SECTION 1. Title VI, Chapter III, Excise Tax on Alcohol Products, of the National Internal Revenue Code (NIRC) of 1997, as amended, is hereby further amended to read as follows:

"CHAPTER III

"EXCISE TAX ON ALCOHOL PRODUCTS

"SEC. 141. Distilled Spirits. — On distilled spirits, subject to the provisions of Section 133 of this Code, an excise tax shall be levied, assessed and collected based on the following schedules:

[(a) Effective on January 1, 2013

"(1) An ad valorem tax equivalent to fifteen percent (15%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and

"(2) In addition to the ad valorem tax herein imposed, a specific tax of Twenty pesos (P20.00) per proof liter.]

[(b) Effective on January 1, 2015

"(1) An ad valorem tax equivalent to twenty percent (20%) of the net retail price (excluding the excise tax and the value-added tax) per proof; and

"(2) In addition to the ad valorem tax herein imposed, a specific tax of Twenty pesos (P20.00) per proof liter.]

[(c) In addition to the ad valorem tax herein imposed, the specific tax rate of Twenty pesos (P20.00) imposed under this Section shall be increased by
four percent (4%) every year thereafter effective on January 1, 2016, through revenue regulations issued by the Secretary of Finance.

(A) Effective January 1, 2020

(1) An AD VALOREM TAX EQUIVALENT TO TWENTY-TWO PERCENT (22%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND

(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY-FIVE PESOS (P35.00) PER PROOF LITER.

(B) Effective January 1, 2021

(1) An AD VALOREM TAX EQUIVALENT TO TWENTY-TWO PERCENT (22%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND

(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A SPECIFIC TAX OF FORTY PESOS (P40.00) PER PROOF LITER.

(C) Effective January 1, 2022

(1) An AD VALOREM TAX EQUIVALENT TO TWENTY-TWO PERCENT (22%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND

(2) IN ADDITION TO THE AD VALOREM TAX HEREIN IMPOSED, A SPECIFIC TAX OF FORTY-FIVE PESOS (P45.00) PER PROOF LITER.

(D) In addition to the AD VALOREM TAX HEREIN IMPOSED, THE SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY SEVEN PERCENT (7%) EVERY YEAR THEREAFTER, EFFECTIVE JANUARY 1, 2023, THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

"Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient.

"This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

"‘Spirits or distilled spirits’ is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures.

"‘Proof spirits’ is liquor containing one-half (1/2) of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten thousandths
(0.7939) at fifteen degrees centigrade (15°C). A ‘proof liter’ means a liter of proof spirits.

“Net retail price’ shall mean the price at which the distilled spirits is 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 distilled spirits which are marketed outside Metro Manila, the ‘net retail price’ shall mean the price at which the distilled spirits is 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. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue (BIR) through a price survey.

“Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the National Statistics Office, and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: Provided, finally, That in case a particular distilled spirit is not sold in major supermarkets, the price survey can be conducted in retail outlets where said distilled spirit is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.

“Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the Bureau of Internal Revenue (BIR), and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: Provided, finally, That in case a particular distilled spirit is not sold in major supermarkets, the price survey can be conducted in retail outlets where said distilled spirit is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.

The net retail price shall be determined by the Bureau of Internal Revenue (BIR) through a biannual price survey under oath.

The methodology and all pertinent documents used in the conduct of the latest price survey shall be submitted to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRIP) created under Republic Act No. 8240.
“Understatement of the suggested net retail price by as much as fifteen percent (15%) of the actual net retail price shall render the manufacturer or importer liable for additional excise tax equivalent to the tax due and difference between the understated suggested net retail price and the actual net retail price.

“Distilled spirits introduced in the domestic market after the effectivity of this Act shall be initially taxed according to their suggested net retail prices.

“Suggested net retail price’ shall mean the net retail price (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) at which locally manufactured or imported distilled spirits are intended by the manufacturer or importer to be sold on retail in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three (3) months from the product launch, the Bureau of Internal Revenue shall validate the suggested net retail price of the new brand against the net retail price as defined herein and initially determine the correct tax on a newly introduced distilled spirits. After the end of nine (9) months from such validation, the Bureau of Internal Revenue shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax on a newly introduced distilled spirits.

[“All distilled spirits existing in the market at the time of the effectivity of this Act shall be taxed according to the tax rates provided above based on the latest price survey of the distilled spirits conducted by the Bureau of Internal Revenue.”]

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

“Manufacturers and importers of distilled spirits shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every third month thereafter, submit to the Commissioner a sworn statement of the volume of sales AND REMOVALS for each particular brand of distilled spirits sold at his establishment for the three-month period immediately preceding.

“Any manufacturer or importer who, in violation of this Section, misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon final findings by the Commissioner that the violation was committed, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of distilled spirits.
“Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.

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

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

“SEC. 142. Wines. - On wines, there shall be collected [per liter of volume capacity] effective on January 1, 2013] JANUARY 1, 2020, the following excise taxes:

“(a) Sparkling wines[champagnes] regardless of proof[, if the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) is]:

[(1) Five hundred pesos (P500.00) or less – Two hundred fifty pesos (P250.00); and
(2) More than Five hundred pesos (P500.00) – Seven hundred pesos (P700.00).]

“(1) An AD VALOREM TAX EQUIVALENT TO FIFTEEN PERCENT (15%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER LITER; AND

“(2) IN ADDITION TO THE AD VALOREM TAX HEREBIN IMPOSED, A SPECIFIC TAX OF SIX HUNDRED NINETY-SIX PESOS (P696.00) PER LITER.

“The specific tax imposed herein shall be increased by seven percent (7%) every year thereafter, effective on January 1, 2021, through revenue regulations to be issued by the Secretary of Finance.

“[(b) Still wines and carbonated wines containing fourteen percent (14%) of alcohol by volume or less, Thirty pesos (P30.00); and
(c) Still wines and carbonated wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, Sixty pesos (P60.00).]

“(b) Still wines and carbonated wines regardless of proof:

“(1) An AD VALOREM TAX EQUIVALENT TO FIFTEEN PERCENT (15%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER LITER; AND
"(2) In addition to the ad valorem tax herein imposed, a specific tax of Sixty pesos (P60.00) per liter."

"The rates of tax imposed under this Section shall be increased by [four percent (4%) seven percent (7%) every year thereafter effective on [January 1, 2014] January 1, 2021, through revenue regulations to be issued by the Secretary of Finance.

"Provided, that cooking wines containing a salt content of not less than 1.5 G/100 ml shall not be subject to the tax imposed herein.

["Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits. 'Fortified wines' shall mean natural wines to which distilled spirits are added to increase their alcohol strength.]

"'Net retail price' shall mean the price at which sparkling wine[champagne] is 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. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue (BIR) through a price survey.

["Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the National Statistics Office, and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: Provided, finally, That in case a particular sparkling wine/champagne is not sold in major supermarkets, the price survey can be conducted in retail outlets where said sparkling wine/champagne is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue.]

"Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the Bureau of Internal Revenue (BIR), and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, that no two (2)
SUPERMARKETS IN THE LIST TO BE SURVEYED
ARE AFFILIATED AND/OR BRANCHES OF EACH
OTHER: PROVIDED, FINALLY, THAT IN CASE A
PARTICULAR SPARKLING WINE IS NOT SOLD IN
MAJOR SUPERMARKETS, THE PRICE SURVEY CAN
BE CONDUCTED IN RETAIL OUTLETS WHERE SAID
SPARKLING WINE IS SOLD IN METRO MANILA OR
THE REGION, AS THE CASE MAY BE, UPON THE
DETERMINATION OF THE COMMISSIONER OF INTERNAL
REVENUE.

"The net retail price shall be determined by the
Bureau of Internal Revenue through a BIANNUAL price
survey under oath.

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

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

"Sparkling wines[champagnes] introduced in the
domestic market after the effectivity of this Act shall be
initially tax classified according to their suggested net
retail prices.

"Suggested net retail price' shall mean the net
retail price (EXCLUDING THE EXCISE TAX AND THE
VALUE-ADDED TAX) at which locally manufactured or
imported sparkling wines[champagnes] are intended
by the manufacturer or importer to be sold on retail in
major supermarkets or retail outlets in Metro Manila
for those marketed nationwide, and in other regions,
for those with regional markets. At the end of three (3)
months from the product launch, the Bureau of Internal
Revenue shall validate the suggested net retail price
of the sparkling wine[champagne] against the net
retail price as defined herein and initially determine the
correct tax bracket to which a newly introduced
sparkling wine[champagne] shall be classified. After
the end of nine (9) months from such validation,
the Bureau of Internal Revenue shall revalidate the
initially validated net retail price against the net
retail price as of the time of revalidation in order
to finally determine the correct tax bracket to which
a newly introduced sparkling wine[champagne] shall
be classified.

"The proper tax classification of sparkling
wines[champagnes], whether registered before or after
the effectivity of this Act, shall be determined every
two (2) years from the date of effectivity of this Act.
"All sparkling wines/champagnes existing in the market at the time of the effectivity of this Act shall be classified according to the net retail prices and the tax rates provided above based on the latest price survey of the sparkling wines/champagnes conducted by the Bureau of Internal Revenue."

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

"Manufacturers and importers of wines shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales AND REMOVALS for each particular brand of wine[s] sold at [his] THEIR establishments for the three-month period immediately preceding.

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

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

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

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

"SEC. 143. ALCOPOPS AND Fermented Liquors. – There shall be levied, assessed and collected an excise tax on ALCOPOPS, beer, lager beer, ale, porter and other fermented liquors except tuba, basi, tapuy and similar fermented liquors in accordance with the following schedule:

["Effective on January 1, 2013

"(a) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fifty pesos and sixty centavos (P50.60) or less, the tax shall be Fifteen pesos (P15.00) per liter; and

"(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity
is more than Fifty pesos and sixty centavos (P50.60),
the tax shall be Twenty pesos (P20.00) per liter.]  

["Effective on January 1, 2014
(a) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is Fifty pesos and sixty centavos (P50.60) or less, the tax
shall be Seventeen pesos (P17.00) per liter; and
(b) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is more than Fifty pesos and sixty centavos (P50.60),
the tax shall be Twenty-one pesos (P21.00) per liter.]  

["Effective on January 1, 2015
(a) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is Fifty pesos and sixty centavos (P50.60) or less, the tax
shall be Nineteen pesos (P19.00) per liter; and
(b) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is more than Fifty pesos and sixty centavos (P50.60),
the tax shall be Twenty-two pesos (P22.00) per liter.]  

["Effective on January 1, 2016
(a) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is Fifty pesos and sixty centavos (P50.60) or less, the tax
shall be Twenty-one pesos (P21.00) per liter; and
(b) If the net retail price (excluding the excise
tax and the value-added tax) per liter of volume capacity
is more than Fifty pesos and sixty centavos (P50.60),
the tax shall be Twenty-three pesos (P23.00) per liter.]  

["Effective on January 1, 2017, the tax on all
fermented liquors shall be Twenty-three pesos and fifty
centavos (P23.50) per liter.]  

"Effective on January 1, 2020, the tax on all
alcopops and fermented liquors shall be
thirty-two pesos (P32.00) per liter.
"Effective on January 1, 2021, the tax on all
alcopops and fermented liquors shall be
thirty-four pesos (P34.00) per liter.
"Effective on January 1, 2022, the tax on all
alcopops and fermented liquors shall be
thirty-six pesos (P36.00) per liter.
The specific tax rates imposed herein
shall be applied to all alcopops and fermented
liquors regardless if manufactured in factories
or sold and brewed at micro-breweries or small
establishments such as pubs and restaurants.
The rates of tax imposed under this Section shall
be increased by [four percent (4%)] seven percent
(7%) every year thereafter effective on [January 1,
2018.] January 1, 2023, through revenue regulations
issued by the Secretary of Finance. [However, in case
of fermented liquors affected by the ‘no downward
reclassification" provision prescribed under this Section, the four percent (4%) increase shall apply to their respective applicable tax rates."

"ALCOPOPS" SUCH AS, BUT NOT LIMITED TO, 'ALCOMIXES', 'COOLERS', 'SPIRIT COOLERS', 'WINE COOLERS', 'CRUISERS', AND 'BREEZERS', SHALL MEAN PRE-MIXED AND READY-TO-DRINK ALCOHOLIC BEVERAGES WITH ALCOHOL CONTENT OF LESS THAN TEN PERCENT (10%) ALCOHOL BY VOLUME AND WHICH ALCOHOL IS FROM MALT OR WINES OR A DISTILLATION PROCESS.

["Fermented liquors which are brewed and sold at micro-breweries or small establishments such as pubs and restaurants shall be subject to the rate of Twenty-eight pesos (P28.00) per liter effective on January 1, 2013: Provided, That this rate shall be increased by four percent (4%) every year thereafter effective on January 1, 2014, through revenue regulations issued by the Secretary of Finance."

["Fermented liquors introduced in the domestic market after the effectiveness of this Act shall be initially tax classified according to their suggested net retail prices."

["Suggested net retail price" shall mean the net retail price at which locally manufactured or imported fermented liquor are intended by the manufacturer or importer to be sold on retail in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three (3) months from the product launch, the Bureau of Internal Revenue shall validate the suggested net retail price of the newly introduced fermented liquor against the net retail price as defined herein and initially determine the correct tax bracket to which a newly introduced fermented liquor, as defined above, shall be classified. After the end of nine (9) months from such validation, the Bureau of Internal Revenue shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax bracket which a newly introduced fermented liquor shall be classified."

["Net retail price" shall mean the price at which the fermented liquor is sold on retail in at least five (5) major supermarkets in Metro Manila (for brands of fermented liquor marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For brands which are marketed outside Metro Manila, the 'net retail price' shall mean the price at which the fermented liquor is 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.]
"Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the National Statistics Office, and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: Provided, finally, That in case a particular fermented liquor is not sold in major supermarkets, the price survey can be conducted in retail outlets where said fermented liquor is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal Revenue."

"The net retail price shall be determined by the Bureau of Internal Revenue (BIR) through a price survey under oath."

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

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

"Any downward reclassification of present categories, for tax purposes, of fermented liquors duly registered at the time of the effectivity of this Act which will reduce the tax imposed herein, or the payment thereof, shall be prohibited."

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

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

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

"Every brewer or importer of fermented liquor shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn
statement of the volume of sales AND REMOVALS for
each particular brand of fermented liquor sold at his
establishment for the three-month period immediately
preceding.

"Any brewer or importer who, in violation of this
Section, misdeclares or misrepresents in his or its sworn
statement herein required any pertinent data or
information shall, upon final findings by the
Commissioner that the violation was committed, be
penalized by a summary cancellation or withdrawal of
his or its permit to engage in business as brewer or
importer of fermented liquor.

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

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

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

SEC. 2. Section 144 of the National Internal Revenue Code
of 1997, as amended by Republic Act No. 11346 is hereby amended
to read as follows:

"SEC. 144. [(A) Tobacco Products.] TOBACCO
PRODUCTS, HEATED TOBACCO PRODUCTS, AND VAPOR
PRODUCTS. —

"(A) TOBACCO PRODUCTS. — x x x

"(B) Heated Tobacco Products. — There shall be
levied, assessed and collected on heated tobacco
products an excise tax at the rate prescribed below:

"(1) [Ten pesos (P10.00)] FORTY-FIVE PESOS
(P45.00) per pack of twenty (20) units or packaging
combinations of not more than twenty (20) units
effective on January 1, 2020[ ];

"FIFTY PESOS (P50.00) PER PACK OF TWENTY (20)
UNITS OR PACKAGING COMBINATIONS OF
NOT MORE THAN TWENTY (20) UNITS EFFECTIVE ON
JANUARY 1, 2021;

"FIFTY-FIVE PESOS (P55.00) PER PACK OF
TWENTY (20) UNITS OR PACKAGING COMBINATIONS OF
NOT MORE THAN TWENTY (20) UNITS EFFECTIVE ON
JANUARY 1, 2022;

"SIXTY PESOS (P60.00) PER PACK OF TWENTY (20)
UNITS OR PACKAGING COMBINATIONS OF
NOT MORE THAN TWENTY (20) UNITS EFFECTIVE ON
JANUARY 1, 2023;
"(2) PROVIDED THAT [T]he rates of tax imposed under this Subsection shall be increased by five percent (5%) every year effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance.

"x x x

"Manufacturers, distributors, and importers of heated tobacco products shall, within thirty (30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand of heated tobacco products sold for the three-month period immediately preceding.

"x x x

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

"SELLING OF HEATED TOBACCO PRODUCTS AT A PRICE LOWER THAN THE COMBINED EXCISE AND VALUE-ADDED TAXES IMPOSED UNDER THIS ACT SHALL BE PROHIBITED. THE SELLER OF SUCH PRODUCTS SHALL BE PUNISHED WITH A FINE OF NOT LESS THAN TEN (10) TIMES THE AMOUNT OF EXCISE PLUS VALUE-ADDED TAXES DUE BUT NOT LESS THAN TWO

HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00), AND IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT MORE THAN SIX (6) YEARS.

"THE BUREAU OF INTERNAL REVENUE (BIR) IS MANDATED TO ISSUE A REVENUE REGULATION PRESCRIBING THE FLOOR PRICE OR THE MINIMUM PRICE OF HEATED TOBACCO PRODUCT TAKING INTO ACCOUNT THE SUM OF THE EXCISE AND VALUE-ADDED TAXES AS PROVIDED HEREIN.

"x x x

"(C) Vapor Products. – [There shall be levied, assessed and collected on vapor products an excise tax at the rates prescribed below:] VAPOR PRODUCT SHALL INCLUDE NICOTINE SALT OR SALT NICOTINE, AND CONVENTIONAL ‘FREEBASE’ OR ‘CLASSIC’ NICOTINE, AND OTHER SIMILAR PRODUCTS AS MAY BE DETERMINED BY REVENUE REGULATION:

"[(1) Effective on January 1, 2020, individual cartridge, refill, pod, or container of vapor products containing liquid solutions or gel sold in the following quantities:]

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Excise tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 ml to 10.00 ml</td>
<td>Ten pesos (P10.00)</td>
</tr>
<tr>
<td>10.01 ml to 20.00 ml</td>
<td>Twenty pesos (P20.00)</td>
</tr>
<tr>
<td>20.01 ml to 30.00 ml</td>
<td>Thirty pesos (₱30.00)</td>
</tr>
<tr>
<td>----------------------</td>
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</tr>
<tr>
<td>30.01 ml to 40.00 ml</td>
<td>Forty pesos (₱40.00)</td>
</tr>
<tr>
<td>40.01 ml to 50.00 ml</td>
<td>Fifty pesos (₱50.00)</td>
</tr>
</tbody>
</table>
| More than 50.00 ml   | Fifty pesos (₱50.00)  
|                      | plus Ten pesos (₱10.00) for every additional 10.00 ml |

"(1) NICOTINE SALT OR SALT NICOTINE. — THERE SHALL BE LEVIED, ASSESSED AND COLLECTED ON ANY LIQUID SUBSTANCE REGARDLESS OF NICOTINE CONTENT, INCLUDING NICOTINE-FREE LIQUIDS OR ANY SIMILAR PRODUCT USED IN ANY OF THE DEVICES LISTED IN SUBSECTION 150(D) OF THIS ACT, FURTHER CLASSIFIED AS NICOTINE SALT OR SALT NICOTINE AN EXCISE TAX BASED ON THE FOLLOWING SCHEDULES:

"Effective on January 1, 2020, Thirty pesos (₱30.00) per milliliter or a fraction thereof;

"Effective on January 1, 2021, Thirty-five pesos (₱35.00) per milliliter or a fraction thereof;

"Effective on January 1, 2022, Forty pesos (₱40.00) per milliliter or a fraction thereof;

"Effective on January 1, 2023, Forty-five pesos (₱45.00) per milliliter or a fraction thereof;

"[Provided that] The rates of tax imposed under this Subsection shall be increased by five percent (5%) every year effective January 1, 2024, through revenue regulations issued by the Secretary of Finance.

"(2) CONVENTIONAL 'FREEBASE' OR 'CLASSIC' NICOTINE. — THERE SHALL BE LEVIED, ASSESSED AND COLLECTED ON ANY LIQUID SUBSTANCE, REGARDLESS OF NICOTINE CONTENT, INCLUDING NICOTINE-FREE LIQUID OR ANY SIMILAR PRODUCT USED IN ANY OF THE DEVICES LISTED IN SUBSECTION 150(D) OF THIS ACT, FURTHER CLASSIFIED AS CONVENTIONAL 'FREEBASE' OR 'CLASSIC' NICOTINE AN EXCISE TAX BASED ON THE FOLLOWING SCHEDULES:

"Effective on January 1, 2020, Four pesos and fifty centavos (₱4.50) per milliliter or a fraction thereof;

"Effective on January 1, 2021, Five pesos (₱5.00) per milliliter or a fraction thereof;

"Effective on January 1, 2022, Five pesos and fifty centavos (₱5.50) per milliliter or a fraction thereof;

"Effective on January 1, 2023, Six pesos (₱6.00) per milliliter or a fraction thereof;

"Provided that the rates of tax imposed under this subsection shall be increased by five percent (5%) every year effective January 1, 2024, through revenue regulations to be issued by the Secretary of Finance.

"The manufacture, importation, sale and distribution of vapor products with flavoring
OTHER THAN PLAIN TOBACCO OR PLAIN MENTHOL, SHALL BE PROHIBITED.

"Manufacturers, distributors, and importers of vapor products shall be required to indicate on the package the actual volume in milliliters of the liquid solutions and gels.

"x x x"

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

"SELLING OF VAPOR PRODUCTS AT A PRICE LOWER THAN THE COMBINED EXCISE AND VALUE-ADDED TAXES IMPOSED UNDER THIS ACT SHALL BE PROHIBITED. THE SELLER OF SUCH PRODUCTS SHALL BE PUNISHED WITH A FINE OF NOT LESS THAN TEN (10) TIMES THE AMOUNT OF EXCISE TAX PLUS VALUE-ADDED TAX DUE BUT NOT LESS THAN TWO HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00), AND IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT MORE THAN SIX (6) YEARS.

"THE BUREAU OF INTERNAL REVENUE (BIR) IS MANDATED TO ISSUE A REVENUE REGULATION PRESCRIBING THE FLOOR PRICE OR THE MINIMUM PRICE OF VAPOR PRODUCTS TAKING INTO ACCOUNT THE SUM OF THE EXCISE TAX AND VALUE-ADDED TAX AS PROVIDED HEREIN.

"x x x."

SEC. 3. Section 147 of the National Internal Revenue Code of 1997, as amended by Republic Act 11346 is hereby amended to read as follows:

"SEC. 147. Definition of Terms. – x x x

"x x x

"(f) 'Vapor products' shall mean any liquid solution or gel which contains nicotine that transforms into an aerosol without combustion through the employment of a mechanical heating element, battery or circuit that can be used to heat such solution or gel, and includes but is not limited to, a cartridge, a tank, and the device without a cartridge or tank. It is commonly known as 'e-liquids' for 'e-cigarettes'. IT INCLUDES NICOTINE SALT OR SALT NICOTINE, AND CONVENTIONAL 'FREEBASE' OR 'CLASSIC' NICOTINE, AND OTHER SIMILAR PRODUCTS. It also includes electronic nicotine and non-nicotine delivery systems (ENDS/ENNDS) which are combinations of non-tobacco containing e-liquids or refills which contain up to sixty-five milligrams per milliliter (65mg/ml) of nicotine in the e-liquid or refill and an electronic delivery device to produce an aerosol, mist or vapor that users inhale by mimicking the act of smoking."

"x x x"
"(g) The term 'salt nicotine' or 'nicotine salt' shall refer to liquid substances compatible for use with low-wattage devices under Section 150(D) of this Act, with a lower alkalinity due to the addition of substances such as benzoic acid, or other similar substances.

"(h) The term conventional 'freebase' or 'classic' nicotine shall refer to liquid substances compatible for use with devices under Section 150(D) of this Act not falling under the definition of 'salt nicotine' or 'nicotine salt'."

SEC. 4. Section 150 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"Sec. 150. Non-essential Goods. – x x x

"(a) x x x

"(b) x x x

"(c) Yachts and other vessels intended for pleasure or sports[1]; and

"(d) Tobacco heating systems and electronic or mechanical cigarette devices, which include, but are not limited to, electronic and/or non-electronic nicotine delivery systems, e-cigarettes, vapes, vaporizers, vaping systems, tank system, mods, and e-hookahs, or any similar product, as may be determined by revenue regulation, and any mandatory component thereof excluding batteries, chargers, and charging cables when sold separately. However, if batteries, chargers, charging cords, and other accessories are sold or packaged together with a tobacco heating or electronic or mechanical cigarette device as one saleable item, the value thereof shall form part of the wholesale price or the value of importation."

SEC. 5. Section 152 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"Sec. 152. Extent of Supervision Over Establishments Producing Taxable Output. – The BIR has authority to supervise establishments where articles subject to excise tax are made or kept. The Secretary of Finance shall prescribe rules and regulations in which the process of production shall be conducted insofar as may be necessary to secure a sanitary output and to safeguard revenue, such rules and regulations to safeguard revenue may allow the appointment of third parties to monitor production and removal processes and volumes, and the exclusion of excisable goods from duty-free barter transactions.

"In the case of tobacco products, any internal revenue officer may, in the discharge of his official duties, upon order of the court, enter any house, building or place, including those located within areas deemed as separate customs territories where articles subject to
TAX UNDER THIS TITLE ARE PRODUCED OR KEPT, OR ARE
BELIEVED BY HIM UPON REASONABLE GROUNDS TO BE
PRODUCED OR KEPT, SO FAR AS MAY BE NECESSARY TO
EXAMINE, DISCOVER OR SEIZE THE SAME."

SEC. 6. Section 263 of the National Internal Revenue Code
of 1997, as amended, is hereby amended to read as follows:

"SEC. 263. Unlawful Possession or Removal of
Articles Subject to Excise Tax Without Payment of the
Tax. — Any person who owns and/or is found in
possession of imported articles subject to excise tax, the
tax on which has not been paid in accordance with law,
or any person who owns and/or is found in possession of
imported tax-exempt articles other than those to whom
they are legally issued shall be punished by:

"(a) A fine of not less than One hundred thousand
pesos (P100,000.00) but not more than Two hundred
thousand pesos (P200,000.00) and imprisonment of not
less than sixty (60) days but not more than one hundred
(100) days if the appraised value, to be determined in the
manner prescribed in Republic Act No. 10863, otherwise
known as the ‘Customs Modernization and Tariff Act
(CMTA)’, including duties and taxes, of the articles
does not exceed Two hundred fifty thousand pesos
(P250,000.00); Provided, That if the appraised value,
including duties and taxes, does not exceed Ten thousand
pesos (P10,000.00), the penalty shall only be a fine of
Twelve thousand pesos (P12,000.00);"

"(b) x x x
"x x x.

SEC. 7. Section 265 of the National Internal Revenue Code
of 1997, as amended, is hereby amended to read as follows:

"SEC. 265. Offenses Relating to Stamps. — Any
person who commits any of the acts enumerated
hereunder shall, upon conviction thereof, be punished
by a fine of not less than Ten million pesos
(P10,000,000.00) but not more than Five hundred
million pesos (P500,000,000.00) and imprisonment of
not less than five (5) years but not more than eight
(8) years:

"(a) x x x;
"(b) x x x
"(c) x x x
"(d) x x x
"(e) x x x

"Provided, That the cumulative possession of
false/counterfeit/recycled tax stamps in excess of the
amount of Fifty million pesos (P50,000,000.00) shall be
punishable by a fine of Five hundred million pesos
(P500,000,000.00) or up to ten (10) times the value of
the illegal stamps seized, whichever is higher, and
imprisonment of not less than ten (10) years but not
more than fifteen (15) years."

"Provided, finally, That if the cumulative value
of false/counterfeit/recycled tax stamps does not
exceed Ten thousand pesos (P10,000.00), the penalty
shall only be a fine in the amount of Twelve thousand
pesos (P12,000.00).]

Sec. 8. Section 288-A of the National Internal Revenue
Code of 1997, as amended, is hereby amended to read as follows:

"Sec. 288-A. Disposition of Revenues from Excise
Tax on Sugar-Sweetened Beverages, Alcohol, Tobacco
Products, Heated Tobacco Products, and Vapor
Products. —

(A) x x x

(B) Revenues from Excise Tax on Alcohol
Products. — The provisions of existing laws to the
contrary notwithstanding, [fifty percent (50%)] ONE
HUNDRED PERCENT (100%) of the total revenues
collected from the excise tax on alcohol products shall be
allocated and used exclusively in the following manner:

(1) Eighty percent (80%) [to PhilHealth] for
the implementation of Republic Act No. 11223,
otherwise known as the 'Universal Health Care Act
of 2019'; and

(2) Twenty percent (20%) shall be allocated
nationwide, based on political and district subdivisions,
for medical assistance, the Health Facilities
Enhancement Program (HFEP), the annual
requirements of which shall be determined by the DOH;

x x x x.

Sec. 9. A new Section 290-A is hereby added in the National
Internal Revenue Code of 1997, as amended, to read as follows:

"Sec. 290-A. A joint congressional
oversight committee, herein referred to as
the Oversight Committee on Illicit Trade on
Excisable Products, shall be constituted. The
Oversight Committee on Illicit Trade on
Excisable Products shall be composed of the
respective chairpersons of the committees on
ways and means of the Senate and the House of
Representatives as co-chairpersons and six (6)
additional members from each House to be
designated respectively by the Senate
President and the Speaker of the House of
Representatives.

The Oversight Committee on Illicit Trade
on Excisable Products shall, in aid of
legislation, perform the following duties and
functions, among others:

(1) Review and evaluate the programs and
performance of the Bureau of Internal Revenue
and the Bureau of Customs in addressing illicit
trade on excisable products and recommend
necessary remedial legislation;

(2) Require concerned government
agencies to submit reports and all pertinent
data and information which will aid in resolving
illicit trade of excisable products;
“(3) HOLD PUBLIC HEARINGS AND SUMMON
CONCERNED PRIVATE INDIVIDUALS, GOVERNMENT
PERSONNEL AND OFFICIALS AS RESOURCE PERSONS;

“(4) DEPUTIZE THE BUREAU OF INTERNAL
REVENUE, BUREAU OF CUSTOMS, THE PHILIPPINE
NATIONAL POLICE, THE NATIONAL BUREAU OF
INVESTIGATION AND OTHER ENFORCEMENT AGENCIES
OF THE GOVERNMENT AS MAY BE NECESSARY IN
UNDERTAKING ITS DUTIES AND FUNCTIONS; AND

“(5) PERFORM SUCH OTHER DUTIES AND
FUNCTIONS AS MAY BE NECESSARY TO PERFORM ITS
MANDATE.

THE JOINT CONGRESSIONAL OVERSIGHT
COMMITTEE SHALL BE ASSISTED BY A SECRETARIAT
COMPOSED OF EVEN NUMBER OF MONITORS FROM
BOTH HOUSES. IT SHALL BE CO-HEADED BY THE
SERVICE DIRECTORS OF THE COMMITTEES ON WAYS
AND MEANS OF THE SENATE AND THE HOUSE OF
REPRESENTATIVES.”

SEC. 10. Implementing Rules and Regulations. — The
Secretary of Finance shall, upon the recommendation of the
Commissioner of Internal Revenue, promulgate the necessary rules
and regulations for the effective implementation of this Act.

SEC. 11. Separability Clause. — If any provision of this Act
shall be held unconstitutional or invalid, the other provisions
not otherwise affected shall remain in full force and effect.

SEC. 12. Repealing Clause. — All laws, decrees, executive
orders, rules and regulations or parts thereof which are contrary

to or inconsistent with this Act are hereby repealed, amended
or modified accordingly.

SEC. 13. Effectivity. — This Act shall take effect on
January 1, 2020 after its complete publication either in the
Official Gazette or in a newspaper of general circulation.

Approved.