

REVENUE REGULATIONS NO. 7-2021 issued on May 18, 2021 prescribes the rules and regulations to implement the provisions of Republic Act (RA) Nos. 11346 and 11467 relative to the Excise Tax on alcohol products, tobacco products, heated tobacco products, vapor products and disposition of Excise Tax collection.

The Revised Rates and Bases of Excise Tax are as follows:

- A. Alcohol Products
i. Distilled Spirits

Excise Tax Due = Ad Valorem Tax + Specific Tax		
Date of Effectivity (start date)	Ad Valorem Tax [based on the net retail price per proof (excluding the excise and value-added taxes)]	Specific Tax (per proof liter)
January 1, 2020	20%	₱ 24.34
January 23, 2020	22%	₱ 42.00
January 1, 2021	22%	₱ 47.00
January 1, 2022	22%	₱ 52.00
January 1, 2023	22%	₱ 59.00
January 1, 2024	22%	₱ 66.00
2025 Onwards	22%	specific tax rate shall be increased by 6% and every year thereafter

- ii. Wines

Date of Effectivity (start date)	Specific Tax (per proof liter)
January 1, 2020	
Sparkling wines/champagnes where the NRP (excluding the excise and VAT) per bottle of 750 ml volume capacity, regardless of proof is:	
a. Php 500 or less	₱ 328.98
b. More than Php 500	₱ 921.15
Still wines and carbonated wines containing 14% of alcohol by volume or less	₱ 39.48
Still wines and carbonated wines containing more than 14% of alcohol by volume but not more than 25% of alcohol by volume	₱ 78.96
Fortified wines containing more than 25% of alcohol by volume	Taxed as distilled spirits
January 23, 2020*	₱ 50.00
January 1, 2021	₱ 53.00
January 1, 2022	₱ 56.18
January 1, 2023	₱ 59.55
January 1, 2024	₱ 63.12
2025 Onwards	specific tax rate shall be increased by 6% and every year thereafter

*Note: *Beginning January 23, 2020, the classification of wines was removed pursuant to RA No. 11467. All types of wines are subject to specific Excise Tax rates per liter.*

iii. Fermented Liquors

Date of Effectivity (start date)	Specific Tax (per proof liter)
January 1, 2020	₱ 26.43
January 23, 2020	₱ 35.00
January 1, 2021	₱ 37.00
January 1, 2022	₱ 39.00
January 1, 2023	₱ 41.00
January 1, 2024	₱ 43.00
2025 Onwards	specific tax rate shall be increased by 6% and every year thereafter

B. Tobacco Products, Heated Tobacco Products and Vapor Products

i. Heated Tobacco Products

Date of Effectivity	Quality	Excise Tax Rate
January 1, 2020	Per pack of 20 units or any packaging combinations of not more than twenty (20) units	₱ 10.00
January 23, 2020		₱ 25.00
January 1, 2021		₱ 27.50
January 1, 2022		₱ 30.00
January 1, 2023		₱ 32.50
2024 Onwards		specific tax rate shall be increased by 5% every year effective January 1, 2024

ii. Vapor Products

Date of Effectivity	Quality	Excise Tax Rate
January 1, 2020 to January 22, 2020	0.00 ml to 10.00 ml	₱ 10.00
	10.01 ml to 20.00 ml	₱ 20.00
	20.01 ml to 30.00 ml	₱ 30.00
	30.01 ml to 40.00 ml	₱ 40.00
	40.01 ml to 50.00 ml	₱ 50.00
	More than 50.00 ml	₱ 50.00 plus ₱ 10.00 for every additional 10.00 ml

a. Nicotine Salt or Salt Nicotine

Date of Effectivity	Quality	Excise Tax Rate
January 23, 2020	Per milliliter or a fraction thereof	₱ 37.00
January 1, 2021		₱ 42.00
January 1, 2022		₱ 47.00
January 1, 2023		₱ 52.00
2024 Onwards		rate shall be increased by 5% every year effective January 1, 2024

b. Conventional 'Freebase' or 'Classic' Nicotine

Date of Effectivity	Quality	Excise Tax Rate
January 23, 2020	Per ten (10) milliliter or a fraction thereof	₱ 45.00
January 1, 2021		₱ 50.00
January 1, 2022		₱ 55.00
January 1, 2023		₱ 60.00
2024 Onwards		rate shall be increased by 5% every year effective January 1, 2024

The rates of tax imposed herein shall apply to any liquid substance, regardless of nicotine content, including nicotine-free liquid or any similar product.

iii. Cigars and Cigarettes

a. Cigars [Excise Tax = Ad Valorem Tax plus (+) Specific Tax]

Date of Effectivity	Ad Valorem Tax Rate is based on the net retail price per cigar (excluding the excise and value-added taxes)	Add: Specific Tax
January 1, 2020	20%	₱ 6.57
January 1, 2021	20%	₱ 6.83
January 1, 2022	20%	₱ 7.10
January 1, 2023	20%	₱ 7.38
2024 Onwards	20%	rate shall be increased by 5% every year effective January 1, 2024

b. Cigarettes packed by hand

Date of Effectivity	Quality	Excise Tax Rate
January 1, 2020	Per pack of 20s or any packaging combinations of not more than 20 packed by hands	₱ 45.00
January 1, 2021		₱ 50.00
January 1, 2022		₱ 55.00
January 1, 2023		₱ 60.00
2024 Onwards		rate shall be increased by 5% every year effective January 1, 2024

c. Cigarettes packed by machine

Date of Effectivity	Quality	Excise Tax Rate
January 1, 2020	Per pack of 20s or any packaging combinations of not more than 20 packed by machine	₱ 45.00
January 1, 2021		₱ 50.00
January 1, 2022		₱ 55.00
January 1, 2023		₱ 60.00
2024 Onwards		rate shall be increased by 5%

Date of Effectivity	Quality	Excise Tax Rate
		every year effective January 1, 2024

The labels and/or packages of products shall comply with the following:

- a. Duly registered cigarettes packed by hand, cigarettes packed by machine and heated tobacco products shall only be packed in twenties and other packaging combinations of not more than twenty (20) units.
- b. No person or legal entity shall sell or commercially distribute or display any vapor products or heated tobacco products without ensuring that the labels and packages, as well as any other container used in displaying the said products, meet the requirements under RA Nos. 11346 and 11467, the Graphic Health Warnings Law, and relevant rules and regulations.
- c. Manufacturers, distributors, and importers of vapor products shall be required to indicate on the package the actual volume in milliliters of the liquid solutions and gels.
- d. Manufacturers, distributors, and importers of vapor products and heated tobacco products shall submit to the BIR exact replicas of the packaging and other container or wrapping of the vapor products or heated tobacco products, duly compliant with the Graphic Health Warning Template and the relevant rules and regulations, as a requirement in applying for registration in accordance with Section 156 of the National Internal Revenue Code (NIRC), as amended, and RR Nos. 03-2006 and 17-2012, as amended, and other relevant revenue issuances.
- e. No stamp taxes shall be affixed on non-compliant packages and the taxpayer shall certify under oath that the products withdrawn are compliant with the Graphic Health Warnings Law and the templates approved and issued by the Department of Health, as well as under existing revenue issuances.

For standard affixing of stamps and appropriate payment of Excise Tax, vapor products shall be packed as follows:

- i. Nicotine salt - 1 ml or less, 2 ml or less, 3 ml or less, 4 ml or less, 5 ml or less, 7 ml or less and maximum of 10 ml per pod.
- ii. Freebase - 10 ml or less, 20 ml or less, 30 ml or less, 40 ml or less, 50 ml or less, 70 ml or less and maximum of 100 ml per pack.

Higher product packaging or packaging with no corresponding equivalent will use a combination of two stamps.

No tobacco products, heated tobacco products, or vapor products manufactured in the Philippines and produced for export shall be removed from their place of manufacture or exported without posting of an export bond equivalent to the amount of the Excise Tax due thereof if sold domestically. However, tobacco products, heated tobacco products, or vapor products for export may be transferred from the place of manufacture to a bonded facility, upon posting of a transfer bond, prior to export.

Tobacco products, heated tobacco products, or vapor products imported into the Philippines and destined for foreign countries shall not be allowed entry without posting a bond equivalent to the amount of customs duty, Excise and Value-Added Taxes due thereon if sold domestically.

For inspection/s made in accordance with this Chapter, there shall be collected a fee detailed as follows:

Product	Inspection Fee	Unit of Measure		
		Pieces/Sticks/Units	Milliliter	Kilo
Cigars	₱ 0.50	1,000 or fraction thereof		
Cigarettes	₱ 0.10	1,000 or fraction thereof		
Heated Tobacco	₱ 0.10	1,000		
Vapor Products	₱ 0.01		1.00	
Whole Leaf Tobacco	₱ 0.02			1.00 or fraction thereof
Scrap and Other Mfd. Tobacco	₱ 0.03			1.00 or fraction thereof

Manufacturers, indentors, wholesalers and importers of any apparatus or mechanical contrivance specially for the manufacture of articles subject to tax shall, before any such apparatus or mechanical contrivance is removed from the place of manufacture or from the customs house, give written information to the Commissioner as to the nature and capacity of the same, the time when it is to be removed, and the place for which it is destined, as well as the name of the person by whom it is to be used; and such apparatus or mechanical contrivance shall not be set up nor dismantled or transferred without a permit in writing from the Commissioner and/or Authorized Representative.

A written permit from the Commissioner/Authorized Representative for importing, manufacturing or selling of apparatus or mechanical contrivance specially for the manufacture of articles subject to Excise Tax, cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips is required before any person shall engage in the importation, manufacture or sale of the said articles. No permit to sell said articles shall be granted unless the name and address of the prospective buyer is first submitted to the Commissioner and approved by him/her. Records, showing the stock of the said articles and the disposal thereof by sale of persons with their respective addresses as approved by the Commissioner/Authorized Representative, shall be kept by the seller, and records, showing stock of said articles and consumption thereof, shall be kept by the buyer, subject to inspection by internal revenue officers.

The minimum floor price of cigarette, heated and vapor tobacco products shall be the total production cost/expenses of the cheapest brand per tobacco product including the sum of Excise Tax and VAT. The Excise LT Regulatory Division (ELTRD) shall establish a monthly data profile based on the required periodic manufacturer's or importer's sworn declaration for all brands per tobacco product category.

Any alcohol products, tobacco products, heated tobacco products and vapor products that are introduced in the domestic market on or after the effectivity of any law imposing new tax rates shall be initially classified for tax purposes according to their suggested net retail prices as declared in the prescribed updated manufacturer's or importer's sworn statement, subject to the initial validation and revalidation requirements prescribed under RR No. 3-2006, as amended.

In case of alcohol products, heated tobacco products and vapor products that were duly registered with the BIR before the effectivity of any law imposing new tax

rates but were no longer classified under the new law shall be deemed as newly-introduced products in the domestic market. The tax classification thereof shall be based on the suggested net retail price declared in the aforesaid sworn statement, subject to the initial validation and revalidation requirements.

The understatement of the suggested net retail price by as much as fifteen percent (15%) of the actual net retail price, as determined using the survey price net of Excise and Value-Added Taxes declared per manufacturer/importer's sworn statement, shall render the manufacturer or importer of covered products per RA No. 11346 and 11467 liable for additional Excise and Value-Added Taxes equivalent to the difference between the recomputed (Excise and Value-Added) Taxes based on the annual net retail price and the declared Excise and Value-Added Taxes per submitted sworn statement.

Within 30 days from the effectivity of RA No. 11467, and within the first five (5) days of every month thereafter, manufacturers, brewers, distillers, distributors, and importers of alcohol products, and tobacco products, heated tobacco products and vapor products shall submit to the Commissioner a sworn statement of the volume of sales and removals for each particular brand sold for the three-month period immediately preceding.

Any manufacturer, brewer, distiller, distributor, or importer who 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 permit to engage in business as manufacturer, brewer, distiller, distributor, or importer of alcohol products, and/or tobacco, heated tobacco products and vapor products.

The BIR shall supervise establishments where articles subject to Excise Tax are made or kept. The Secretary of Finance shall prescribe rules and regulations in which the process of production shall be conducted insofar as may be necessary to secure a sanitary output and to safeguard revenue, such rules and regulations to safeguard revenue may allow the appointment of third parties to monitor production and removal processes and volumes, and the exclusion of excisable goods from duty-free barter transactions.

Any corporation, association or partnership liable for any of the acts or omissions in violation of Sections 141, 142, 143, 144 or 145 of the NIRC, as amended, shall be fined treble the aggregate amount of deficiency taxes, surcharges and interest which may be assessed. Any person liable for any of the acts or omissions prohibited under Sections 141, 142, 143, 144 or 145 of the NIRC, as amended, shall be criminally liable and penalized under Section 254 of the NIRC, as amended. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal. If the offender is not a citizen of the Philippines, he/she shall be deported immediately after serving the sentence, without further proceedings for deportation.

It shall be unlawful for any person to have in his possession cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips, without the corresponding authority therefor issued by the Commissioner. Any person, importer, manufacturer of cigar and cigarettes, who has been found guilty, shall, upon conviction for each act or omission, be punished by a fine of not less than One Million Five Hundred Thousand pesos (₱1,500,000.00) but not more than Fifteen Million pesos (₱15,000,000.00) and imprisonment for a term of not less than six (6) years and one (1) day but not more than twelve (12) years.

Any violation of Section 164 of the NIRC, as amended, including mere possession of any apparatus or mechanical contrivance for the manufacture of cigarettes, cigarette paper, or cigarette tipping paper, for which no permit was obtained from the Commissioner shall be punishable with a fine of not less than Fifteen Million pesos (₱15,000,000.00) but not more than Fifty Million pesos (₱50,000,000.00) and imprisonment of not less than twelve (12) years but not more than twenty (20) years.

Any person who sells tobacco products, including 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 (₱200,000.00) nor more than Five Hundred Thousand pesos (₱500,000.00), and imprisonment of not less than four (4) years but not more than six (6) years.

Any person who ships, transports or removes spirituous, compounded or fermented liquors, wines or any manufactured products of tobacco under any other than the proper name or brand known to the trade as designating the kind and quality of the contents of the package containing the same or as an imitation of any existing or otherwise known product name or brand or causes such act to be done shall, upon conviction for each act or omission, be punished by a fine of not less than One Million Five Hundred Thousand pesos (₱1,500,000.00) but not more than Fifteen Million pesos (₱15,000,000.00) and imprisonment of not less than six (6) years and one (1) day but not more than twelve (12) years.

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 imposed penalties specified in Section VI (E) of the regulations.

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 (₱10,000,000.00) but not more than Five Hundred Million pesos (₱500,000,000.00) and imprisonment of not less than five (5) years but not more than eight (8) years:

- a. Making, importing, selling, using or possessing without express authority from the Commissioner, any dye for printing or making stamps, labels, tags or playing cards;
- b. Reusing previously affixed stamps, erasing the cancellation marks of any stamp previously used, or altering the written figures or letters or cancellation marks on internal revenue stamps;
- c. Possessing false, counterfeit, restored or altered stamps, labels or tags or causing the commission of any such offense by another;
- d. Selling or offering for sale any box or package containing articles subject to Excise Tax with false, spurious or counterfeit stamps or labels or selling from any such fraudulent box, package or container as aforementioned; or
- e. Giving away or accepting from another, or selling, buying or using containers on which the stamps are not completely destroyed.

The cumulative possession of false/counterfeit/recycled tax stamps in excess of the amount of Fifty Million pesos (₱50,000,000.00) shall be punishable by a fine of Five Hundred Million pesos (₱500,000,000.00) 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.

Upon the effectivity of RA No. 11467, the following transitory provisions shall be strictly observed by all concerned:

- a. Distilled spirits introduced in the domestic market after the effectivity of RA No. 11467 shall be initially taxed according to their suggested net retail prices.
- b. At the end of three (3) months from the product launch, the BIR, through the Excise LT Regulatory Division (ELTRD), shall validate the suggested net retail price of the new brand against the net retail price as defined in the regulations. After the end of nine (9) months from such validation, the ELTRD 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.
- c. Manufacturers and importer of distilled spirits and wines, and every brewer, manufacturer or importer of fermented liquor shall, within thirty (30) days from the effectivity of RA No. 11467, and within the first five (5) days of every third month thereafter, submit to the Commissioner, through the Large Taxpayers Performance Monitoring & Programs Division(LTPMPD), a sworn statement of the volume of sales and removals for each particular brand of distilled spirits, wines and fermented liquor sold at his establishment for the three-month period immediately preceding.
- d.
 - i)Manufacturers and importers of cigars and cigarettes shall within thirty (30) days from the effectivity of RA No.11346(which is January 1, 2020) and within five (5) days of every month thereafter, submit to the Commissioner through Excise LT Field Operations Division (ELTFOD) copy furnished LTPMPD a sworn statement of the volume of sales and removals for cigars and/or cigarettes for the three-month period immediately preceding.
 - ii) Manufacturers, distributors and importers of heated tobacco and vapor products shall register with the BIR through ELTRD, within thirty (30) days from effectivity of RA No. 11346/11467 and/or from the issuance of the FDA Marketing Authorization and within five (5) days of every month thereafter, submit to the Commissioner through ELTFOD and LTPMPD a sworn statement of the volume of sales for each particular brand of heated/vapor products sold for the three-month period immediately preceding.
 - iii) During the eighteen (18) months period from effectivity of the Implementing Rules and Regulations (IRR) of RA No. 11346 and 11467, taxpayers shall first secure a certification from the FDA reflecting details/descriptions of the product before registration of taxpayer and product variant by the BIR through ELTRD. The BIR shall register the taxpayer based on the receipt of FDA Certification and necessary registration requirements.
- e. Manufacturers, distributors, importers and sellers of heated tobacco products and vapor products are given a period of eighteen (18) months from the effectivity of the IRR of RA Nos. 11346 and 11467 to comply with the requirements of. the Graphic Health Warnings Law, its IRR, and all other relevant rules and regulations in relation to the implementation of the Graphic Health Warning Law.

- f. Eighteen (18) months after the effectivity of the IRR of RA Nos. 11346 and 11467, no person or legal entity shall sell or commercially distribute or display any heated tobacco products and vapor products which are not compliant with the labelling, packaging, as well as any other container used in displaying the said products, under appropriate revenue issuances by the Bureau.

Revenues from sugar sweetened beverages, alcohol, tobacco, heated tobacco and vapor products shall be allocated in accordance with RA No. 11346 for revenues collected from January 1 to 22, 2020 and RA No. 11467 from January 23, 2020 onwards. 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 RA No. 8240.

The Revenue Regulations specifically repeals Section 4 and 6 of RR No. 17-2012 and Revenue Memorandum Circular No. 90-2012. Any other laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with these Regulations are hereby repealed, amended, or modified accordingly.