

**[ REPUBLIC ACT NO. 8240, November 22, 1996 ]**

**AN ACT AMENDING SECTIONS 138, 139, 140 AND 142 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES**

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

SECTION 1. Section 138 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 138. Distilled Spirits. – On distilled spirits, there shall be collected, subject to the provisions of Section 130 of this Code, specific taxes as follows:

"(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup, or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, Eight pesos (P8): *Provided*, That if produced in a pot still or other similar primary distilling apparatus by a distiller producing not more than 100 liters a day, containing not more than fifty percent (50%) of alcohol by volume, per proof liter, Four pesos (P4);

"(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be in accordance with the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) as follows:

"(1) Less than Two hundred and fifty pesos (P250)  
– Seventy-five pesos (P75), per proof liter;

"(2) Two hundred and fifty pesos (P250) up to Six hundred and seventy-five pesos (P675) – One hundred and fifty pesos (P150), per proof liter; and

"(3) More than Six hundred and seventy-five pesos (P675) – Three hundred pesos (P300), per proof liter.

"(c) 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 1/2 of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirtynine ten thousandths (0.7939) at fifteen degrees centigrade. A proof liter means a liter of proof spirits.

"The rates of tax imposed under this section shall be increased by twelve percent (12%) on January 1, 2000.

"New brands shall be classified according to their current net retail price.

"For the above purpose, net retail price shall mean the price at which the distilled spirit is sold on retail in 10 major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax as of October 1, 1996.

"The classification of each brand of distilled spirits based on the average net retail price as of October 1, 1996, as set forth in Annex 'A', shall remain in force until revised by Congress."

SEC. 2. Section 139 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 139. Wines. – On wines, there shall be collected per liter of volume capacity, the following taxes:

"(a) Sparkling wines/champagnes regardless of proof, if the net retail price per bottle (excluding the excise tax and the value-added tax) is:

"(1) Five hundred pesos (P500) or less – One hundred pesos (P100); and

"(2) More than Five hundred pesos (P500) – Three hundred pesos (P300);

"(b) Still wines containing fourteen percent (14%) of alcohol by volume or less, Twelve pesos (P12); and

"(c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, Twenty-four pesos (P24).

"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 alcoholic strength.

"The rates of tax imposed under this section shall be increased by twelve percent (12%) on January 1, 2000.

"New brands shall be classified according to their current net retail price.

"For the above purpose, net retail price shall mean the price at which wine is sold on retail in 10 major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax as of October 1, 1996.

"The classification of each brand of wines based on its average net retail price as of October 1, 1996, as set forth in Annex 'B', shall remain in force until revised by Congress."

SEC. 3. Section 140 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 140. Fermented Liquor. – There shall be levied, assessed and collected a specific tax on beer, lager beer, ale, porter, and other fermented liquors except tuba, basi, tapuy and similar domestic fermented liquors in accordance with the following schedule:

"(a) If the net retail price (excluding the specific tax and value-added tax) per liter of volume capacity is less than Fourteen pesos and fifty centavos (P14.50), the tax shall be Six pesos and fifteen centavos (P6.15) per liter;

"(b) If the net retail price (excluding the specific tax and the value-added tax) per liter of volume capacity is Fourteen pesos and fifty centavos (P14.50) up to Twenty-two pesos

(P22), the tax shall be Nine pesos and fifteen centavos (P9.15) per liter;

"(c) If the net retail price (excluding the specific tax and the value-added tax) per liter of volume capacity is more than Twenty- two pesos (P22), the tax shall be Twelve pesos and fifteen centavos (P12.15) per liter.

"Variants of existing brands which are introduced in the domestic market after the effectivity of this Act shall be taxed under the highest classification of any variant of that brand.

"Fermented liquor which are brewed and sold at microbreweries or small establishments such as pubs and restaurants shall be subject to the rate in paragraph (c) hereof.

"The specific tax from any brand of fermented liquor within the next three (3) years from the effectivity of this Act shall not be lower than the tax which was due from each brand on October 1, 1996.

"The rates of specific tax on fermented liquor under paragraphs (a), (b) and (c) hereof shall be increased by twelve percent (12%) on January 1, 2000.

"New brands shall be classified according to their current net retail price.

"For the above purpose, net retail price shall mean the price at which the fermented liquor is sold on retail in 20 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 only outside Metro Manila, the net retail price shall mean the price at which the fermented liquor is sold in five major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax.

"The classification of each brand of fermented liquor based on its average net retail price as of October 1, 1996, as set forth in Annex 'C,' shall remain in force until revised by Congress.

"A variant of a brand shall refer to a brand on which a modifier is prefixed and/or suffixed to the root name of the brand and/or a different brand which carries the same logo or design of the existing brand.

"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 of Internal Revenue a sworn statement of the volume of sales 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, knowingly