ON TOBACCO PRODUCTS, AMENDING
FOR THE PURPOSE SECTION 145 OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED BY REPUBLIC ACT. NO. 10963”**

has considered the same and has the honor to report these back to the Senate with the recommendation that the attached bill, Senate Bill No. _____, prepared by the Committee, entitled:

**“AN ACT
INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS, THE PENALTIES
FOR VIOLATIONS OF PROVISIONS ON ARTICLES SUBJECT TO EXCISE TAX,
AND EARMARKING INCREMENTAL TOBACCO EXCISE TAX FOR HUMAN
RESOURCE DEVELOPMENT PROGRAMS FOR HEALTH PROFESSIONALS,
AMENDING FOR THIS PURPOSE SECTIONS 145, 164, 260, 262, 263, 265 AND
288(C) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED BY REPUBLIC ACT NO. 10963, AND FOR OTHER PURPOSES**

be approved in substitution of Senate Bill Nos. 1599, 1605 and 2177 taking into consideration House Bill No.

~~8677~~ with Senators Pacquiao, JV Ejercito, Gatchalian, and Angara, as authors thereof.

Respectfully Submitted:


SONNY ANGARA
Chairperson

Vice-Chairpersons


LOREN B. LEGARDA


JOEL VILLANUEVA

PAOLO BENIGNO “BAM” AQUINO IV

Members

RICHARD J. GORDON

GRACE POE

JOSEPH VICTOR G. EJERCITO

MARIA LOURDES NANCY S. BINAY

WIN GATCHALIAN

*may interpellate
9 proposals
for amendments*

FRANCIS "CHIZ" G. ESCUDERO

PANFILO M. LACSON

ANTONIO TRILLANES IV

FRANCIS "KIKO" PANGILINAN

abautituroo sarapul
RISA HONTIVEROS

*May interpellate /
propose amendments*

AQUILINO "KOKO" PIMENTEL III

Ex-Officio Members

JUAN MIGUEL "MIGZ" F. ZUBIRI
Majority Leader

FRANKLIN M. DRILON
Minority Leader

RALPH G. RECTO
Senate President Pro-Tempore

VICENTE C. SOTTO III
President
Senate of the Philippines

SENATE

'19 MAY 27 P1:12

S. No. **2233**

(In Substitution of S.B. Nos. 1599, 1605 and 2177 taking into consideration
H.B. No. 8677)

REC'D



Prepared by the Committee on Ways and Means with Senators
Pacquiao, JV Ejercito, Gatchalian, and Angara as authors

AN ACT

INCREASING THE EXCISE TAX ON TOBACCO PRODUCTS, THE PENALTIES FOR VIOLATIONS OF PROVISIONS ON ARTICLES SUBJECT TO EXCISE TAX, AND EARMARKING INCREMENTAL TOBACCO EXCISE TAX FOR HUMAN RESOURCE DEVELOPMENT PROGRAMS FOR HEALTH PROFESSIONALS, AMENDING FOR THIS PURPOSE SECTIONS 145, 164, 260, 262, 263, 265 AND 288(C) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 10963, AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 145 of the National Internal Revenue Code of 1997, as
2 amended by Republic Act No. 10963, is hereby further amended to read as follows:

3 **"SEC. 145. Cigars and Cigarettes. -**

4 **"(A) Cigars. -** There shall be levied, assessed and collected on cigars
5 an excise tax in accordance with the following schedule:

6 **"(1) Effective on January 1, 2013**

7 **"(a)** An ad valorem tax equivalent to twenty percent (20%) of the
8 net retail price (excluding the excise tax and the value-added
9 tax) per cigar; and

10 **"(b)** In addition to the ad valorem tax herein imposed, a specific tax
11 of Five pesos (P5.00) per cigar.

12 **"(2)** In addition to the ad valorem tax herein imposed, the specific
13 tax rate of Five pesos (P5.00) imposed under this subsection shall be

1 increased by [four] FIVE percent [(4%)] 5% effective on January 1, [2014]
2 2024 through revenue regulations issued by the Secretary of Finance.

3 "NET RETAIL PRICE' SHALL MEAN THE PRICE AT WHICH
4 THE CIGAR IS SOLD ON RETAIL IN AT LEAST FIVE (5) MAJOR
5 SUPERMARKETS IN METRO MANILA (FOR BRANDS OF CIGAR
6 MARKETED NATIONALLY), EXCLUDING THE AMOUNT
7 INTENDED TO COVER THE APPLICABLE EXCISE TAX AND THE
8 VALUE-ADDED TAX. FOR CIGARS WHICH ARE MARKETED ONLY
9 OUTSIDE METRO MANILA, THE 'NET RETAIL PRICE' SHALL
10 MEAN THE PRICE AT WHICH THE CIGAR IS SOLD IN AT LEAST
11 FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING
12 THE AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE
13 TAX AND THE VALUE-ADDED TAX. THIS SHALL BE PROVIDED
14 BY THE MANUFACTURER OR IMPORTER THROUGH A SWORN
15 STATEMENT AND SHALL BE VALIDATED BY THE BUREAU OF
16 INTERNAL REVENUE THROUGH A PRICE SURVEY.

17 "MAJOR SUPERMARKETS, AS CONTEMPLATED UNDER
18 THIS ACT, SHALL BE THOSE WITH THE HIGHEST ANNUAL
19 GROSS SALES IN METRO MANILA OR THE REGION, AS THE
20 CASE MAY BE, AS DETERMINED BY THE BUREAU OF INTERNAL
21 REVENUE (BIR), AND SHALL EXCLUDE RETAIL OUTLETS OR
22 KIOSKS, CONENIENCE OR SARI-SARI STORES, AND OTHERS OF
23 A SIMILAR NATURE: *PROVIDED*, THAT NO TWO (2)
24 SUPERMARKETS IN THE LIST TO BE SURVEYED ARE AFFILIATED
25 AND/OR BRANCHES OF EACH OTHER: *PROVIDED, FINALLY*,
26 THAT IN CASE A PARTICULAR CIGAR IS NOT SOLD IN MAJOR
27 SUPERMARKETS, THE PRICE SURVEY CAN BE CONDUCTED IN

1 RETAIL OUTLETS WHERE SAID CIGAR IS SOLD IN METRO
2 MANILA OR THE REGION, AS THE CASE MAY BE, UPON
3 DETERMINATION OF THE COMMISSIONER OF INTERNAL
4 REVENUE.

5 "THE NET RETAIL PRICE SHALL BE VALIDATED BY THE
6 BIR THROUGH A BIENNIAL PRICE SURVEY UNDER OATH.

7 "THE METHODOLOGY AND ALL PERTINENT DOCUMENTS
8 USED IN THE CONDUCT OF THE LATEST PRICE SURVEY SHALL
9 BE SUBMITTED TO THE CONGRESSIONAL OVERSIGHT
10 COMMITTEE ON THE COMPREHENSIVE TAX REFORM PROGRAM
11 CREATED UNDER REPUBLIC ACT NO. 8240.

12 "(B) *Cigarettes Packed by Hand.* - There shall be levied, assessed and
13 collected on cigarettes packed by hand an excise tax based on the
14 following schedules:

15 "[Effective on January 1, 2018 until June 30, 2018, Thirty two pesos
16 and fifty centavos (P32.50) per pack;

17 "Effective on July 1, 2018 until December 31, 2019, Thirty five pesos
18 (P35.00) per pack;

19 "Effective on January 1, 2020 until December 31, 2021, Thirty seven
20 pesos and fifty centavos (P37.50) per pack;

21 "Effective on January 1, 2022 until December 31, 2023, Forty pesos
22 (P40.00) per pack;

23 The rates of tax imposed under this subsection shall be increased
24 by four percent (4%) every year effective on January 1, 2024, through
25 revenue regulations issued by the Secretary of Finance.]

26 "EFFECTIVE ON JANUARY 1, 2020, FORTY-FIVE PESOS
27 (P45.00) PER PACK;

1 "EFFECTIVE ON JANUARY 1, 2021, FIFTY PESOS (P50.00) PER
2 PACK;

3 "EFFECTIVE ON JANUARY 1, 2022, FIFTY-FIVE PESOS (P55.00)
4 PER PACK;

5 "EFFECTIVE ON JANUARY 1, 2023, SIXTY PESOS (P60.00) PER
6 PACK;

7 "THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION
8 SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR
9 EFFECTIVE ON JANUARY 1, 2024, THROUGH REVENUE
10 REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

11 "Duly registered cigarettes packed by hand shall only be packed in
12 twenties and other packaging combinations of not more than twenty.

13 "'Cigarettes packed by hand' shall refer to the manner of packaging
14 of cigarette sticks using an individual person's hands and not through any
15 other means such as a mechanical device, machine or equipment.

16 "(C) *Cigarettes Packed by Machine.* - There shall be levied, assessed
17 and collected on cigarettes packed by machine a tax at the rates prescribed
18 below:

19 "[Effective on January 1, 2018 until June 30, 2018, the tax on all
20 cigarettes packed by machine shall be Thirty two pesos and fifty centavos
21 (P32.50) per pack;

22 "Effective on July 1, 2018 until December 31, 2019, the tax on all
23 cigarettes packed by machine shall be Thirty five pesos (P35.00) per pack;

24 "Effective on January 1, 2020 until December 31, 2021, the tax on all
25 cigarettes packed by machine shall be Thirty seven pesos and fifty
26 centavos (P37.50) per pack;

1 “Effective on January 1, 2022 until December 31, 2023, the tax on all
2 cigarettes packed by machine shall be Forty pesos (P40.00) per pack;

3 “The rates of tax imposed under this subsection shall be increased
4 by four percent (4%) every year thereafter effective on January 1, 2024,
5 through revenue regulations issued by the Secretary of Finance.]

6 “EFFECTIVE ON JANUARY 1, 2020, FORTY-FIVE PESOS
7 (P45.00) PER PACK;

8 “EFFECTIVE ON JANUARY 1, 2021, FIFTY PESOS (P50.00) PER
9 PACK;

10 “EFFECTIVE ON JANUARY 1, 2022, FIFTY-FIVE PESOS (P55.00)
11 PER PACK;

12 “EFFECTIVE ON JANUARY 1, 2023, SIXTY PESOS (P60.00) PER
13 PACK;

14 “THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION
15 SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR
16 EFFECTIVE ON JANUARY 1, 2024, THROUGH REVENUE
17 REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

18 “Duly registered cigarettes packed by machine shall only be packed
19 in twenties and other packaging combinations of not more than twenty.

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

25 “[Cigarettes introduced in the domestic market after the effectivity
26 of this Act shall be initially tax classified according to their suggested net
27 retail prices.

1 “‘Suggested net retail price’ shall mean the net retail price at which
2 locally manufactured or imported cigarettes are intended by the
3 manufacturer or importer to be sold on retail in major supermarkets or
4 retail outlets in Metro Manila for those marketed nationwide, and in other
5 regions, for those with regional markets. At the end of three (3) months
6 from the product launch, the Bureau of Internal Revenue shall validate the
7 suggested net retail price of the newly introduced cigarette against the net
8 retail price as defined herein and initially determine the correct tax
9 bracket under which a newly introduced cigarette shall be classified. After
10 the end of nine (9) months from such validation, the Bureau of Internal
11 Revenue shall revalidate the initially validated net retail price against the
12 net retail price as of the time of revalidation in order to finally determine
13 the correct tax bracket under which a newly introduced cigarette shall be
14 classified.

15 “‘Net retail price’ shall mean the price at which the cigarette is sold
16 on retail in at least five (5) major supermarkets in Metro Manila (for
17 brands of cigarettes marketed nationally), excluding the amount intended
18 to cover the applicable excise tax and the value-added tax. For cigarettes
19 which are marketed only outside Metro Manila, the ‘net retail price’ shall
20 mean the price at which the cigarette is sold in at least five (5) major
21 supermarkets in the region excluding the amount intended to cover the
22 applicable excise tax and the value-added tax.

23 “The net retail price shall be determined by the Bureau of Internal
24 Revenue through a price survey under oath.

25 “The methodology and all pertinent documents used in the
26 conduct of the latest price survey shall be submitted to the Congressional

1 Oversight Committee on the Comprehensive Tax Reform Program created
2 under Republic Act No. 8240.

3 "The proper tax classification of cigarettes, whether registered
4 before or after the effectivity of this Act, shall be determined every two (2)
5 years from the date of effectivity of this Act.

6 "All cigarettes existing in the market at the time of the effectivity of
7 this Act shall be classified according to the net retail prices and the tax
8 rates provided above based on the latest price survey of cigarettes
9 conducted by the Bureau of Internal Revenue.

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

14 "No tobacco products manufactured in the Philippines and
15 produced for export shall be removed from their place of manufacture or
16 exported without posting of an export bond equivalent to the amount of
17 the excise tax due thereon if sold domestically: *Provided, however, That*
18 tobacco products for export may be transferred from the place of
19 manufacture to a bonded facility, upon posting of a transfer bond, prior to
20 export.

21 "Tobacco products imported into the Philippines and destined for
22 foreign countries shall not be allowed entry without posting a bond
23 equivalent to the amount of customs duty, excise and value-added taxes
24 due thereon if sold domestically.

25 "Manufacturers and importers of cigars and cigarettes shall, within
26 thirty (30) days from the effectivity of this Act and within the first five (5)
27 days of every month thereafter, submit to the Commissioner a sworn

1 statement of the volume of sales **AND REMOVALS** for cigars and/or
2 cigarettes [sold] for the three-month period immediately preceding.

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

9 "Any corporation, association or partnership liable for any of the
10 acts or omissions in violation of this Section shall be fined treble the
11 aggregate amount of deficiency taxes, surcharges and interest which may
12 be assessed pursuant to this Section.

13 "SELLING OF TOBACCO PRODUCTS AT A PRICE LOWER
14 THAN THE COMBINED EXCISE AND VALUE-ADDED TAXES
15 IMPOSED UNDER THE LAW SHALL BE PROHIBITED. THE SELLER
16 OF SUCH PRODUCTS SHALL BE PUNISHED WITH A FINE OF NOT
17 LESS THAN TEN (10) TIMES THE AMOUNT OF EXCISE PLUS
18 VALUE-ADDED TAXES DUE BUT NOT LESS THAN TWO
19 HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN
20 FIVE HUNDRED THOUSAND PESOS (500,000.00), AND
21 IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT
22 MORE THAN SIX (6) YEARS.

23 THE BUREAU OF INTERNAL REVENUE IS MANDATED TO
24 ISSUE A REVENUE REGULATION PRESCRIBING THE CIGARETTE
25 FLOOR PRICE OR THE MINIMUM CIGARETTE PRICE TAKING
26 INTO ACCOUNT THE SUM OF THE EXCISE AND VALUE-ADDED
27 TAXES AS PROVIDED HEREIN.

1 “Any person liable for any of the acts or omissions prohibited
2 under this Section shall be criminally liable and penalized under Section
3 254 of this Code. Any person who willfully aids or abets in the
4 commission of any such act or omission shall be criminally liable in the
5 same manner as the principal.

6 “If the offender is not a citizen of the Philippines, he shall be
7 deported immediately after serving the sentence, without further
8 proceedings for deportation.”

9 **SEC. 2.** Sec. 164 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11 “**SEC. 164. Information to be Given by Manufacturers, Importers,**
12 *Indentors and Wholesalers of any Apparatus or Mechanical Contrivance*
13 *Specially for the Manufacture of Articles Subject to Excise Tax and*
14 *Importers, Indentors, Manufacturers or Sellers of Cigarette Papers in*
15 *Bobbins, Cigarette Tipping Paper or Cigarette Filter Tips. -*
16 Manufacturers, indentors, wholesalers and importers of any apparatus or
17 mechanical contrivance specially for the manufacture of articles subject to
18 tax shall, before any such apparatus or mechanical contrivance is removed
19 from the place of manufacture or from the customs house, give written
20 information to the Commissioner as to the nature and capacity of the
21 same, the time when it is to be removed, and the place for which it is
22 destined, as well as the name of the person by whom it is to be used; and
23 such apparatus or mechanical contrivance shall not be set up nor
24 dismantled or transferred without a permit in writing from the
25 Commissioner.

26 “A written permit from the Commissioner for importing,
27 manufacturing or selling of cigarette paper in bobbins or rolls, cigarette

1 tipping paper or cigarette filter tips is required before any person shall
2 engage in the importation, manufacture or sale of the said articles. No
3 permit to sell said articles shall be granted unless the name and address of
4 the prospective buyer is first submitted to the Commissioner and
5 approved by him. Records, showing the stock of the said articles and the
6 disposal thereof by sale of persons with their respective addresses as
7 approved by the Commissioner, shall be kept by the seller, and records,
8 showing stock of said articles and consumption thereof, shall be kept by
9 the buyer, subject to inspection by internal revenue officers.

10 "ANY VIOLATION OF THIS SECTION SHALL BE NON-
11 BAILABLE, INCLUDING MERE POSSESSION OF ANY APPARATUS
12 OR MECHANICAL CONTRIVANCE FOR THE MANUFACTURE OF
13 CIGARETTES, CIGARETTE PAPER, OR CIGARETTE TIPPING
14 PAPER, FOR WHICH NO PERMIT WAS OBTAINED FROM THE
15 COMMISSIONER SHALL BE PUNISHED WITH A FINE OF NOT
16 LESS THAN ONE HUNDRED MILLION PESOS (P100,000,000.00) AND
17 IMPRISONMENT OF NOT LESS THAN FOURTEEN (14) YEARS."

18 SEC. 3. Sec. 260 of the National Internal Revenue Code of 1997, as amended, is
19 hereby amended to read as follows:

20 "SEC. 260. *Unlawful Possession of Cigarette Paper in Bobbins or*
21 *Rolls, Etc.* - It shall be unlawful for any person to have in his possession
22 cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette
23 filter tips, without the corresponding authority therefor issued by the
24 Commissioner. Any person, importer, manufacturer of cigar and
25 cigarettes, who has been found guilty under this Section, shall, upon
26 conviction for each act or omission, be punished by a fine of not less than
27 than [Twenty thousand pesos (P20,000) but not more than One hundred

1 thousand pesos (P100,000)] ONE MILLION FIVE HUNDRED
2 THOUSAND PESOS (P1,500,000.00) BUT NOT MORE THAN
3 FIFTEEN MILLION PESOS (P15,000,000.00) and [suffer] imprisonment
4 for a term of not less than six (6) years and one (1) day but not more than
5 twelve (12) years.”

6 SEC. 4. Sec. 262 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:

8 *“SEC. 262. Shipment or Removal of Liquor or Tobacco Products*
9 *Under False Name or Brand or as an Imitation of any Existing or*
10 *Otherwise Known Product Name or Brand. - Any person who ships,*
11 *transports or removes spirituous, compounded or fermented liquors,*
12 *wines or any manufactured products of tobacco under any other than*
13 *the proper name or brand known to the trade as designating the kind and*
14 *quality of the contents of the cask, bottle or package containing the same*
15 *or as an imitation of any existing or otherwise known product name or*
16 *brand or causes such act to be done, shall, upon conviction for each act or*
17 *omission, be punished by a fine of not less than [Twenty Thousand*
18 *Pesos (P20,000) but not more than One Hundred thousand pesos*
19 *(P100,000)] ONE MILLION FIVE HUNDRED THOUSAND PESOS*
20 *(P1,500,000.00) BUT NOT MORE THAN FIFTEEN MILLION PESOS*
21 *(P15,000,000.00) and [suffer] imprisonment of not less than six (6) years*
22 *and one (1) day but not more than twelve (12) years.”*

23 SEC. 5. Sec. 263 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 *“SEC. 263. Unlawful Possession or Removal of Articles Subject to*
26 *Excise Tax Without Payment of the Tax. - Any person who owns and/or*
27 *is found in possession of imported articles subject to excise tax, the tax on*

1 which has not been paid in accordance with law, or any person who owns
2 and/or is found in possession of imported tax-exempt articles other than
3 those to whom they are legally issued shall be punished by:

4 “(a) A fine of not less than [One thousand pesos (P1,000)] **ONE**
5 **HUNDRED THOUSAND (P100,000.00)** [nor] **BUT NOT** more than [Two
6 thousand pesos (P2,000)] **TWO HUNDRED THOUSAND PESOS**
7 **(P200,000.00)** and [suffer] imprisonment of not less than sixty (60) days
8 but not more than one hundred (100) days if the appraised value, to be
9 determined in the manner prescribed in the [Tariff and Customs Code]
10 **CUSTOMS MODERNIZATION AND TARIFF ACT (REPUBLIC ACT**
11 **NO. 10863)**, including duties and taxes, of the articles does not exceed
12 [One thousand pesos (P1,000)] **TWO HUNDRED FIFTY THOUSAND**
13 **PESOS (P250,000.00);**

14 “(b) A fine of not less than [Ten thousand pesos (P10,000)] **ONE**
15 **MILLION PESOS (P1,000,000.00)** but not more than [Twenty thousand
16 pesos (P20,000)] **TWO MILLION PESOS (P2,000,000.00)** and [suffer]
17 imprisonment of not less than two (2) years but not more than four (4)
18 years if the appraised value, to be determined in the manner prescribed in
19 the [Tariff and Customs Code] **CUSTOMS MODERNIZATION AND**
20 **TARIFF ACT (REPUBLIC ACT NO. 10863)**, including duties and taxes, of
21 the articles exceeds [One thousand pesos (P1,000)] **TWO HUNDRED**
22 **FIFTY THOUSAND PESOS (P250,000.00)** but does not exceed [Fifty
23 thousand pesos (P50,000)] **FIVE HUNDRED THOUSAND PESOS**
24 **(P500,000.00);**

25 “(c) A fine of not less than [Thirty thousand pesos (P30,000)]
26 **THREE MILLION PESOS (P3,000,000.00)** but not more than [Sixty
27 thousand pesos (P60,000)] **FOUR MILLION PESOS (P4,000,000.00)** and

1 [suffer] imprisonment of not less than four (4) years but not more than six
2 (6) years, if the appraised value, to be determined in the manner
3 prescribed in the [Tariff and Customs Code] **CUSTOMS**
4 **MODERNIZATION AND TARIFF ACT (REPUBLIC ACT NO. 10863)**,
5 including duties and taxes of the articles is more than [Fifty thousand
6 pesos (P50,000) but does not exceed One hundred fifty thousand pesos
7 (P150,000)] **FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT**
8 **DOES NOT EXCEED ONE MILLION PESOS (P1,000,000.00); [or]**

9 “(d) A fine of not less than [Fifty thousand pesos (P50,000)] **TEN**
10 **MILLION PESOS (P10,000,000.00)** but not more than [One hundred
11 thousand pesos (P100,000)] **TWENTY MILLION PESOS**
12 **(P20,000,000.00)** and [suffer] imprisonment of not less than ten (10)
13 years but not more than twelve (12) years, if the appraised value, to be
14 determined in the manner prescribed in the [Tariff and Customs Code]
15 **CUSTOMS MODERNIZATION AND TARIFF ACT (REPUBLIC ACT**
16 **NO. 10863)**, including duties and taxes, of the articles [exceeds One
17 hundred fifty thousand pesos (P150,000)] **IS MORE THAN ONE**
18 **MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN FIVE**
19 **MILLION PESOS (P5,000,000.00)[.];**

20 “Any person who is found in possession of locally manufactured
21 articles subject to excise tax, the tax on which has not been paid in
22 accordance with law, or any person who is found in possession of such
23 articles which are exempt from excise tax other than those to whom the
24 same is lawfully issued shall be punished with a fine of not less than (10)
25 times the amount of excise tax due on the articles found but not less
26 than [Five hundred pesos (P500)] **ONE MILLION PESOS**
27 **(P1,000,000.00)** and [suffer] imprisonment of not less than [two (2) years

1 but not more than four (4) years] **FIVE (5) YEARS BUT NOT MORE**
2 **THAN EIGHT (8) YEARS.**

3 "Any manufacturer, **IMPORTER**, owner or person in charge of any
4 article subject to excise tax who removes or allows or causes the unlawful
5 removal of any such articles from the place of production or bonded
6 warehouse, upon which the excise tax has not been paid at the time and in
7 the manner required, and any person who knowingly aids or abets in the
8 removal of such articles as aforesaid, or conceals the same after illegal
9 removal shall, for the first offense, be punished with a fine of not less than
10 ten (10) times the amount of excise tax due on the articles but not less
11 than [One thousand pesos (P1,000)] **FIFTY MILLION PESOS**
12 **(P50,000,000.00)** and [suffer] imprisonment of not less than [one (1) year
13 but not more than two (2) years] **FIVE (5) YEARS BUT NOT MORE**
14 **THAN EIGHT (8) YEARS.**

15 "The mere unexplained possession of articles subject to excise tax,
16 the tax on which has not been paid in accordance with law, shall be
17 punishable under this Section."

18 **SEC. 6.** Section 265 of the NIRC, as amended by RA 10963 is hereby further
19 amended, to read as follows:

20 "SEC. 265. *Offenses Relating to Stamps.* - Any person who
21 commits any of the acts enumerated hereunder shall, upon
22 conviction thereof, be punished by a fine of not less than [Twenty
23 thousand pesos (P20,000) but not more than Fifty thousand pesos
24 (P50,000)] **TEN MILLION PESOS (P10,000,000) BUT NOT MORE**
25 **THAN FIVE HUNDRED MILLION PESOS (P500,000,000)** and [suffer]
26 imprisonment of not less than [four (4)] **FIVE (5) years** but not more than
27 eight (8) years:

1 “(a) Making, importing, selling, using or possessing without
2 express authority from the Commissioner, any die for printing or making
3 stamps, labels, tags or playing cards;

4 “(b) **RE-USING PREVIOUSLY AFFIXED STAMPS**, [E]Erasing
5 the cancellation marks of any stamp previously used, or altering the
6 written figures or letters or cancellation marks on internal revenue
7 stamps;

8 “(c) Possessing false, counterfeit, restored or altered stamps, labels
9 or tags or causing the commission of any such offense by another;

10 “(d) Selling or offering for sale any box or package containing
11 articles subject to excise tax with false, spurious or counterfeit
12 stamps or labels or selling from any such fraudulent box, package or
13 container as aforementioned; or

14 “(e) Giving away or accepting from another, or selling, buying
15 or using containers on which the stamps are not completely destroyed.

16 **“PROVIDED, THAT THE CUMULATIVE POSSESSION OF**
17 **FALSE/COUNTERFEIT/RECYCLED TAX STAMPS IN EXCESS OF**
18 **THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000.00) BE**
19 **PUNISHED BY A FINE OF FIVE HUNDRED MILLION PESOS**
20 **(P500,000,000.00) OR UP TO FIVE TIMES THE VALUE OF THE**
21 **ILLEGAL STAMPS SEIZED AND A MINIMUM OF TEN (10) YEARS**
22 **IMPRISONMENT.”**

23 **SEC. 7.** Section 288(C) of the NIRC, as amended by RA 10963 is hereby further
24 amended, to read as follows:

25 **“SEC. 288. Disposition of Incremental Revenues. -**

26 **“(A) x x x**

27 **“(B) x x x**

1 “(C) *Incremental Revenues from the Excise Tax on Alcohol and Tobacco*

2 *Products.* –

3 “After deducting the allocations under Republic Act Nos. 7171 and
4 8240, eighty percent (80%) of the remaining balance of the incremental
5 revenue derived from this Act shall be allocated for the [universal health
6 care under the National Health Insurance Program, the attainment of the
7 millennium development goals and health awareness programs]
8 **IMPLEMENTATION OF REPUBLIC ACT NO. 11223, OTHERWISE**
9 **KNOWN AS THE UNIVERSAL HEALTH CARE ACT OF 2019;** and
10 twenty percent (20%) shall be allocated nationwide, based on political and
11 district subdivisions, for medical assistance, [and health enhancement
12 facilities program] **THE HEALTH FACILITIES ENHANCEMENT**
13 **PROGRAM (HFEP), AND PROGRAMS ON HUMAN RESOURCE**
14 **DEVELOPMENT, TRAINING AND SALARY INCREASES OF**
15 **HEALTH PERSONNEL,** the annual requirements of which shall be
16 determined by the Department of Health (DOH).

17 “x x x

18 “Notwithstanding any provisions herein to the contrary, the
19 incremental revenues from the tobacco taxes under this Act shall be
20 subject to Section 3 of Republic Act No. 7171, otherwise known as "An Act
21 to Promote the Development of the Farmer in the Virginia Tobacco
22 Producing Provinces", and Section 8 of Republic Act No. 8240, otherwise
23 known as "An Act Amending Sections 138, 140, & 142 of the National
24 Internal Revenue Code, As Amended, and for other Purposes".

25 “x x x”

26 **SEC. 8. *Implementing Rules and Regulations.*** – Within thirty (30) days from the
27 effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the

1 Commissioner of Internal Revenue, promulgate the necessary rules and regulations for
2 its effective implementation.

3 **SEC. 9. *Separability Clause.*** – If any provision of this Act is subsequently
4 declared invalid or unconstitutional, the other provisions hereof which are not affected
5 thereby shall remain in full force and effect.

6 **SEC. 10. *Repealing Clause.*** – All laws, decrees, ordinances, rules and
7 regulations, executive or administrative orders, and such other presidential issuances
8 that are inconsistent with any of the provisions of this Act are hereby repealed,
9 amended or otherwise modified accordingly.

10 **SEC. 11. *Effectivity.*** - This Act shall take effect on January 1, 2020 following its
11 complete publication in the *Official Gazette* or in at least one (1) newspaper of general
12 circulation.

13 *Approved,*