

RECLASSIFICATION OF CIGARETTE SUBJECTS TO EXCISE TAX

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/51beb8ed9458/>

In view of the issues raised on whether HOPE, MORE and CHAMPION cigarettes which are locally manufactured are appropriately considered as locally manufactured cigarettes bearing a foreign brand, this Office is compelled to review the previous rulings on the matter.

Section 142 (c)(1), National Internal Revenue Code, as amended by R.A. 6956, provides:

"On locally manufactured cigarettes bearing a foreign brand, fifty-five percent (55%) 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 bears a foreign brand, the listing of brands manufactured in foreign countries appearing in the current World Tobacco Directory shall govern."

Under the foregoing, the test for imposition of the 55% ad valorem tax on cigarettes is that the locally manufactured cigarettes bear a foreign brand 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. The brand must be originally owned by a foreign manufacturer or producer. If ownership of the cigarette brand is, however, not definitely determinable, "x x x the listing of brand manufactured in foreign countries appearing in the current World Tobacco Directory shall govern. x x x"

HOPE is listed in the World Tobacco Director as being manufactured by (a) Japan Tobacco, Japan and (b) Fortune Tobacco, Philippines. MORE is listed in the said directory as being manufactured by: (a) Fills de Julia Reig, Andorra; (b) Rothmans, Australia; (c) RJR-Macdonald, Canada; (d) Rettig-Strenberg, Finland; (e) Karellas, Greece; (f) R.J. Reynolds, Malaysia; (g) Rothmans, New Zealand; (h) Fortune Tobacco, Philippines; (i) R.J. Reynolds, Puerto Rico; (j) R.J. Reynolds, Spain; (k) Tabacalera, Spain; (l) R.J. Reynolds, Switzerland; and (m) R.J. Reynolds, USA. CHAMPION is registered in the said directory as being manufactured by (a) Commonwealth, Bangladesh; (b) Sudan, Brazil; (c) Japan Tobacco, Japan; (d) Fortune Tobacco, Philippines; (e) Haggar, Sudan; and (f) Tabac Reunies, Switzerland.

Since there is no showing who among the abovelisted manufacturers of the cigarettes bearing the said brands are the real owner/s thereof, then it follows that the same shall be considered foreign brand for purposes of determining the ad valorem tax, pursuant to Section 142 of the National Internal Revenue Code. As held in BIR Ruling No. 410-88, dated August 24, 1988, "in case where it cannot be established or there is dearth of evidence as to whether a brand is foreign or not, resort of the World Tobacco Directory should be made."

In view of the foregoing, the aforesaid brands of cigarettes, viz: HOPE, MORE and CHAMPION being manufactured by Fortune Tobacco Corporation are hereby considered local manufactured cigarettes bearing a foreign brand subject to the 55% ad valorem tax on cigarettes.

Any ruling inconsistent herewith is revoked or modified accordingly.

Adopted: 1 July 1993

(Sgd.)LIWAYWAY VINZONS-CHATO
Commissioner

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.