

Headline	Bittersweet culmination: Tax on sugar sweetened beverages		
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Section	Business	Journalist	Rica Ysabelle L. Casiquin
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The Philippines, being a tropical country, usually encounters high temperatures come summer time which fall during the months of March and April. Hence, it is not a surprise to know that almost all Filipinos love to indulge in a variety of cold drinks to beat the heat. As a matter of fact, a typical Filipino meal would normally include an ice cold drink such as carbonated drinks - (more commonly known as "soft drinks"), juices and coffee.

Filipinos' daily intake of these kind of drinks also proves that majority has an inclination towards sweet goods and thus, showcase the myriad ways Filipinos enjoy sweets. It is the propensity to indulge the Filipino sweet tooth which leads us to discuss an interesting matter relating to the proposed tax on sugar-sweetened beverages.

Representatives Horacio Suaning Jr. of the 2nd district of Sultan Kudarat and Estrellita Suaning of the 1st district of Nueva Ecija sponsored House Bill (HB) 292 titled: "An Act Imposing Excise Tax on Sugar Sweetened Beverages

by inserting a new Section 150- A in the National Internal Revenue Code of 1997, as amended" to promote public health and wellness.

HB 292 introduces the imposition of excise tax on sugar-sweetened beverages at a rate of P10 per liter of volume capacity. In the explanatory note of HB 292 the sponsors of the bill stated that this measure does not only seek to promote public health and wellness, but also to provide additional revenue collections for our government, which will then be allocated for the following proposed purposes: (a) 50 percent to the General Fund; (b) 20 percent to the Department of Health for provision of medicines and medical assistance for diabetes and other non-communicable diseases through provincial and district hospitals as well as for health and wellness promotion; (c) 20 percent to the Department of Education to provide public schools and sports facilities access to potable water and health awareness programs; (d) three percent to the Department of Interior and Local Government under the *Sagana at Ligtas Na Tubig Sa Lahat* (SALINTUBIG) and Grassroots Participatory Planning and Budgeting (GPPB) Priority LGUs; (e) three percent to the Food and Drug Administration to support the implementation of its mandate to ensure the

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safety, efficacy or quality of health products; (f) two percent to the Food and Nutrition Research Institute, and (g) two percent shall accrue to the Bureau of Internal Revenue for tax administration.

Subsequently, HB 292 was adopted and included as Section 25 of HB 5636, or otherwise known as "Tax Reform for Acceleration and Inclusion (TRAIN)" which was approved by the House of Representatives on May 31, 2017. HB 5636 also imposed the same excise tax rate of P10 on every liter of sugar-sweetened beverages containing locally produced sugar, while an excise tax at a rate of P20 per liter is imposed for imported sugar.

The term "sugar sweetened beverage" (SSB), as defined under Section 25 of HB 5636, refers to non-alcoholic beverage that contains caloric sweeteners or added sugar or artificial/non-caloric sweetener. This definition of SSB includes soft drinks, fruit drinks, sports drinks, sweetened tea and coffee drinks and all other non-alcoholic beverages containing caloric sweeteners or added sugar or artificial/non-caloric sweetener.

Notwithstanding the above definition of SSBs, the following items are expressly excluded from the proposed imposition of the excise tax on SSB also provided by Section 25 of HB 5636: (1) Plain milk and milk drink products without added sugar; (2) All milk products, infant formula and milk alternatives, such as soy milk or almond milk, including flavored milk, such as chocolate milk; (3) 100 percent natural fruit juices; (4) 100 percent Natural Vegetable Juices; (5) meal replacement beverages and medically indicated beverages; (6) Ground coffee; and (7) Unsweetened tea.

The proposed imposition of excise tax on SSBs was thereafter incorporated in Senate Bill (SB) 1592 which was submitted by the Committee on Sept. 20, 2017. To date, SB 1592 is pending before the Senate Ways and Means Committee.

As such, a new version of tax on SSB was adopted by the Senate version of this SSB bill. SB 1592 imposed the following rate of taxes: (1) a tax of P5 per liter of volume capacity shall be imposed on sweetened beverages using purely caloric sweeteners; (2) a tax of P10 per liter of volume capacity shall be imposed on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener; and (3) a tax of P3 per liter of volume capacity shall be imposed on sweetened beverages using purely non-caloric sweeteners or a mix of caloric and non-caloric sweeteners. Further, the following are the exclusions: (1) sweetened beverages using purely coconut sap sugar; and (2) sweetened beverages using purely steviol glycosides.

It is worth noting that the consolidation of the provisions of the HB and the Senate bill is yet to be made considering that discussions are still ongoing as to whether or not tax on the sugar-sweetened beverages will be taken into consideration and will eventually form part of new Tax Code. On the brighter side of things, if this bill passes, our government will have another source of revenue which can be applied to providing more projects that will benefit Filipinos.

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