

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 292

HOUSE OF REPRESENTATIVES

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Introduced by Representatives
Horacio P. Suansing, Jr. and Estrellita B. Suansing

EXPLANATORY NOTE

This bill seeks to impose an excise tax of Ten pesos (Php 10.00) on sugar sweetened beverages, the rate of which shall be increased by four percent (4%) every year thereafter effective on January 1, 2017, by inserting a new section in the National Internal Revenue Code.


This measure is proposed to provide additional revenue collections for our country, which will then be allocated for the following purposes: (a) fifty percent (50%) to the General Fund; (b) twenty percent (20%) to the Department of Health for provision of medicines and medical assistance for diabetes and other non-communicable diseases through provincial and district hospitals as well as for health and wellness promotion; (c) twenty percent (20%) to the Department of Education to provide public schools and sports facilities access to potable water and health awareness programs; (d) three percent (3%) to the Department of Interior and Local Government under the Sagana at Ligtas Na Tubig Sa Lahat (SALINTUBIG) and Grassroots Participatory Planning and Budgeting (GPPB) Priority LGUs; (e) three percent (3%) to the Food and Drug Administration to support the implementation of its mandate to ensure the safety, efficacy or quality of health products; (f) two percent (2%) to the Food and Nutrition Research Institute, and (g) two percent (2%) shall accrue to the Bureau of Internal Revenue for tax administration.

This house bill is timely in its submission as one of the new administration's policies is to pursue reforms in income tax rates.¹ It is expected that there will be a setback in revenues as a result of such policy. This bill hopes to offset some of that setback.

This bill has been filed during the 16th Congress as House Bill No. 3365, with the final version approved by the Committee on Ways and Means.

¹ Rappler.com, Transition team bares Duterte's 8-point economic agenda, 12 May 2016

In view of the foregoing, immediate approval of this bill is earnestly sought.


HON. HORACIO P. SUANSING, JR.
2nd District, Sultan Kudarat


HON. ESTRELLITA B. SUANSING
1st District, Nueva Ecija

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**Introduced by Representatives
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**AN ACT
IMPOSING EXCISE TAX ON SUGAR SWEETENED BEVERAGES BY
INSERTING A NEW SECTION 150-A IN THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED**

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

1 SECTION 1. A new section designated as Section 150-A under Chapter
2 VI Title VI of the National Internal Revenue Code (NIRC) of 1997, as
3 amended, is inserted to read as follows:

4 "SEC. 150-A. **SUGAR SWEETENED BEVERAGES.** -

5 A. **RATE AND BASE OF TAX.** - THERE SHALL BE LEVIED,
6 ASSESSED AND COLLECTED ON SUGAR SWEETENED BEVERAGES
7 PER LITER OF VOLUME CAPACITY, AN EXCISE TAX OF TEN PESOS
8 (PhP 10.00).

9 THE RATE OF TAX IMPOSED UNDER THIS SECTION SHALL BE
10 INCREASED BY FOUR PERCENT (4%) EVERY YEAR THEREAFTER
11 EFFECTIVE ON JANUARY 1, 2017 THROUGH REVENUE
12 REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

13 AS USED IN THIS ACT:

1 1. SUGAR SWEETENED BEVERAGE (SSB) REFERS TO A NON-
2 ALCOHOLIC BEVERAGE THAT CONTAINS CALORIC
3 SWEETENERS OR ADDED SUGAR OR ARTIFICIAL/NON-CALORIC
4 SWEETENER. IT MAY BE IN LIQUID FORM, SYRUP OR
5 CONCENTRATES OR A SOLID MIXTURE, THAT IS ADDED TO
6 WATER OR OTHER LIQUIDS TO MAKE A DRINK, AND SHALL
7 INCLUDE THE FOLLOWING:

- 8 a) SOFT DRINKS, SODA, POP, SODA POP: NON-ALCOHOLIC,
9 FLAVORED, CARBONATED OR NON-CARBONATED
10 BEVERAGES;
- 11 b) FRUIT DRINKS, PUNCHES OR ADES: SWEETENED
12 BEVERAGES CONSISTING OF DILUTED FRUIT JUICE;
- 13 c) SPORTS DRINKS: BEVERAGES DESIGNED TO HELP
14 ATHLETES REHYDRATE, AS WELL AS REPLENISH
15 ELECTROLYTES, SUGAR AND OTHER NUTRIENTS;
- 16 d) SWEETENED TEA AND COFFEE DRINKS: TEAS AND
17 COFFEES TO WHICH CALORIC AND NON CALORIC
18 SWEETENERS HAVE BEEN ADDED;
- 19 e) ENERGY DRINKS: CARBONATED DRINKS THAT CONTAIN
20 LARGE AMOUNTS OF CAFFEINE, SUGAR AND OTHER
21 INGREDIENTS, SUCH AS VITAMINS, AMINO ACIDS AND
22 HERBAL STIMULANTS; AND
- 23 f) ALL NON-ALCOHOLIC BEVERAGES THAT ARE READY-TO-
24 DRINK AND IN POWDER FORM WITH ADDED NATURAL OR
25 ARTIFICIAL SUGAR.

1 . 2. *CALORIC SWEETENER* REFERS TO A SUBSTANCE THAT IS
2 SWEET AND INCLUDES SUCROSE, FRUCTOSE, INCLUDING HIGH
3 FRUCTOSE CORN SWEETENER, GLUCOSE OR ANY ARTIFICIAL
4 SUGAR SUBSTITUTE THAT PRODUCES A DESIRED SWEETNESS.

5 3. *ARTIFICIAL SWEETENER* REFERS TO A SUBSTANCE THAT IS
6 USED IN PLACE OF SWEETENERS CONTAINING SUGAR OR SUGAR
7 ALCOHOLS, THAT IS ALTERNATIVELY CALLED SUGAR
8 SUBSTITUTE, NON-NUTRITIVE SWEETENER AND NON-CALORIC
9 SWEETENER. IT PROVIDES SWEETNESS TO FOODS AND DRINKS
10 BUT ARE NON-CALORIC. ARTIFICIAL SWEETENER IS A
11 CHEMICALLY PROCESSED SUBSTANCE WHICH CAN BE DIRECTLY
12 ADDED TO FOOD OR DURING ITS PREPARATION, SUCH AS,
13 ASPARTAME, SUCRALOSE, SACCHARIN, STEVIA, ACESULFAME K,
14 NEOTAME, MONK FRUIT AND CYCLAMATES.

15 **B. EXCLUSIONS.** - THE FOLLOWING ARE EXCLUDED FROM THE
16 SCOPE OF THIS ACT:

17 1. ONE HUNDRED PERCENT (100%) NATURAL FRUIT JUICES -
18 ORIGINAL LIQUID RESULTING FROM THE PRESSING OF
19 FRUIT, THE LIQUID RESULTING FROM THE RECONSTITUTION
20 OF NATURAL FRUIT JUICE CONCENTRATE, OR THE LIQUID
21 RESULTING FROM THE RESTORATION OF WATER TO
22 DEHYDRATED NATURAL FRUIT JUICE THAT DO NOT HAVE
23 ADDED SUGAR OR CALORIC SWEETENER;

24 2. ONE HUNDRED PERCENT (100%) NATURAL VEGETABLE
25 JUICES - ORIGINAL LIQUID RESULTING FROM THE

1 PRESSING OF VEGETABLES, THE LIQUID RESULTING FROM
2 THE RECONSTITUTION OF NATURAL VEGETABLE JUICE
3 CONCENTRATE, OR THE LIQUID RESULTING FROM THE
4 RESTORATION OF WATER TO DEHYDRATED NATURAL
5 VEGETABLE JUICE THAT DO NOT HAVE ADDED SUGAR OR
6 CALORIC SWEETENER.

7 3. YOGURT AND FRUIT FLAVORED YOGURT BEVERAGES WITH
8 PURE FRUIT AND VEGETABLE JUICE OR CONCENTRATE;

9 4. MEAL REPLACEMENT BEVERAGES (MEDICAL FOOD), AS
10 WELL AS WEIGHT LOSS PRODUCT. ANY LIQUID OR POWDER
11 DRINK/PRODUCT FOR ORAL NUTRITIONAL THERAPY FOR
12 PERSONS WHO CANNOT ABSORB OR METABOLIZE DIETARY
13 NUTRIENTS FROM FOOD OR BEVERAGES, OR AS A SOURCE
14 OF NECESSARY NUTRITION USED DUE TO A MEDICAL
15 CONDITION AND AN ORAL ELECTROLYTE SOLUTION FOR
16 INFANTS AND CHILDREN FORMULATED TO PREVENT
17 DEHYDRATION DUE TO ILLNESS; AND

18 5. ALL MILK PRODUCTS, INFANT FORMULA AND MILK
19 ALTERNATIVES, SUCH AS SOY MILK OR ALMOND MILK,
20 INCLUDING FLAVORED MILK, SUCH AS CHOCOLATE MILK.

21 **C. REPORTORIAL REQUIREMENT AND PENALTY.**

22 1. **REPORTORIAL REQUIREMENT.** - MANUFACTURERS AND
23 IMPORTERS OF SSBs SHALL, WITHIN THIRTY (30) DAYS FROM
24 THE EFFECTIVITY OF THIS ACT, AND WITHIN THE FIRST FIVE
25 (5) DAYS OF EVERY THIRD MONTH THEREAFTER, SUBMIT TO

1 THE COMMISSIONER A SWORN STATEMENT OF THE
2 VOLUME OF SALES FOR EACH PARTICULAR BRAND OF SSB
3 SOLD AT THEIR ESTABLISHMENT FOR THE THREE-MONTH
4 PERIOD IMMEDIATELY PRECEDING.

5 2. **PENALTY.** - UPON FINAL FINDINGS BY THE COMMISSIONER
6 THAT ANY MANUFACTURER OR IMPORTER, IN VIOLATION OF
7 THIS SECTION, MISDECLARES OR MISREPRESENTS IN THE
8 SWORN STATEMENT HEREIN REQUIRED, ANY PERTINENT
9 DATA OR INFORMATION, THE PENALTY OF SUMMARY
10 CANCELLATION OR WITHDRAWAL OF THE PERMIT TO
11 ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF
12 SSBs, SHALL BE IMPOSED.

13 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE
14 FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF
15 THIS SECTION SHALL BE FINED TREBLE THE AMOUNT OF
16 DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH
17 MAY BE ASSESSED PURSUANT TO THIS SECTION.

18 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
19 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY
20 LIABLE AND PENALIZED UNDER SECTION 254 OF THE
21 NATIONAL INTERNAL REVENUE CODE OF 1997, AS
22 AMENDED. ANY PERSON WHO WILLFULLY AIDS OR ABETS IN
23 THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL
24 BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE
25 PRINCIPAL.

1 IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER
2 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE
3 SENTENCE WITHOUT FURTHER PROCEEDINGS FOR
4 DEPORTATION.”

5 **SEC. 2. *Specific Responsibility of the Food and Drug***
6 ***Administration (FDA).*** The FDA shall require all manufacturers and
7 importers to state on the label that caloric or non-caloric sweetener is added
8 to the SSBs.

9 The FDA shall examine the SSBs to determine the caloric and non
10 caloric sweetener content of the SSBs as specified on the label before these
11 products are sold in the market. It shall also require all manufacturers and
12 importers of SSBs in powder form to indicate on the label, the equivalent of
13 each serving (number of scoops, teaspoons or tablespoons) per liter of
14 volume capacity.

15 The FDA shall also conduct random inspection of the SSBs on display
16 in supermarkets, groceries or retail stores to determine compliance with the
17 requirements of this Act.

18 **SEC. 3. *Health Promotion Fund.*** – The revenue to be collected
19 under this Act shall be allocated for the following purposes

- 20 a. Fifty percent (50%) of the tax collection shall accrue to the General
21 Fund and the remaining fifty (50%) shall be allocated as follows:
- 22 b. Twenty percent (20%) shall accrue to the Department of Health for
23 the provision of medicine and medical assistance for diabetes and
24 other non communicable diseases through Provincial or District
25 Hospitals as well as for health and wellness promotion;

- 1 c. Twenty Percent (20%) shall accrue to the Department of Education
2 to provide public schools and sports facilities access to potable
3 water and for the community-based prevention programs or
4 campaigns against obesity, diabetes, dental caries and other diet-
5 related health awareness programs using educational,
6 environmental, policy and other public health approaches;
- 7 d. Three percent (3%) shall accrue to the Department of Interior and
8 Local Government for the provision of potable water supply under
9 its Sagana at Ligtas Na Tubig Sa Lahat (SALINTUBIG) Program and
10 Grassroots Participatory Planning and Budgeting (GPPB) Priority
11 LGUs;
- 12 e. Two percent (2%) shall accrue to the Food and Nutrition Research
13 Institute for research and development program;
- 14 f. Two percent (2%) shall accrue to the Bureau of Internal Revenue
15 for tax administration; and
- 16 g. Three percent (3%) shall accrue to the Food and Drug
17 Administration under the Department of Health to support the
18 implementation of its mandate to ensure the safety, efficacy or
19 quality of health products as defined by Republic Act No. 9711,
20 otherwise known as the "Food and Drug Administration Act of
21 2009."

22 **SEC. 4. Prohibited Acts.** – It shall be unlawful for any person to
23 mislabel, and falsely declare the caloric and non-caloric sweetener content of
24 the SSBs handled or manufactured for sale, offered for sale, distributed in
25 commerce, or imported into the Philippines.

1 **SEC. 5. *Penalty.*** – Any person who shall violate Section 4 of this Act
2 shall suffer the penalties provided under Section 38 of Republic Act No.
3 10611, otherwise known as the, “Food Safety Act of 2013.”

4 **SEC. 6. *Implementing Rules and Regulations.*** – Within ninety (90)
5 days from the approval of this Act, the Secretary of Finance, upon
6 consultation with the Secretary of Budget and the Management,
7 Commissioner of the Bureau Internal Revenue and the Administrator of the
8 Food and Drug Administration shall promulgate the necessary rules and
9 regulations for the effective implementation of this Act: Provided, That, the
10 failure of the Secretary of Finance to promulgate the said rules and
11 regulations shall not prevent the implementation of this Act upon its
12 effectivity.

13 **SEC. 7. *Separability Clause.*** – If any part of this Act shall be held
14 unconstitutional or invalid, other parts not otherwise affected thereby shall
15 remain in force and effect.

16 **SEC. 8. *Repealing Clause.*** All laws, decrees, resolutions, orders , or
17 ordinances or parts thereof inconsistent with this Act are hereby repealed,
18 amended or modified accordingly.

19 **SEC. 9. *Effectivity.*** This Act shall take effect fifteen (15) days after
20 its publication in the Official Gazette or in one newspaper of general
21 circulation.

22 *Approved,*