



MALACANANG
Manila

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EXECUTIV ORDER NO. 22

FURTHER AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED

WHEREAS, there is an urgent need to rationalize the im-
position of excise taxes;

WHEREAS, there is also a need to simplify the methods
of computation and collection thereof;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the
Republic of the Philippines, do hereby order:

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

"SEC. 109. - Articles subject to excise taxes. -
Excise taxes apply to articles manufactured or pro-
duced in the Philippines for domestic sale or con-
sumption or for any other disposition and to things
imported. In case of importations, excise taxes
shall be in addition to the customs duties, if any.

. For purposes of this Title, excise taxes herein
imposed and based on weight or volume capacity or
any other physical unit of measurement shall be re-
ferred to as "specific tax" and an excise tax herein
imposed and based on selling price or other specified
value of the article shall be referred to as "ad
valorem tax".

SECTION 2. - Section 110 of the National Internal Revenue
Code, as amended, is hereby further amended by adding the fol-
lowing paragraph:

"(d) Credit for excise tax on articles actually
exported. - When articles locally produced or manufac-
tured are removed and actually exported (without re-
turning to the Philippines, whether so exported in
their original state or as ingredients or parts of any

manufactured articles or products, any excise tax paid thereon shall be credited or refunded upon submission of the proof of actual exportation (and) upon receipt of the corresponding foreign exchange."

SECTION 3. - Section 117 of the National Internal Revenue Code is hereby amended to read as follows:

"SEC. 117. Removal of spirits under bond. - Spirits requiring rectification may be removed from the place of production to some other establishment for the purpose of rectification without the prepayment of the excise tax: Provided, the distiller removing such spirits and the rectifier receiving them shall file with the Commissioner their joint bond conditioned upon the payment by the rectifier of the excise tax due on the finished product: Provided, further, that in cases where alcohol has already been rectified either by original and continuous distillation or by redistillation is further re-rectified, no loss for rectification and handling shall be allowed and the rectifier thereof shall pay the specific tax due on such losses."

SECTION 4. - Section 124 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 124. Ad Valorem tax on fermented liquors. - There shall be levied, assessed and collected an ad valorem tax equivalent to fifty (50%) percent of the brewer's wholesale selling price, excluding the ad valorem tax imposed under this Section, on beer, lager beer, ale, porter and other fermented liquors except tuba, basi, tapuy and similar domestic fermented liquors, but in no case shall the said ad valorem tax be less than ₱1.00 per regular 320 cc. bottle."

SECTION 5. - Section 126 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows.

"SEC. 126. Cigars and Cigarettes. - (a) Cigars - There shall be levied, assessed and collected an ad valorem tax of fifteen (15%) percent of the manufacturer's or importer's registered wholesale price including the ad valorem tax imposed under this Section on all cigars manufactured in or imported into the Philippines.

(b) Cigarettes packed in thirties. - There shall be levied, assessed and collected an ad valorem tax

of twenty (20%) percent of the manufacturer's registered wholesale price including the ad valorem tax imposed under this Section on all cigarettes packed in thirties: Provided however, that the rate prescribed in this paragraph shall be increased to twenty-five (25%) percent beginning July 1, 1987.

"(c) Cigarettes packed in twenties. - There shall be levied, assessed and collected an ad valorem tax at the rates prescribed below based on the manufacturer's registered wholesale price, including the ad valorem tax herein imposed on all cigarettes packed in twenties:

(1) On locally manufactured cigarettes bearing a foreign brand, fifty (50%) percent beginning July 1, 1986 and sixty (60%) percent beginning January 1, 1987; Provided, that this rate shall apply regardless of whether or not the right to use or title to the foreign brand was sold or transferred by its owner to the local manufacturer. Whenever it has to be determined whether or not a cigarette is a foreign brand, the listing of brands manufactured in foreign countries appearing in the current World Tobacco Directory shall govern.

(2) On other locally manufactured cigarettes forty (40%) percent beginning July 1, 1986 and fifty (50%) percent beginning January 1, 1987.

Duly registered or existing brands of cigarettes packed in twenties shall not be allowed to be packed in thirties.

Where the existing registered wholesale price, including tax, of cigarettes packed in 20s does not exceed ₱3.60 per pack, the rate for the cigarettes packed in 30s shall apply.

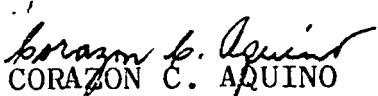
"(d) Imported cigarettes. - If the cigarettes are of foreign manufacture, regardless of the retail price and contents per pack, there shall be levied, assessed and collected an ad valorem tax of seventy-five (75%) percent of the importer's wholesale price including the tax imposed in this paragraph.

"(e) Printing of rates of tax. - There shall be printed on all packs of locally manufactured cigarettes the amount of the ad valorem tax per pack, except those to be used as samples. No cigarettes shall be allowed to be removed from any factory unless this requirement has been complied with."

SECTION 6. All orders, issuances, rules and regulations or any part thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect on July 1, 1986.

Done in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and eighty-six.


CORAZON C. AQUINO
President of the Philippines

By the President


JOKER P. ARROYO
Executive Secretary