

H. No. 1026  
S. No. 1074

Republic of the Philippines  
Congress of the Philippines  
Metro Manila  
Eighteenth Congress  
First Regular Session

---

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand nineteen.

[ REPUBLIC ACT NO. **11467** ]

AN ACT AMENDING SECTIONS 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, AND 288-A, AND ADDING A NEW SECTION 290-A TO REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AND FOR OTHER PURPOSES

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

SECTION 1. Section 109 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 109. *Exempt Transactions.* - (1)  
Subject to the provisions of Subsection 2 hereof, the following transactions shall be exempt from the value-added tax:

“(A) x x x

“x x x

“(Z) x x x

“(AA) Sale or importation of prescription drugs and medicines for:

“(i) Diabetes, high cholesterol, and hypertension beginning January 1, 2020; and

“(ii) Cancer, mental illness, tuberculosis, and kidney diseases beginning January 1, 2023.

“*Provided*, That the DOH shall issue a list of approved drugs and medicines for this purpose within sixty (60) days from the effectivity of this Act; and

“(BB) x x x.”

SEC. 2. 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 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 Forty-two pesos (P42.00) 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-seven pesos (P47.00) 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 Fifty-two pesos (P52.00) per proof liter.

“(D) Effective January 1, 2023

“(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 Fifty-nine pesos (P59.00) per proof liter.

“(E) Effective January 1, 2024

“(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 Sixty-six pesos (P66.00) per proof liter.

“(F) In addition to the *ad valorem* tax herein imposed, the specific tax imposed under this Section shall be increased by six percent (6%) every year thereafter, effective January 1, 2025, 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 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 Bureau of Internal Revenue, 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 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 (COCCTRP) 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.

“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 their establishments for the three-month period immediately preceding.

“x x x.”

“SEC. 142. *Wines.* – On wines, there shall be levied, assessed and collected effective on January 1, 2020, an excise tax equivalent to Fifty pesos (P50.00) per liter. The rate of tax imposed under this Section shall be increased by six percent (6%) every year thereafter, effective January 1, 2021, through revenue regulations issued by the Secretary of Finance.

“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 sold at their establishments for the three-month period immediately preceding.

“x x x.”

“SEC. 143. *Fermented Liquors.* – There shall be levied, assessed and collected an excise tax on beer, lager beer, ale, porter and other fermented liquors regardless if manufactured in factories or sold and brewed at micro-breweries or small establishments such as pubs and restaurants, except *tuba*, *basi*, *tapuy* and similar fermented liquors in accordance with the following schedule:

“Effective on January 1, 2020, the tax shall be Thirty-five pesos (P35.00) per liter;

“Effective on January 1, 2021, the tax shall be Thirty-seven pesos (P37.00) per liter;

“Effective on January 1, 2022, the tax shall be Thirty-nine pesos (P39.00) per liter;

“Effective on January 1, 2023, the tax shall be Forty-one pesos (P41.00) per liter; and

“Effective on January 1, 2024, the tax shall be Forty-three pesos (P43.00) per liter.

“The rates of tax imposed under this Section shall be increased by six percent (6%) every year thereafter effective January 1, 2025, through revenue regulations issued by the Secretary of Finance.

“Every brewer, manufacturer 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, 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 brewer, manufacturer or importer of fermented liquor.

“x x x.”



SEC. 3. 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. 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:*

*“Effective on January 1, 2020, Twenty-five pesos (P25.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;*

*“Effective on January 1, 2021, Twenty-seven pesos and fifty centavos (P27.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units;*

*“Effective on January 1, 2022, Thirty pesos (P30.00) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units; and*

*“Effective on January 1, 2023, Thirty-two pesos and fifty centavos (P32.50) per pack of twenty (20) units or packaging combinations of not more than twenty (20) units.*

*“The 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

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

“The Food and Drug Administration (FDA) shall periodically determine and regulate, consistent with evolving medical and scientific studies, the manufacture, importation, sale, packaging, advertising, and distribution of heated tobacco products, including banning the sale to nonsmokers or persons below twenty-one (21) years old.

“Selling heated tobacco products to persons below twenty-one (21) years old shall be prohibited, and shall be punished with a fine of Ten thousand pesos (P10,000.00) and imprisonment of thirty (30) days.

“x x x

“Manufacturers, distributors, importers, and sellers of heated tobacco products are given a period of eighteen (18) months from the effectivity of the implementing rules and regulations (IRR) of this Act to comply with the requirements under such IRR.

“x x x

“The Bureau of Internal Revenue 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.

“(C) *Vapor Products*. – There shall be levied, assessed and collected on vapor products an excise tax at the rates prescribed below:

“(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, further classified as nicotine salt or salt nicotine, an excise tax based on the following schedules:

“Effective on January 1, 2020, Thirty-seven pesos (P37.00) per milliliter or a fraction thereof;

“Effective on January 1, 2021, Forty-two pesos (P42.00) per milliliter or a fraction thereof;

“Effective on January 1, 2022, Forty-seven pesos (P47.00) per milliliter or a fraction thereof; and

“Effective on January 1, 2023, Fifty-two pesos (P52.00) 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 on 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, further classified as conventional ‘freebase’ or ‘classic’ nicotine an excise tax based on the following schedules:

“Effective on January 1, 2020, Forty-five pesos (P45.00) per ten (10) milliliters or a fraction thereof;

“Effective on January 1, 2021, Fifty pesos (P50.00) per ten (10) milliliters or a fraction thereof;

“Effective on January 1, 2022, Fifty-five pesos (P55.00) per ten (10) milliliters or a fraction thereof; and

“Effective on January 1, 2023, Sixty pesos (P60.00) per ten (10) milliliters 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.

“x x x

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

“The FDA shall periodically determine and regulate, consistent with evolving medical and scientific studies, the manufacture, importation, sale, packaging, advertising, and distribution of vapor products, including banning the sale to nonsmokers or persons below twenty-one (21) years old, and banning of flavorings.

“*Provided*, That vapor products which exceed sixty-five milligrams of nicotine per milliliter (65 mg/ml) of liquid or gel, or which does not exceed this limit but seeks to make health claims, shall be subject to additional requirements as the DOH and

the FDA may impose: *Provided, however,* That this shall not diminish the regulatory powers of the FDA over vapor products, regardless of nicotine content.

“Selling vapor products to persons below twenty-one (21) years old shall be prohibited, and shall be punished with a fine of Ten thousand pesos (P10,000.00) and imprisonment of thirty (30) days.

“The manufacture, importation, sale and distribution of vapor products with flavoring other than plain tobacco or plain menthol, shall be prohibited.

“x x x

“Manufacturers, distributors, importers, and sellers of vapor products are given a period of eighteen (18) months from the effectivity of the IRR of this Act to comply with the requirements under such IRR.

“x x x

“The Bureau of Internal Revenue 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.”

SEC. 4. Section 147 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 11346 is hereby amended to read as follows:

“SEC. 147. *Definition of Terms.* – x x x

“x x x

“(f) Vapor products shall mean electronic nicotine and non-nicotine delivery systems (ENDS/ENNDS), which are combinations of (i) a liquid

solution or gel, that transforms into an aerosol without combustion through the employment of a mechanical or electronic heating element, battery or circuit that can be used to heat such solution or gel, and includes, but is not limited to (ii) a cartridge, (iii) a tank, and (iv) the device without a cartridge or tank. It is commonly known as nicotine salt/salt nicotine, and conventional 'freebase' or 'classic' nicotine, and other similar products: *Provided*, That all vapor products shall be covered by this Act regardless of its nicotine content."

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

"SEC. 152. *Extent of Supervision Over Establishments Producing Taxable Output.* – The Bureau of Internal Revenue 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 exciseable 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, insofar 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 further 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);*

*“(b) x x x*

*“x x x.”*

SEC. 7. Section 263-A of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

*“SEC. 263-A. Selling of Heated Tobacco Products and Vapor Products at a Price Lower Than the Combined Excise and Value-Added Taxes. – Any person who sells heated tobacco products and vapor products at a price lower than the combined excise and value-added taxes 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.”

SEC. 8. Section 265 of the National Internal Revenue Code of 1997, as amended, is hereby further 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.”

SEC. 9. 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 Sweetened Beverages, Alcohol, Tobacco*



*Products, Heated Tobacco Products, and Vapor Products.* –

“(A) *Revenues from Excise Tax on Sweetened Beverages from Republic Act No. 10963.* – The provisions of existing laws to the contrary notwithstanding, fifty percent (50%) of the total revenues collected from the excise tax on sweetened beverages shall be allocated and used exclusively in the following manner:

“x x x

“(B) *Revenues from Excise Tax on Alcohol Products.* – The provisions of existing laws to the contrary notwithstanding, 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) Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the ‘Universal Health Care Act’ of 2019;

“(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; and

“(3) Twenty percent (20%) shall be allocated for the attainment of the Sustainable Development Goals (SDGs): *Provided*, That the specific SDG targets shall be determined by the National Economic and Development Authority (NEDA).

“x x x

“(D) *Revenues from Excise Tax on Heated Tobacco Products and Vapor Products.* – The provisions of existing laws to the contrary

notwithstanding, one hundred percent (100%) of the total revenues collected from the excise tax on heated tobacco products and vapor products shall be allocated and used exclusively in the following manner:

“(1) Sixty percent (60%) for the implementation of Republic Act No. 11223, otherwise known as the ‘Universal Health Care Act’ of 2019;

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

“(3) Twenty percent (20%) shall be allocated for the attainment of the Sustainable Development Goals (SDGs): *Provided*, That the specific SDG targets shall be determined by the NEDA.

“x x x

“*Provided, further*, That the allocation for Universal Health Care under Section 288-A shall be based on the collection of the second fiscal year preceding the current fiscal year.”

SEC. 10. 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. *Joint Congressional Oversight Committee on Illicit Trade on Excisable Products.* – 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, Philippine National Police, 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. 11. *Annual Report.* – Government agencies and offices involved in the implementation of the Universal Health Care and the SDGs shall each submit to the Congressional Oversight Committee created under Republic Act No. 8424, as amended by Republic Act No. 10351, a detailed report on the expenditure of the amounts earmarked in this Act on the first week of August every year. The reports shall be simultaneously published in the *Official Gazette* and in the agencies’ websites.

SEC. 12. *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. 13. *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. 14. *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. 15. *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.

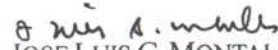
Approved,

VICENTE C. SOTTO III  
*President of the Senate*

ALAN PETER S. CAYETANO  
*Speaker of the House  
of Representatives*

This Act which is a consolidation of House Bill No. 1026 and Senate Bill No. 1074 was passed by the House of Representatives and the Senate of the Philippines on December 18, 2019.

  
MYRA MARIE D. VILLARICA  
*Secretary of the Senate*

  
JOSE LUIS G. MONTALES  
*Secretary General  
House of Representatives*

Approved: JAN 22 2020



  
RODRIGO ROA DUTERTE  
*President of the Philippines*



O



MALACAÑAN PALACE  
MANILA

JAN 22 2020

**THE HONORABLE SPEAKER**  
**and Members of the House of Representatives**  
House of Representatives  
Batasan Hills, Quezon City

Ladies and Gentlemen:

In accordance with my firm commitment to uplift the lives of the Filipino people, I hereby sign into law **Republic Act (RA) No. 11467**, entitled:

**"AN ACT AMENDING SECTIONS 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, AND 288-A, AND ADDING A NEW SECTION 290-A TO REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AND FOR OTHER PURPOSES."**

The passage of the bill increasing the excise taxes on alcohol, heated tobacco and vapor products, and expanding the coverage of value-added tax -exempt sales and importation of medicines, is a welcome development in the government's efforts to protect the public's health from the ill effects of sin products, and in ensuring equitable access and affordable healthcare services to every Filipino through the additional revenues for the implementation of Republic Act No. 11223, otherwise known as the Universal Health Care (UHC) Act.

However, I am constrained to **veto Section 5** of the measure, which amends the second paragraph of Section 152 of the National Internal Revenue Code (NIRC) as this unduly curtails the search and seizure powers of the Bureau of Internal Revenue (BIR). The phrase "upon order of the court" unnecessarily requires the BIR, in the exercise of its mandate to examine, search, and seize under Section 171 of the NIRC, as amended, to secure an order from the court before its officers may be allowed to enter any house, building, or place where tobacco, heated tobacco, and vapor products are produced or kept, or are believed to be produced or kept. Such restriction does not exist with respect to any other taxable article.

Under Section 27(2) of Article VI in the 1987 Constitution, the President may veto particular items in an appropriation, revenue, or tariff bill, but the veto shall not affect the item or items to which he does not object. This power covers items of appropriation, revenue, tariff, as well as inappropriate provisions in the measure. As such, I hereby register the **item veto of Section 5** of the measure which was intended to further amend Section 152 of the NIRC, as it effectively curtails the

THE PRESIDENT OF THE PHILIPPINES

power of the State to collect taxes, and renders powerless the BIR to effectively implement enforcement mechanisms against illicit tobacco products.

I commend the wisdom of Congress in acknowledging the unregulated manufacture, proliferation, distribution and use of heated tobacco products and vapor products in the country, and accordingly establishing a framework for the regulation thereof by the Food and Drug Administration (FDA). Given such framework, and considering that the Implementing Rules and Regulations mentioned in the bill will be limited to a revenue measure that will be issued by the Secretary of Finance upon the recommendation of the BIR, the members of Congress may be pleased to note that I am instructing the FDA to formulate the intended regulatory framework, and the relevant agencies to immediately operationalize the same upon issuance.

I am confident that the multi-tiered effect of this law as a cost-effective health measure to reduce smoking and alcohol consumption among Filipinos support the UHC Act. Coupled with its positive impact in improving domestic resource mobilization, this measure will significantly reinforce and advance this administration's commitment to provide a better quality of life for every Filipino.

I VETO

Very truly yours,



Copy furnished:

**Sen. Vicente C. Sotto III**

Senate President  
The Philippine Senate  
Pasay City

**Sec. Adelino B. Sitoy**

Head  
Presidential Legislative Liaison Office  
2/F New Executive Bldg.  
Malacañang, Manila

