



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE  
Quezon City

December 13, 1996

REVENUE REGULATIONS NO. 2-97

SUBJECT : Revenue Regulations Governing Excise Taxation on Distilled Spirits, Wines and Fermented Liquors

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. Scope - Pursuant to Sections 4 and 245 of the Tax Code, as amended, these Revenue Regulations are hereby promulgated to prescribe the guidelines and procedures to implement Republic Act 8240, amending Sections 138, 139 and 140 of the same Code prescribing the specific tax rates and method of computing the excise tax on fermented liquor and increasing the specific tax rates for distilled spirits and wines.

SECTION 2. Definition of Terms - For purposes of these regulations, the following words and phrases shall have the meaning indicated below:

1. Act - Republic Act No. 8240.
2. Alcohol Products - refer to distilled spirits, wines and fermented liquor as provided for in Sections 138, 139 and 140 respectively, of the Tax Code as amended by the Act.
3. Duly registered or existing brands of alcohol products - shall include duly registered, existing or active brands of alcohol products, prior to January 1, 1997.
4. Fortified Wines - refer to natural wines to which distilled spirits are added to increase their alcoholic strength.
5. Fermented Liquor - refers to beer, lager beer, ale, porter, and other fermented liquor such as draft beer, and other similar products.
6. Gauge Liter (G.L.) - the actual volume of the liquor measured in liter.
7. Medicinal Preparations - refer to flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water,

I. Distilled Spirits

- (a) If produced from 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, proof liter, Eight pesos (P 8.00): *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 (P 4.00);
- (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 ( P250.00) - SEVENTY-FIVE PESOS (P75.00), per proof liter;
  - (2) Two hundred and fifty pesos ( P250.00) up to Six hundred and seventy-five pesos (P675.00) - ONE HUNDRED AND FIFTY PESOS (P150.00), per proof liter; and
  - (3) More than Six hundred and seventy-five pesos (P 675.00) - THREE HUNDRED PESOS (P 300.00), 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.

II. 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 (P500.00) or less - ONE HUNDRED PESOS (P100.00); and
  - (2) More than Five hundred pesos (P500.00) - THREE HUNDRED PESOS (P300.00);
- (b) Still Wines containing fourteen percent (14%) of alcohol by volume or less, TWELVE PESOS (P12.00);
- (c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by

Swing	86	0.645	742.43	193.50
Glenlivet	86	0.645	713.31	193.50
Johnny Walker Blue Label	86	0.645	697.43	193.50
II. De-Luxe (Medium Priced)				@ 150.00
Cardhu	80	0.600	674.47	90.00
St George	80	0.600	654.00	90.00
Teachers	86	0.645	608.87	96.75
Canadian Club	80	0.600	580.38	90.00
Chivas Regal	86	0.645	548.93	96.75
Cutty Sark	86	0.645	546.68	96.75
Black Label	86	0.645	535.43	96.75
Asbach Urali	70	0.525	413.63	78.75
Something Special	86	0.645	382.43	96.75
Famous Gruise	86	0.645	360.83	96.75
Ballantines	86	0.645	358.58	96.75
Bush Mills	86	0.645	352.28	96.75
J & B	86	0.645	342.38	96.75
Red Label	86	0.645	310.43	96.75
Jim Beam	86	0.645	501.43	96.75
Black & White	86	0.645	283.43	96.75
White Rosa	86	0.645	274.43	96.75
III. Standard (Low-Priced)				@ 75.00
Vat 59	86	0.645	247.43	48.38
White Mackay	86	0.645	238.43	48.38
Napolcon	84	0.630	226.80	47.25
Passport Scotch	86	0.645	224.93	48.38
Fundador	72	0.540	223.65	40.50
Scottish Leader	80	0.600	219.30	45.00
Smirnoff	80	0.600	216.30	45.00
Veterano Osborne	72	0.540	192.60	40.50
Cossack	86	0.645	179.93	48.38
Borzoi	80	0.600	177.00	45.00
Bonnie Clyde	80	0.600	141.00	45.00
John Lint	80	0.600	139.20	45.00
Loyal Lodge	80	0.600	123.90	45.00
Wolfschmt	80	0.600	118.50	45.00
Rossia	80	0.600	106.80	45.00
Gordon Gin	90	0.675	54.32	50.63

B. WINES

Brands / Type of Spirits (all in 750 ml. Bottle)	Retail Price excl. VAT & Excise Tax Per Bottle	Specific Tax Rate 1/1/97
Sparkling Wines/Champagnes (Regardless of Proof)		
Mumm Cordon Rouge Vintage	1,558.00	300.00
Mumm Cordon Rouge R.	937.00	300.00
Mumm Cordon Rouge R.	490.60	100.00
Perrier Jouet	937.00	300.00
Perrier Jouet	496.00	100.00
Still Wines		
a. 14% proof or less		
B&G Partager Blanc	150.00	12.00

5. **Fermented Liquor** - refers to beer, lager beer, ale, porter, and other fermented liquor such as draft beer, and other similar products.
6. **Gauge Liter (G.L.)** - the actual volume of the liquor measured in liter.
7. **Medicinal Preparations** - refer to 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, an example of which is rubbing alcohol.
8. **Metro Manila and Regions** - shall mean the political sub-divisions of Metro Manila and other Regions as provided for by the Local Government Code.
9. **Net Retail Price** - means the price, excluding the amount of excise tax imposed under Section 138, 139 and 140 and the value added tax, both of the Tax Code, as amended, at which alcohol products are sold on retail.
- a. **Current Net Retail Price** - shall mean for distilled spirits and wine, the net retail price at which the alcohol products are sold in retail in ten (10) major supermarkets or retail outlets in Metro Manila; and for fermented liquor, the price at which it is sold on retail in twenty (20) major supermarkets or retail outlets in Metro Manila marketed nationally, and for brands which are marketed only outside Metro Manila, the price at which it is sold on retail in five (5) major supermarkets or retail outlets in the region.
- b. **Suggested Net Retail Price** - shall mean the net retail price at which new brands of locally manufactured or imported alcohol products are intended by 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.
10. **New Brands** - shall mean brands registered after January 1, 1997 and shall include previously registered, but inactive brands of alcohol products.
11. **Proof Liter (P.L.)** - means a liter of proof spirits.
12. **Proof Spirits** - is liquor containing ½ of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty nine ten thousand (0.7939) at fifteen degrees centigrade.
13. **Removal from the place of production** - shall mean removal from the company premises as indicated in the approved plot and plan where the distillery or brewery is located.
14. **Sparkling Wine** - is an effervescent table wine usually white but

- (1) Five hundred pesos (P500.00) or less - ONE HUNDRED PESOS (P100.00); and
- (2) More than Five hundred pesos (P500.00) - THREE HUNDRED PESOS (P300.00);

- (b) Still Wines containing fourteen percent (14%) of alcohol by volume or less, TWELVE PESOS (P12.00);
- (c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, TWENTY-FOUR PESOS (P24.00).

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.

III. **Fermented Liquor** - 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 (P22.00), 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 (P22.00), the tax shall be TWELVE PESOS AND FIFTEEN CENTAVOS (P12.15) per liter.
- (d) For fermented liquor which are brewed and sold at micro-breweries or micro brew pubs, the tax shall be TWELVE PESOS AND FIFTEEN CENTAVOS (P12.15) per liter.

IV. Beginning January 1, 2000, the rates of specific tax on distilled spirits, wines and fermented liquor under paragraphs (I), (II) and (III) hereof shall be increased by twelve percent (12%).

**SECTION 4. Classification and Manner of Taxation of Existing Brands, New Brands and Variants of Existing Brands.**

**A. Existing Brand**

The classification of existing brands of distilled spirits, wines and fermented liquor, as well as their respective specific tax per liter based on its average net retail price as of October 1, 1996, are set forth hereunder:

**A. DISTILLED SPIRITS**

**A-1 Local Distilled Spirits Brands Produced From Sap of Nipa, Coconut, etc. covered by Section 138 (b)**

Sparkling Wines/Champagnes (Regardless of Proof)		
Mumm Cordon Rouge Vintage	1,558.00	300.00
Mumm Cordon Rouge R.	937.00	300.00
Mumm Cordon Rouge R.	490.60	100.00
Perrier Jouet	937.00	300.00
Perrier Jouet	496.00	100.00
Still Wines		
a. 14% proof or less		
B&G Partager Blanc	150.00	12.00
B&G Partager	150.00	12.00
b. More than 14% proof		
B&G Chardonnay	338.50	24.00
B&G Cabernet	338.50	24.00
B&G Partger St Emillion	437.50	24.00
B&G Partger Medoc	271.00	24.00
B&G Partger Beaujolais	239.50	24.00
B&G Partger Chablisy	546.40	24.00
B&G Partger Poeirily	581.50	24.00
B&G Chateau Neuf du Pape	442.00	24.00

**C. FERMENTED LIQUOR**

Brands/ Type	Retail Price excl. VAT & Excise Tax Per Liter	Current Excise Tax Per Liter	Specific Tax Rate 1/1/97
<b>High Priced Brands</b>			
RPT in cans 330 ml. (24)	26.20	12.52	12.52
Premium Bottles 355 ml. (24)	37.17	18.50	18.50
Premium Can 330 ml. (24)	42.24	19.91	19.91
Carlsberg Beer Can 330 ml. (24)	26.10	13.43	13.43
Stag Beer in Cans 330 ml. (24)	24.32	12.40	12.40
Beer in Cans 330 ml. (24)	22.92	11.36	12.15
<b>Medium Priced Brands</b>			
Super Dry 355 ml. (24)	20.36	9.36	9.36
Keg 30 liters	17.38	7.90	9.15
Keg 50 liters	17.38	7.90	9.15
Pale Pilsen 320 ml. (24)	16.34	8.30	9.15
Grande 1000 ml. (6)	14.75	7.58	9.15
Cerveza Negra 320 ml. (24)	16.27	8.35	9.15
Blue Ice	16.68	7.80	9.15
Carlsberg Beer 330 ml. (24)	16.01	7.97	9.15
Carlsberg Draft Keg 30 liters	17.68	7.61	9.15
Carlsberg Draft Keg 15 liters	17.68	7.61	9.15
Labatt Ice Beer 330 ml.	19.09	9.98	9.98
<b>Low Priced Brands</b>			
Gold Eagle 320 ml. (24)	11.39	5.95	6.15
Mucho 750 ml. (6)	13.88	5.65	6.15
Red Horse 500 ml.	13.95	7.07	7.07
RH Stallion 330 ml. (24)	13.73	6.80	6.80
Texas	12.37	5.62	6.15
Eer Pale Pilsen 320 ml. (24)	11.26	5.77	6.15
Stag Beer 320 ml. (24)	12.42	6.08	6.15
Manila Beer Litro 1000 ml. (6)	12.61	5.57	6.15
Ber Macho 1000 ml. (6)	10.83	5.82	6.15
Super Max 1000 ml. (6)	12.61	5.57	6.15
Admiral Beer 500 ml. (6)	12.25	5.57	6.15
Stag Beer 330 ml. (24)	12.01	6.00	6.15

removal from the place of production - shall mean removal from the company premises as indicated in the approved plot and plan where the distillery or brewery is located.

14. **Sparkling Wine** - is an effervescent table wine usually white but occasionally red in color, containing an average of 12% alcohol by volume which is carbonated by secondary fermentation. This includes champagne.

15. **Spirits or Distilled Spirits** - refer to 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.

16. **Still Wine** - is wine that is not effervescent (bubbling) or wine that is not carbonated.

17. **Wines** - include all alcoholic beverages produced by fermentation without distillation, from the juice of any kind of fruit. Fermentation is a process by which enzymatic changes are brought about. It covers a period of time enough to produce the desired results.

18. **Variant of 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, such as the following:

a) Modifier is prefixed - Example: A registered existing "ABC" Brand manufactured as "Premium ABC" or "Top ABC".

b) Modifier is suffixed - Example: A registered existing "ABC" brand manufactured as "ABC Dry" or "ABC Supreme".

c) A different brand which carries the same logo or design of the existing brand - Example: A registered existing "ABC" brand carrying the logo, badge, emblem, or mark in the shape of a horseshoe is manufactured as "XYZ" brand carrying the same shape of a horseshoe logo, badge, emblem or mark; or a registered and existing "XYZ" brand carrying two (2) horizontal stripes with red and white colors is manufactured as a new "ABC" brand carrying the same set of stripes and colors.

19. **Volume of Sales** - shall refer to the quantity of removals of alcohol products from the place of production or release from customs custody.

SECTION 3. **Rates and Bases of Tax** - There shall be levied, assessed and collected on alcohol products excise tax as follows:

**A. DISTILLED SPIRITS**

**A-1 Local Distilled Spirits Brands Produced From Sap of Nipa, Coconut, etc. covered by Section 138 (b)**

Brands / Type of Spirits (all in 750 ml. Bottle)	Size (ml)	Proof	Proof Liter Per Bottle	Retail Price excl. VAT & Excise Tax Per Bottle	Specific Tax Rate 1/1/97
Ginebra San Miguel (bilog)	250	80	0.200	8.20	1.600
Ginebra San Miguel (bilog)	350	80	0.280	10.58	2.240
Ginebra San Miguel (cuatro cantos)	350	80	0.280	11.48	2.240
Ginebra San Miguel (cuatro cantos)	700	80	0.560	22.96	4.480
Anejo Rum 65 flat yrs.	375	80	0.300	13.65	2.400
Anejo Rum 65 flat yrs.	375	65	0.240	9.39	1.920
White Castle 5 yrs.	375	80	0.300	17.70	2.400
White Castle Whisky	750	80	0.600	35.40	4.800
Cherry Brandy	750	65	0.488	29.10	3.900
Tanduay Rhum 5 yrs.	375	80	0.300	9.38	2.400
	750	80	0.600	28.43	4.800
Tondena Manila Rum Silver LN Cooler	750	80	0.600	37.65	4.800
	300	20	0.060	16.41	0.480
Emperador Brandy	187	80	0.150	10.65	1.200
	375	80	0.300	16.35	2.400
	750	80	0.600	32.25	4.800
Napoleon VSOP	375	84	0.315	62.64	2.520
	750	84	0.630	127.98	5.040
Napoleon 5 yrs.	375	84	0.315	15.39	2.520
VOS Brandy 5 yrs.	375	80	0.300	15.90	2.400
VOS Brandy Special Edition	375	80	0.300	14.55	2.400
White Castle Whisky	187	80	0.149	10.43	1.192
	375	80	0.300	17.70	2.400
	750	80	0.600	35.40	4.800
Manila Tondena Rhum	750	80	0.600	37.65	4.800
Manila Tondena Gold	750	80	0.600	37.65	4.800
Gilbeys Gin	1,000	90	0.900	99.45	7.200
	750	90	0.675	77.85	5.400
Tanduay ESQ	375	65	0.243	9.38	1.944
	750	65	0.467 1/2	18.83	3.736
Tanduay White	375	80	0.300	9.15	2.400
	750	80	0.600	18.30	4.800
Tanduay Rum 65	375	65	0.240	9.39	1.920

Note: The correct amount of proof liter per bottle should be:  
 $1 / .750 \text{ ml} \times .65 = .487 \times P8 = P 3.896$

**A-2 Distilled Spirits Brands Produced From Grains, Cereals and Grains covered by Section 138(b)**

Brands / Type of Spirits (all in 750 ml. Bottle)	Proof	Proof Liter Per Bottle	Retail Price excl. VAT & Excise Tax Per Bottle	Specific Tax Rate 1/1/97
I. Premium (High Priced)				@ 300.00
Martell XO	80	0.600	3,129.00	180.00
Johnny Walker Blue Label	86	0.645	3,127.43	193.50
Carlos I	80	0.600	832.42	180.00
Old Parr	86	0.645	742.33	193.50

Manila Beer Litro 1000 ml. (6)	12.61	5.57	6.15
Ber Macho 1000 ml. (6)	10.83	5.82	6.15
Super Max 1000 ml. (6)	12.61	5.57	6.15
Admiral Beer 500 ml. (6)	12.25	5.57	6.15
Stag Beer 330 ml. (24)	13.81	6.08	6.15
Colt 15 500 ml.	14.31	* 6.99	6.99
Colt 4. 1000 ml.	13.63	6.82	6.82
Stag Jumbo	13.01	* 6.37	6.37
Beer 7 1/2	12.83	5.83	6.15

\* Current Excise tax due per liter as of October 1, 1996.

In addition, the following brands of distilled spirits and fermented liquors registered and commercially produced as of October 01, 1996 and prior to January 01, 1997 are hereby included under this category namely:

**A - Local Distilled Spirits Brands Produced from Sap of Nipa, Sugar Cane, etc. covered by Sec 138(a)**

Product Line	Package/size	Proof	PL per Bottle	Retail Price excl. VAT & Excise Tax/bottle	Specific Tax Rate 1/1/97
Anejo Rum Oro Premium	24/375 ml	80	0.300	13.35	2.400
Vino Kulafu	24/375 ml	50	0.190	8.33	1.520
Tondena Manila Rum - Silver	24/375 ml	80	0.300	22.44	2.400
Tondena Manila Rum - Dark	12/750 ml	80	0.600	38.51	4.800
Tondena Manila Rum - Dark	24/375 ml	80	0.300	22.44	2.400
Gordon Gin	12/750 ml	90	0.680	79.1	5.440
Gordon Gin	24/375 ml	90	0.340	42.28	2.720
Oxford Gin	12/750 ml	90	0.680	38.19	5.440
Caribe	24/375 ml	80	0.300	44.25	2.400
Tanduay Rum 65	24/375 ml	65	0.240	9.04	1.920
	12/750 ml	65	0.490	18.04	3.920
Tanduay Rhum Dark Reg.	24/375 ml	80	0.300	9.71	2.400
	12/750 ml	80	0.600	17.6	4.800
Tanduay Rhum Gold	24/375 ml	80	0.300	10.24	2.400
	12/750 ml	80	0.600	20.48	4.800
Ginebra 65 (Gin)	24/350 ml	65	0.230	6.35	1.840
Ginebra Matador (Gin)	24/350 ml	80	0.280	8.88	2.240
Vino Rambo (Sioktong)	24/350 ml	50	0.180	6.55	1.440
Vino Blanco (Still Wine)	12/750 ml	28	0.210	28.25	1.680

**B - Fermented Liquor**

	Retail Price excl. VAT & Excise Tax Per Liter	Current Excise Tax Per Liter	Specific Tax Rate 1/1/97
Labatt Ice beer in Can 330 ml.	30.07	10.85	12.15
Colt 45 in Can 330 ml.	24.72	12.91	12.91
Super Dry in Can 330 ml.	31.34	12.05	12.15
Red Horse in Can 330 ml.	26.43	10.07	12.15
Blue Ice Can 330 ml.	27.71	10.85	12.15

	Retail Price excl. VAT & Excise Tax Per Liter	Current Excise Tax Per Liter	Specific Tax Rate 1/1/97
Miller in bottles 330 ml	17.49	9.04	9.15
Budweiser Beer in Bottle 330 ml.	17.18	9.13	9.15
Red Horse 1000	12.93	7.07	7.07
Lone Star Beer 1000 ml.	13.28	5.97	6.15
Colt 45 330 ml. in Bottle	12.61	6.33	6.33
Beer PalePilsen Draft Keg 30 ltrs.	12.39	5.63	6.15
Beer PalePilsen Draft Keg 15 ltrs.	12.39	5.68	6.15

**B. New Brand**

New brands shall be classified according to their current net retail price. In the meantime that the current net retail price has not yet been established, the suggested net retail price shall be used to determine the specific tax classification. Thereafter, a survey shall be conducted in ten (10) major supermarkets in Metro Manila, at which the distilled spirit is sold on retail, three (3) months after the initial removal from place of production or release from customs custody of the new brand to determine the current net retail price excluding excise tax and value-added tax which shall be the basis in determining the specific tax classification. In case the suggested net retail price is higher than the current net retail price, the former shall prevail. Otherwise, the current net retail price shall prevail. Any difference in specific tax due shall be assessed and collected inclusive of increments as provided for by the Tax Code, as amended.

The survey contemplated herein to establish the current net retail price on locally manufactured or imported alcohol products shall be conducted by the duly authorized representatives of the Commissioner of Internal Revenue together with a representative of the Regional Director from each Regional office having jurisdiction over the retail outlets within the region being surveyed, and who shall submit, without delay, their consolidated written report to the Commissioner of Internal Revenue.

**C. Variant of Existing Brand**

Variants of existing brands which are introduced in the domestic market after January 1, 1997 shall be taxed under the highest classification of any variant of that brand and shall remain in this classification until revised by Congress.

**SECTION 5. Computation of Excise Tax**

**A. ON DISTILLED SPIRITS**

**Illustration No. 1 - If produced from the sap of Nipa, coconut, etc.**

A distiller or importer will remove or cause the release of 100 drums of distilled spirits @ 1.89 proof from his place of production or from customs custody as the case may be. Each drum contains 200 gauge liters. The specific tax due shall be computed as follows:

2). The tax classification of the subject brand falls under P300.00 specific tax category, since the Suggested Net Retail Price is more than P675.00.

3). Determine the total volume in proof liters.

Number of cases	100
Multiplied by number of bottles	12
<b>Total Number of Bottles</b>	<b>1,200</b>
Multiplied by contents/bottle	1
<b>Total Volume in G.L.</b>	<b>1,200</b>
Multiplied by proof	.80
<b>Total Volume in P.L.</b>	<b>960</b>

4). Compute the Excise Tax Due:

Total Volume in P.L.	960
Multiplied by Specific Tax Rate	P 300
<b>EXCISE TAX DUE</b>	<b>P 288,000</b>

**B. ON WINES**

**Illustration No. 1: - Sparkling Wines**

A manufacturer or registered importer will cause the removal or release of 100 cases of MMM wine from the place of production or customs custody. Each case contains 12 bottles per case @ 1 liter. The Net Retail Price set forth in Annex B is P663.00. The excise tax due shall be computed as follows:

**Solution:**

Step 1 - Determine the tax classification of the subject brand.

The tax classification of the subject brand falls under P300.00 specific tax category, since the Net Retail Price of P663.00 is more than P500.00.

Step 2 - Determine the total volume in gauge liter.

Number of cases	100
Multiplied by number of bottles	12
<b>Total Number of Bottles</b>	<b>1,200</b>
Multiplied by contents/bottle	1
<b>Total Volume in G.L.</b>	<b>1,200</b>

Step 3 - Compute the excise tax due.

The tax classification of the subject brand falls under P6.15, specific tax category since the Current Net Retail Price of P13.95 is less than P14.50.

Step 2 - Compare the ad valorem tax due per liter as of October 1, 1996 to the specific tax due, whichever is higher and apply the higher amount in the computation of excise tax due.

Ad valorem tax due per liter as of October 1, 1996	- P 7.07
Specific tax due per liter	- 6.15

Step 3 - Compute the excise tax due.

In as much as the prescribed specific tax due per liter is lower than the ad valorem tax due per liter the latter shall apply.

Volume of removals (1,000 x 24 bottles x 500 ml.)	- 12,000
Multiplied by specific tax due per liter - higher amount	- 7.07
<b>EXCISE TAX DUE</b>	<b>P 84,840</b>

**Illustration No. 2 - Specific tax due per liter is higher than the ad valorem tax due per liter as of October 1, 1996.**

A brewer or importer will remove or release 100 cases of DEF Beer from his place of production or from customs custody. Each case contains 24 bottles @ 330 ml. As of October 1, 1996, the ad valorem tax due per liter is P7.97 and the Current Net Retail Price (excluding excise and value added tax) set forth herein is P16.01. The excise tax due shall be computed as follows:

**Solution:** Follow the same procedures in Illustration No. 1.

1. The tax classification of the subject brand falls under P9.15 specific tax category, since the current net retail price is higher than P14.50 but lower than P22.00

Compare the ad valorem tax due per liter as of October 1, 1996 to the specific tax due, whichever is higher, and apply the higher amount in the computation of excise tax due.

2. Ad valorem tax due per liter as of October 1, 1996 - P7.97  
Specific tax due per liter prescribed under R.A. 8240 - 9.15

3. Compute the excise tax due.

In as much as the prescribed specific tax due per liter is higher than the ad valorem tax due per liter as of October 1, 1996, the former shall apply.

Volume of Removals in liter (100 cs. x 24 x .330)	- 792
Multiplied by specific tax due per liter	- P9.15

**SECTION 5. Computation of Excise Tax**

**A. ON DISTILLED SPIRITS**

**Illustration No. 1 - If produced from the sap of Nipa, coconut, etc.**

A distiller or importer will remove or cause the release of 100 drums of distilled spirits @ 1.89 proof from his place of production or from customs custody as the case may be. Each drum contains 200 gauge liters. The specific tax due shall be computed as follows:

Step 1 - Determine the Volume to be Removed or Released in Gauge Liter (G.L.)

100 drums x 200 G.L. = 20,000 G.L.

Step 2 - Multiply the Total Volume to be Removed or Released in G.L. by the Proof, to get the Total Volume in Proof Liter.

20,000 G.L. X 1.89 proof = 37,800 P.L.

Step 3 - Multiply the total volume in proof liters by the specific tax rate, to get the specific tax due:

Total Volume in P.L.	37,800
Multiplied by Specific Tax Rate	P 8.00
<b>EXCISE TAX DUE</b>	<b>P 302,400</b>

**Illustration No. 2 - If produced in a pot still of not more than 100 liters a day, containing not more than fifty(50%) of alcohol by volume.**

A small distiller will remove 100 liters of distilled spirit @ .90 proof from his place of production. Records show that the distiller's capacity is only 50 liters a day. The excise tax due shall be computed as follows:

Solution: Follow the same procedures in Illustration 1.

Volume of Removals	100 GL
Multiplied by the Proof	.90

Total Volume	90 PL
Multiplied by specific tax rate prescribed under the Act	P 4.00

<b>EXCISE TAX DUE</b>	<b>P 360</b>
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**Illustration No. 3 - If produced from grains, cereals, etc.**

**3.1 ON DULY REGISTERED EXISTING BRAND**

A manufacturer or importer will cause the release of 100 cases of XYZ Whisky @ .80 proof from place of production or customs custody. Each case contains 12 bottles @ 750 ml. The net retail price excluding excise tax & VAT set forth in Annex A-3 is P526.50. The excise tax due shall be computed as follows:

Solution:

Step 1 - Determine the price per bottle of seven hundred fifty milliliter (.750 ml.) volume of capacity.

Step 2 - Determine the total volume in gauge liter.

Number of cases	100
Multiplied by number of bottles	12
Total Number of Bottles	1,200
Multiplied by contents/bottle	1
Total Volume in G.L.	1,200

Step 3 - Compute the excise tax due.

Total Volume in G.L.	1,200
Multiplied by specific tax rate	P 300.
<b>Excise Tax Due</b>	<b>P 360,000</b>

**Illustration No. 2: - Still Wines -**

A manufacturer or registered importer will cause the removal or release of 10 cases of MMA Wine from the place of production or customs custody. Each case contains 12 bottles @ 750 ml. The alcohol content by volume is twenty percent (20%). The net retail price set forth in Annex B is P141.00. The excise tax shall be computed as follows:

1. Determine the alcohol content by volume. If the alcohol content is fourteen percent (14%) by volume or less the tax shall be P12.00 per liter. If it is more than 14% but not more than 25% of alcohol by volume the tax shall be P24.00 per liter.

2. Determine the total volume in gauge liter (G.L.).

Solution:

Number of cases	10
Multiplied by number of bottles per case	12
Total Number of Bottles	120
Multiplied by contents/bottles	.750
Total Volume in G.L.	90

3. Compute the excise tax due.

Total Volume in G.L.	90
Multiplied by specific tax rate	P 24
<b>SPECIFIC TAX DUE</b>	<b>P 2,160</b>

**Illustration No. 3: - Fortified Wines**

A manufacturer or registered importer will remove or release 200 cases of fortified wines from place of production or customs custody. Each case contains 12 bottles @ 750 ml. The alcohol content by volume is 30% and the raw materials of distilled spirits added is from sugar cane. The excise tax due shall be computed as follows:

Step 1 - Determine the raw materials of distilled spirits added, if produced from raw materials in Sec. 138 (a) or Sec. 138

Specific tax due per liter prescribed under R.A. 8240 - 9.15

3. Compute the excise tax due.

In as much as the prescribed specific tax due per liter is higher than the ad valorem tax due per liter as of October 1, 1996, the former shall apply.

Volume of Removals in liter (100 cs. x 24 x .330)	- 792
Multiplied by specific tax due per liter	- P9.15
<b>EXCISE TAX DUE</b>	<b>P 7,246.80</b>

**2. ON NEW BRAND**

Illustration:

A brewer or importer will remove or release 100 cases of "KLM Beer" from his place of production or from customs custody. Each case contains 24 bottles @ 330 ml. This is new brand to be introduced in the market. The Suggested Net Retail Price declared by the manufacturer is P22.00 per liter. The excise tax shall be computed as follows:

Solution: Follow the same procedures in Illustration C.1.

1. The tax classification of the subject brand falls under P9.15 specific tax category, since the suggested net retail price is higher than P14.50 but lower than P 22.00 per liter.

2. Compute the Excise tax due.

Volume of Removals in liter (100 cs. x 24 x .330)	- 792
Multiplied by specific tax rate	- P 9.15
<b>EXCISE TAX DUE</b>	<b>P 7,246.80</b>

Three months after date of introduction in the market the survey was conducted with the following results determined:

Case 1 - The Current Net Retail Price of P 25.00 per liter is higher than the Suggested Net Retail Price of P 22.00. The excise tax due shall be computed as follows:

Solution:

1. Compare the Suggested Net Retail Price to the Current Net Retail Price whichever is higher and apply the higher amount in the determination of tax classification:

Suggested Net Retail Price	_____	P 22.00
Current Net Retail Price	_____	25.00

2. Determine the tax classification of the subject brand of cigarette.

In as much as the Suggested Net Retail Price is lower than the Current Net Retail Price, the latter shall prevail.

3. The tax classification of the subject brand falls under P 12.15 specific tax

Solution:

Step 1 - Determine the price per bottle of seven hundred fifty milliliter (.750 ml.) volume of capacity.

$$\text{Price per bottle @ .750} = \underline{\underline{P526.50}}$$

Step 2 - Determine the tax classification of the subject brand.

Tax classification falls under the P150.00 specific tax category, since the net retail price of P526.50 is higher than P250.00 but lower than P675.00.

Step 3 - Determine the total volume in proof liters.

Number of cases	100
Multiplied by no. of bottles	12
<b>Total Number of bottles</b>	<b>1,200</b>
Multiplied by contents/bottle	.750
<b>Total Volume in Gauge Liters</b>	<b>900</b>
Multiplied by Proof	.80
<b>Total Volume in Proof Liters</b>	<b>720</b>

Step 4 - Multiply the total Volume in P.L. by the specific tax rate to get the specific tax due.

Total Volume in P.L.	720
Multiplied by specific tax rate	P 150
<b>EXCISE TAX DUE</b>	<b>P108,000</b>

### 3.2 ON NEW BRAND

Illustration: No. 4

A distiller or registered importer will remove or cause the release of 100 cases of Acts Brandy @ 80 proof from the place of production or from customs custody as the case may be. Each case contains 12 bottles @ 1 liter. This is a new brand to be introduced in the market. The Suggested Net Retail Price declared by the manufacturer or importer is P1,500.00 per bottle. The specific tax due shall be computed as follows:

Solution: Following the same procedures in Illustration 3.1.

$$1). \quad P1,500 \times \frac{750 \text{ ml.}}{1000 \text{ ml.}} = P1.125 \text{ per bottle @ 750 ml.}$$

content by volume is 30% and the raw materials of distilled spirits added is from sugar cane. The excise tax due shall be computed as follows:

Step 1 - Determine the raw materials of distilled spirits added, if produced from raw materials in Sec. 138 (a) or Sec. 138 (b) and the applicable specific tax rate.

The raw materials of distilled spirits added is sugar cane, therefore it is subject under Sec. 138 (a) at P8.00 specific tax rate.

Step 2 - Determine the volume to be Removed/Released in Gauge Liters.

Number of cases	200
Multiplied by number of bottles	12
<b>Total Number of Bottles</b>	<b>2,400</b>
Multiplied by contents/bottle	.750
<b>Total Volume in G.L.</b>	<b>1,800</b>

Step 3 - Determine the total Volume in Proof Liter

Total Volume in G.L.	1,800
Multiplied by conversion rate (.30 x 2)	.60
<b>Total Volume in P.L.</b>	<b>1,080</b>

Step 4 - Compute the excise tax due.

Total Volume in P.L.	1,080
Multiplied by specific tax rate	P 8.00
<b>Excise Tax Due</b>	<b>P 8,640</b>

### C. ON FERMENTED LIQUORS

#### 1. ON DULY REGISTERED EXISTING BRAND

*Illustration No. 1 - Specific tax due per liter is lower than the ad valorem tax due per liter as of October 1, 1996.*

A brewer or importer will remove or release 1,000 cases of ABC 500 ml. from his place of production or from customs custody. Each case contains 24 bottles @ 500 ml. As of October 1, 1996, the ad valorem tax due per liter is P7.07 and the Current Net Retail Price per liter herein is P13.95/liter. The excise tax shall be computed as follows:

Step 1 - Determine the tax classification of the subject brand of fermented liquor.

2. Determine the tax classification of the subject brand of cigarette.

In as much as the Suggested Net Retail Price is lower than the Current Net Retail Price, the latter shall prevail.

3. The tax classification of the subject brand falls under P 12.15 specific tax category, since the Current Net Retail Price of P 25.00 is more than P 22.00.

Compute the excise tax due:

Volume of Removals in liters (100 cs x 24 x .330)	792
Multiplied by Specific tax rate	P 12.15
<b>Excise Tax Due</b>	<b>P 9,622.80</b>
less: Excise Tax Paid based on Suggested Net Retail Price (792 liters x P 9.15)	7,246.80
<b>Deficiency Excise Tax Due</b>	<b>P 2,376.00</b>
Add: Surcharge	xxx
Interest	xxx
Compromise	xxx
<b>Total Amount Collectible</b>	<b>P 2,376.00</b>

Case II - The Current Net Retail Price of P 14.45 per liter is lower than the Suggested Net Retail Price per liter of P 22.00. The excise tax due shall be computed as follows:

Solution:

1. Compare the Suggested Net Retail Price to the Current Net Retail Price whichever is higher and apply the higher amount in the determination of tax classification.

Suggested Net Retail Price	P 22.00
Current Net Retail Price	14.45

2. In as much as the Suggested Net Retail Price is higher than the Current Net Retail Price, the former shall apply.

The tax classification of the subject brand falls under P9.15 specific tax category, since the Suggested Net Retail Price of P 22.00 is higher than P14.50 but lower than P22.00.

3. Compute the excise tax due.

Volume of Removals in liters (100 cs x 24 x .330)	792
Multiplied by Specific tax rate	P 9.15
<b>Excise Tax Due</b>	<b>P 7,246.80</b>

OFFICE OF THE COMMISSIONER  
 LEGISLATIVE LIBRARY DIV.

*Handwritten signature and initials: P.A. - 89/10*

**SECTION 6. Requirements to Engage in Business as a Micro-Brewery or Micro Brew Pub** - A Micro-brewery is a beer production facility equipped with fermentation and brewing tanks capable of producing beer from raw malt, hops and other ingredients. Its production output are sold to customers either in bottles, cans or placed in keg barrel.

On the other hand, Micro-Brew Pub is a delineated area in a Pub House equipped with beer production facilities such as fermentation and brew tanks capable of producing beer directly from raw malt, hops and other ingredients, which are sold directly to the customers through a dispenser connected directly to the sales counter.

Micro-breweries and Micro Brew Pubs producing and selling fermented liquor are required to register with the Bureau of Internal Revenue submitting therewith the following requirements :

1. Written application stating the name and address of the applicant;
2. Plat and plan;
3. Articles of Incorporation (if Corporation or Partnership) and DTI permit [if single proprietorship];
4. Latest Income Tax Return;
5. Mayor's Permit;
6. VAT Registration;
7. Surety Bond (Not less than P10,000);
8. Type and capacity of brewing facilities; and
9. Supplier of their raw materials.

Operators of both Micro-breweries and Micro Brew Pubs shall provide for a non-resettable counter or metering device to monitor the volume of sales in gauge liters and shall be subject to other existing administrative requirements imposed in the operation of Breweries, such as keeping of Official Register Book, submission of Daily Production and Removal Report, conducting inventory/stocktaking and manner of Payment, and such other requirements as may be prescribed by the Commissioner.

The storage tanks or distilling pots to be installed must first be calibrated. Thereafter, daily reading of each consumption must be undertaken to check the daily specific tax payments .

**SECTION 7. Internal Revenue Labels.** - In general, only distilled spirits and wines shall be covered by the rules of affixtures of internal revenue official labels.

Kinds of internal revenue official labels. - For the purposes of these regulations, the internal revenue labels shall consist of regular official labels and auxiliary labels.

- (a) Data to appear on regular official labels. - The regular official labels shall contain the following information to be printed "Regular Official Label", "Importer No. \_\_\_\_," "Republic of the Philippines," "Tax paid Spirits"; the

Customs are enjoined to see to it that the specific taxes due have been paid and properly accounted for in an official receipt.

**SECTION 10. Administrative Requirements and Procedures**

**a) For Domestic Production.**

Manufacturers shall be subject to existing administrative requirements and procedures in the manufacture of alcohol products.

In addition, alcohol products which are sold to authorized tax and duty free establishments shall bear the printed phrase "TAX AND DUTY FREE" in a manner prescribed by the Secretary of Finance. Example of authorized tax and duty free establishments are Tax and Duty Free Shops NALA, Subic Bay Metropolitan Authority Freeport Zone, Clark Special Economic Freeport Zone.

**b) For Export.**

- 1) Manufacturers of alcohol products intended for export shall before actual exportation apply for a permit to export with the Office of the Revenue District Office where his Head Office is located indicating thereat the name of Brand(s), the volume of intended removals, destination and shall use labels indicating therein the words "FOR EXPORT" other than the regular requirements.

- 2) File and submit to the General Services Division, Bond Section, the corresponding exporter's bond duly approved by the Commissioner for every exportation to answer for any tax deficiency including administrative and compromise penalties on the excise tax due therein, if any.

- 3) All exportations should be accompanied by a photocopy of the excise tax return (BIR Form No. 2200) and permit to Export and the original copy of Withdrawal Certificate (BIR Form No. 2287 and 2288). The exporter shall submit the necessary documentary proofs of actual exportation within thirty (30) days from the date of actual removal of the goods from the factory site or warehouse. Otherwise, the exporter shall be required to pay the corresponding specific tax due on said exportation.

**c) For Importation.**

- 1) Prior to importation, the importer must first register in the Revenue District Office where his Head Office is located in accordance with existing requirements. For every importation he must file a written application to import alcohol products with the Revenue District Office, where his Head Office is located, which in turn shall furnish a copy to the Chief, Regulatory Operations Monitoring Division, (ROMD), BIR, National Office, Diliman, Quezon City. Said application must state, among others, the following information.

- 3) **WHERE TO FILE AND PAY** - The excise tax return together with the supporting attachments shall be filed with, and the specific tax due thereon paid to, a bank duly accredited by the Commissioner located in the Revenue District where such person is registered or required to register. In cases where there are no duly accredited agent bank within the municipality or city, the excise tax return and all the supporting attachments shall be filed and any amount due shall be paid to the duly authorized collection agent in the Revenue District Office or duly authorized Treasurer of the Municipality where such taxpayer has his place of business or production.

**11.2 For Importation.**

1. **FILING OF RETURN** - In general, prior to the approval of the importers' application to import alcohol products, he shall be required to pay the specific tax on his importation and for this purpose, the importer shall file in triplicate a consolidated return (BIR form No. 2200) indicating therein the brand name, total number of cartons/cases/kegs and others to be imported and the suggested retail price.

2. **WHERE TO FILE** - The excise tax return shall be filed with the RDO having jurisdiction over the head office of the importer and the specific tax due thereon paid to a bank duly accredited by the Commissioner located in the Revenue District where such person is registered or required to register. In cases where there are no duly accredited agent bank within the municipality or city, the excise tax return and all the supporting attachments shall be filed and any amount due shall be paid to the duly authorized collection agent in the Revenue District Office or duly authorized Treasurer of the Municipality where such taxpayer has his place of business or main office is located.

**SECTION 12. Manufacturer's or Importer's Sworn Statement (for New Brands).**

Manufacturers and Importers of new brands of alcohol products shall file with the Commissioner of Internal Revenue or his duly authorized representative a sworn statement/declaration indicating therein, among other information, the brand/s of alcohol products to be manufactured or produced, and the suggested net retail prices which shall be initially used to determine the specific tax rates to be imposed thereon. However, upon determination of the current net retail price, the same shall be used as basis for specific tax classification. In case the suggested net retail price is higher than the current net retail price, the former shall prevail; otherwise, the current net retail price shall be used.

**SECTION 13. Sworn Statement of the Volume of Sales.**

Brewers or importers of fermented liquors shall, within thirty (30) days from the effectivity of the 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 of each particular brand of fermented liquor sold at his establishment for the three-month period immediately preceding.

higher than the current net retail price, the former shall prevail; otherwise, the current net retail price shall be used.

**SECTION 13. Sworn Statement of the Volume of Sales.**

Brewers or importers of fermented liquors shall, within thirty (30) days from the effectivity of the 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 of each particular brand of fermented liquor sold at his establishment for the three-month period immediately preceding.

**Example of Submission Schedule:**

MONTH	DUE DATE
January, 1997	On or before February 5, 1997
January & February, 1997	March 5, 1997
1 <sup>st</sup> Quarter (Jan., Feb. & March)	April 5, 1997
Feb., March, & April, 1997	May 5, 1997
March, April & May, 1997	June 5, 1997
2 <sup>nd</sup> Quarter (Apr., May & June)	July 5, 1997
May, June & July, 1997	August 5, 1997
June, July & August, 1997	September 5, 1997
3 <sup>rd</sup> Quarter (July, Aug., & Sept.)	October 5, 1997
August, Sept., & Oct., 1997	November 5, 1997
Sept., Oct., & November, 1997	December 5, 1997
4 <sup>th</sup> Quarter (Oct., Nov., & Dec.)	January 5, 1998
Nov., Dec. & Jan., 1998	February 5, 1998
Dec., Jan., & Feb., 1998	March 5, 1998
1 <sup>st</sup> Quarter (Jan., Feb., & March)	April 5, 1998

**SECTION 14. Apprehension and Disposition of Untaxed Alcohol Products.** Untaxed alcohol products illegally removed from the place of production or from customs custody, or smuggled and landed at any unauthorized points of destination, including those brought to the Special Economic Zone Areas without prior permit issued by the Bureau of Internal Revenue, shall be subject to confiscation, forfeiture and destruction.

**SECTION 15. Transitory Provisions.** For the effective implementation of the Act, the following guidelines shall be followed during the transitory period:

**Conduct of stocktaking or physical count.** The BIR shall conduct a physical inventory of finished products, in process, and raw materials of alcohol plants, rectifiers and breweries, including Internal Revenue Labels then existing before January 1, 1997 in the presence of authorized representative of the concerned manufacturer who shall jointly attest to the fact of witnessing and verifying the results thereof by affixing their signatures on the attestation clause in the inventory certificate.

Tax paid stock as of December 31, 1996 shall be allowed to remain in the factory, distillery or brewery but shall be removed on a first-in first-out basis upon implementation of the Act. All distillers or brewers required to submit a weekly report of inventory utilization of fermented liquors and distilled spirits covered by the said joint bonds as well as current production, to the Commissioner of Internal Revenue until such time that said inventories are fully exhausted.

Any overage or shortage found upon reconciliation of the results of the stocktaking with the stock balances in the Official Register Book (ORB) as of the date and time of stocktaking shall be debited or credited, as the case may be, in the proper ORB and signed by the

**c) For Importation.**

1) Prior to importation, the importer must first register in the Revenue District Office where his Head Office is located in accordance with existing requirements. For every importation he must file a written application to import alcohol products with the Revenue District Office, where his Head Office is located, which in turn shall furnish a copy to the Chief, Regulatory Operations Monitoring Division, (ROMD), BIR, National Office, Diliman, Quezon City. Said application must state, among others, the following information.

- Name and address of supplier/ manufacturer;
- Volume of importation in liters, classified as to:
  - importation intended for sale to the general public,
  - importation intended for sale to tax and duty free outlets;
- Name of brand(s);
- Value of importation;
- Country of origin;
- Port of destination;
- Suggested retail price;
- Pro Forma Invoice; and
- Letter of Credit.

2. In addition, the importer, as a condition for the approval of the permit to import, must require the supplier/manufacturer to print in every carton/case/box, in bold letters, the following words/phrases:

- For importation intended for sale to the public  
"For Export to the Philippines; Tax and Duty Paid"
- For importation intended for sale to duty free shops  
"For Export to the Philippines; Tax and Duty Free"  
"Not For Resale Outside of Free Port Zone"

3. Purchase and deliver to the manufacturer, the required internal revenue labels from the BIR to be affixed in every carton/bottle intended to be imported. In this regard, the importer must exercise prudence and due diligence of a good father of a family to ensure security in the delivery of the stamps to the supplier/manufacturer.

4. File and submit to the General Services Division, Bond Section the corresponding importer's bond duly approved by the Commissioner for every importation to answer for any tax deficiency including administrative and compromise penalties on the excise tax due thereon, if any, unless they have already an existing and continuing importer's bond filed in accordance with Section 160 of the NIRC.

5. The application to import must be accompanied by a sworn statement/ declaration of their importations stating among others the actual cost per carton/box/bottle of alcohol products, the expenses incident to the importation to be incurred up to its release from customs custody, the corresponding suggested net retail price per

**SECTION 7. Internal Revenue Labels.** - In general, only distilled spirits and wines shall be covered by the rules of affixtures of internal revenue official labels.

Kinds of internal revenue official labels. - For the purposes of these regulations, the internal revenue labels shall consist of regular official labels and auxiliary labels.

(a) Data to appear on regular official labels. - The regular official labels shall contain the following information to be printed "Regular Official Label", "Importer No. \_\_\_\_", "Republic of the Philippines", "Tax paid Spirits"; the seal of the Republic; the serial number of the regular official label; range of serial numbers of the auxiliary official labels attached on each bottle inside the container, box or carton to which the regular official labels are affixed; contents in gauge liters; percentage of proof; the official receipt number evidencing payment of tax and date of issue; and the signature of the internal revenue officer. The regular official labels shall be numbered consecutively, in serial order, starting with the lowest serial number. In the event that the labels are affixed to original and immediate containers not requiring the use of auxiliary official labels, the words "jar", "case", "barrel", "drum", "keg", "cask" as the case may be, shall be written on the space provided for the serial number of the auxiliary official label.

The regular official labels shall be affixed to the secondary containers in the presence of an internal revenue officer who shall place his signature on every label after all the blank spaces have been filled.

(b) Data to appear on auxiliary official labels. - The auxiliary official label shall be printed or stamped; the words and phrases "auxiliary official labels", "Importer No. \_\_\_\_", "Republic of the Philippines", "Bureau of Internal Revenue", "Tax Paid Spirits" the seal of the Republic and the serial number of the label.

(c) The auxiliary official labels shall be numbered consecutively, and shall be affixed to bottles, flasks, or other similar small container.

**SECTION 8. Manner of affixture of official labels.** -

The regular and auxiliary official labels shall be affixed to the containers in accordance with existing regulations. Unless authorized by the Commissioner, no person shall detach or cause to be detached internal revenue labels from the containers to which they are affixed, nor shall he keep in his possession internal revenue labels. No empty containers, without the internal revenue official labels affixed thereto having been completely destroyed shall be returned to the compounding establishment.

Regular official label, shall be firmly affixed midway across the edge of the cover flap and the side of the boxes used as secondary containers hindering the removal of its contents without breaking the said label. However, if barrels, kegs, drums, jars, demijohn or tin cans are used as primary containers of domestic compounded liquors, only the regular official labels shall be affixed to each and every container in the same manner as in the case of bottled distilled spirits or wines as to seal the containers and prevent the removal of their contents without breaking the regular official label.

On the other hand, auxiliary official label must be securely affixed to every bottle or immediate container with use of a good adhesive or paste before placing the bottles, flasks or other immediate containers or distilled spirits or wines in packages, cartons, cases, or other exterior containers. The adhesive or paste must be spread throughout the entire length and breadth of the label and care must be taken to press the whole surface of the label firmly against the surface of the bottle sufficiently long to cause the entire surface of the label to adhere securely to the bottle. The label must pass over the mouth of the bottle, or over cup or cap placed over the opening of the bottle



adhesive or paste before placing the bottles, flasks or other immediate containers or distilled spirits or wines in packages, cartons, cases, or other exterior containers. The adhesive or paste must be spread throughout the entire length and breadth of the label and care must be taken to press the whole surface of the label firmly against the surface of the bottle sufficiently long to cause the entire surface of the label to adhere securely to the bottle. The label must pass over the mouth of the bottle, or over cup or cap placed over the opening of the bottle extending an approximately equal distance on two sides of the mouth of the bottle in such a manner that the label will be torn apart or destroyed upon opening the bottle but leaving a portion of the label attached to the bottle. The bill of lading, commercial invoice or consular invoice, if any, shall indicate the range of serial numbers of the auxiliary labels contained in the whole shipment. If the spirits or wines are placed in small, miniature or midget bottles containing not more than three-fiftieth of a liter (2 ounces) or if the spirits or wines are placed in original and immediate containers such as jars, jugs, cans, barrels, drums, kegs, etc., not necessitating packing and exterior containers, no auxiliary official labels need be affixed to such containers but only the regular official labels provided for in these regulations.

#### SECTION 9. Procurement and delivery of internal revenue labels.

a) For Local Manufacturers, the procurement and issuance of internal revenue labels shall be made thru a written request to purchase BIR Labels to be filed with the Revenue District Office which shall process the applications. Upon approval of the application to purchase BIR Labels, the request will be forwarded to the Accountable Forms Division BIR, Diliman for preparation and delivery of the approved number of BIR Labels.

b) For Importer - An importer of distilled spirits and/or wines who has filed the required surety bond with the Commissioner of Internal Revenue and who has been issued a permit to import distilled spirits and/or wines is entitled to requisition for labels. If this request is approved, the Commissioner of Internal Revenue shall cause to be delivered to the importer a sufficient supply of both auxiliary and regular official labels

To meet the requirements for the authorized importation, upon payment of the paper and printing cost of the labels, the authorized Revenue Officer of the Bureau of Internal Revenue shall deliver the labels required and shall keep a separate label account for each and every importer, particularly noting down in the account the date of delivery, the quantity of labels of each kind and the corresponding serial numbers.

Upon receipt of the labels, the importer shall transmit to the distillery, manufactory, or compounder abroad the auxiliary official labels only for affixture to the container of the distilled spirits or wines at source. When the shipment has arrived in the Philippines, the importer shall notify the Commissioner of Internal Revenue of such arrival and shall furnish copies of the bill of lading, the commercial invoices and the Philippine consular invoice, if any.

Upon receipt of such notification, the Commissioner of Internal Revenue shall assign an internal revenue officer to supervise the affixture of the regular official labels to the exterior containers of the distilled spirits or wines in the manner provided for in these regulations. Before the affixture of the labels, the internal revenue officer shall satisfy himself that the blank spaces have been properly and correctly filled out before affixing his signature to its label. Upon releasing the shipment or part thereof from customs custody all Collectors of

5. The application to import must be accompanied by a sworn statement/ declaration of their importations stating among others the actual cost per carton/box/bottle of alcohol products, the expenses incident to the importation to be incurred up to its release from customs custody, the corresponding suggested net retail price per proof liter or gauge liter as the case may be, the intended sales retail outlets and the finished products they intend to produce out of the imported raw materials.
6. Only after the specific tax has been paid in accordance with Section 12 of the Regulation will the Authority to Import be signed and released to the importer for attachment to the required Formal Entry No. \_\_\_ prescribed by the Bureau of Customs to be used in the preparation of the Withdrawal Certificate (BIR Form No. \_\_)
7. All Revenue District Officers who processed applications to import alcohol products must compile a list of approved applications which must tally with the Withdrawal Certificate issued by the Bureau of Customs upon release of the imported alcohol products. Any discrepancy noted must immediately be reconciled and an assessment of additional specific tax, if warranted shall be issued immediately.

#### SECTION 11. Time, Manner and Place of Payment.

##### 11.1 For Locally Produced Alcohol Products.

- 1) FILING OF RETURN - Any person liable to pay specific tax on locally produced alcohol products shall before removal of such products, file in triplicate a consolidated return (BIR Form 2200) and supporting attachments (BIR Form 2201 and 2207), setting forth the registered brand names and brand codes, the total production during the return period, the quantity to be removed and the excise tax due.
- 2) PAYMENT OF SPECIFIC TAX
  - a) When to Pay - Unless otherwise especially allowed, excise tax due on locally manufactured or produced alcohol products shall be paid by the manufacturer before removal from the place production, or by the person who is found in possession of untaxed domestically produced alcohol products.
  - b) Advance Payment or Deposit - Every person liable to pay specific tax who is authorized to avail of the advance payment scheme may be allowed to effect removals of exciseable articles from his place of production without prior filing of the prescribed excise tax return and supporting attachments provided he has sufficient balance of deposits with the BIR to cover full payment of the excise tax due on said removals. The prescribed excise tax return and all attachments may be filed with a duly accredited bank or duly authorized collection agents not later than the first working day of the calendar week immediately after the week of actual removals. Payment of excise tax deposits shall be made by filing in triplicate a Payment Form (BIR Form No. 0605).

said inventories are fully exhausted.

Any overage or shortage found upon reconciliation of the results of the stocktaking with the stock balances in the Official Register Book (ORB) as of the date and time of stocktaking shall be debited or credited, as the case may be, in the proper ORB and signed by the Internal Revenue Officers with the corresponding report and recommendation to the Commissioner of Internal Revenue.

#### SECTION 16. Civil and/or Criminal Penalties.


- (a) Any manufacturer or importer who, in violation of this section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon discovery, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of alcohol products.
- (b) 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.
- (c) Any person liable for any of the acts or omissions prohibited under this section shall be criminally liable and penalized under Section 253 of this Code.
- (d) 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.
- (e) If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence without further proceedings for deportation.

SECTION 17. Repealing Clause - All regulations, rulings, orders or portions thereof which are inconsistent with the provisions of these regulations are hereby revoked and/or modified accordingly.

SECTION 18. Effectivity - These Regulations shall take effect on January 1, 1997.

  
ROBERTO F. DE OCAMPO  
Secretary of Finance

Recommending Approval:

  
LIWAYWAY VINZONS-CHATO  
Commissioner of Internal Revenue