

INCREASING THE SPECIFIC TAX RATES ON CIGARETTES BY AMENDING SECTION 137 (b) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

PRESIDENTIAL DECREE NO. 753, July 27, 1975

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WHEREAS, the need for additional revenues for accelerated national development has rendered it imperative for the government to tap source from which the needed funds might be equitably derived;

WHEREAS, an increase in the tax rates on cigarettes packed in twenties is a good source of additional revenue; and

WHEREAS, in line with the goals of the New Society, the time has come to promote our own local brands of cigarettes as a means of attaining a real national identity for our own products and at the same time, conserve our dollar resources by reducing to a minimum foreign exchange remittances in the form of royalty payments to foreign brand owners having licensing agreements with the local cigarette manufacturers;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the following:

SECTION 1. Section 137 (b) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 137. Specific tax on Cigars and Cigarettes.—On cigars and cigarettes, there shall be collected the following taxes:

"(a) Cigars—

"(b) Cigarettes—

"1. On cigarettes packed in thirties, the retail price of which per pack does not exceed sixty centavos, on each thousand, three pesos;

"2. On cigarettes packed in thirties, the retail price of which per pack exceeds sixty centavos but does not exceed eighty centavos, on each thousand, five pesos;

"3. On cigarettes packed in thirties, the retail price of which per pack exceeds eighty centavos but does not exceed one peso and ten centavos, on each thousand, eight pesos;

"4. On cigarettes packed in thirties, same shall be packed in round shape only, consisting of thirty sticks for every package or seven hundred fifty sticks for every roll, the latter wrapped in one secondary container;

"5. On cigarettes packed in twenties, the retail price of which per pack does not exceed one peso and ten centavos, on each thousand, ten pesos;

"6. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and ten centavos, but does not exceed one peso and forty centavos, on each thousand, sixteen pesos;

"7. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and forty centavos, but does not exceed one peso and seventy centavos, on each thousand, eighteen pesos;

"8. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and seventy centavos, but does not exceed two pesos, on each thousand, twenty pesos;

"9. On cigarettes packed in twenties, the retail price of which per pack exceeds two pesos, but does not exceed two pesos and fifty centavos, on each thousand, thirty-two pesos;

"10. On cigarettes packed in twenties, the retail price of which per pack exceeds two pesos and fifty centavos, but does not exceed three pesos, on each thousand, forty pesos;

"11. On cigarettes packed in twenties, the retail price of which per pack exceeds three pesos, on each thousand, fifty pesos;

"12. If the cigarettes of local manufacture are of foreign brands or trade marks and being manufactured locally under licensing agreements with the foreign brand or trade mark owners, the tax shall be increased by fifty per centum per thousand; That any subsequent transfer or alienation of title or right over a cigarette brand or trade mark by a foreign owner to a local manufacturer in whatever manner, form or description shall not affect the rates of tax then prevailing after the effectivity of this Decree;

"13. If the cigarettes of local manufacture are mechanically wrapped or packed, the tax shall be increased by one hundred twenty per centum per thousand. Cigarettes shall be considered mechanically wrapped or packed when at any stage of the wrapping or packing thereof, a machine or any mechanical contrivance shall have been used;

"14. If the cigarettes are of foreign manufacture, regardless of the retail price per pack or the manner of wrapping or packing thereof, on each thousand, eighty pesos.

"Cigarettes subject to tax at lower rates before the effectivity of the new tax rates herein prescribed shall automatically be subject to the corresponding higher rates and there is nothing under this sub-section (b) which allows any downgrade re-classification of tax rates for existing brands of cigarettes duly registered at the time the herein rates become effective.

"Duly registered and/or existing brands of cigarettes packed in 20's at the time of the effectivity of the new rates herein prescribed shall not be allowed to be packed in 30's and neither shall any new brand of cigarettes be registered nor allowed to be manufactured if same shall be packed in 30's."

SECTION 2. This decree shall take effect immediately.

Done in the City of Manila, this 27th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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