REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

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August 11, 2023

REVENUE MEMORANDUM CIRCULAR NO. 105-2023

SUBJECT : **Clarification and Guidance on the Affixture of Internal Revenue Stamps on Vapor Products Pursuant to Section 9 of Revenue Regulations (RR) No. 18-2021 and Section 4 (H) of RR No. 14-2022**

TO : All Internal Revenue Officers, Employees, and Others Concerned

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This Circular is being issued to provide clarification and guidance on Section 9 of RR No. 18-2021 and Section 4 (H) of RR No. 14-2022, particularly in relation to the affixture of internal revenue stamps on vapor products.

I. POLICIES

(a) Affixture of Stamps. All importations and removals from the place of production of vapor products shall be affixed with the internal revenue stamps prescribed by the aforementioned regulations and other related revenue issuances, subject to the transitory provisions outlined below.

Section 147 of the National Internal Revenue Code (NIRC) of 1997, as implemented by RR No. 7-2021, defines Vapor Products as follows:

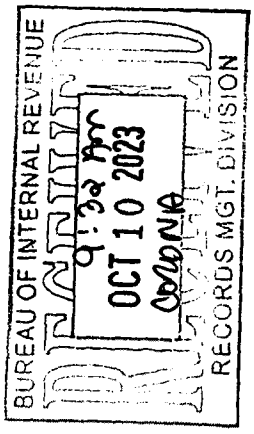
> *"(f) **'Vapor products'** shall mean electronic nicotine and non-nicotine delivery systems (ENDS/ENNDS), which are combinations of (i) a liquid solution or gel, that transforms into an aerosol without combustion through the employment of a mechanical or electronic heating element, battery or circuit that can be used to heat such solution or gel, and includes, but is not limited to (ii) a cartridge, (iii) a tank, and (iv) the device without a cartridge or tank. It is commonly known as nicotine salt/salt nicotine, and conventional 'freebase' or 'classic' nicotine, and other similar products: Provided, That all vapor products shall be covered by this Act regardless of its nicotine content."*

The internal revenue stamp for locally manufactured products for the domestic market and imported products shall be affixed at the upper or top portion of the immediate, exposed container of vapor products (e.g., carton boxes or bottles), overlapping the intended opening of the immediate container in such a manner as to effectively seal the container and prevent the removal of the product without breaking the said stamp and before the immediate container is wrapped in cellophane or transparent wrapper, if applicable. Moreover, the internal revenue stamp shall be affixed on the container in a manner without violating the health warning requirements prescribed under existing law, rules and regulations. Provided that, the immediate

container (in case of boxes or similar type of container) of vapor products shall have no other opening, at the bottom or any other side, except the opening at the upper or top portion of the container so as to avoid the removal of the product without breaking the stamp affixed on the intended opening of the container.

The excise tax rates imposed shall apply to any liquid substance per milliliter (nicotine salt) of vapor product or a fraction thereof, or per 10 milliliters (conventional freebase) or a fraction thereof. One (1) tax stamp shall be affixed on every container or packaging of vapor products. There shall be prescribed seven (7) container/packaging types according to type and volume content of vapor product and corresponding excise tax due thereon, to wit:

Type and Volume of Product	*Current Excise Tax Rate (2023)*	*Excise Tax Due*
Nicotine Salt (1 ml)	P52.00 (x 1)	P 52.00
Nicotine Salt (2 ml)	P52.00 (x 2)	P104.00
Nicotine Salt (5 ml)	P52.00 (x 5)	P260.00
Nicotine Salt (10 ml)	P52.00 (x 10)	P520.00
Conventional Freebase (10 ml)	P60.00 (x 10)	P60.00
Conventional Freebase (30 ml)	P60.00 (x 30)	P180.00
Conventional Freebase (60 ml)	P60.00 (x 60)	P360.00



(b) Payment of the Price of the Stamps. After the approval of the order of internal revenue stamps and prior to its release from the APO designated plant, the printing and personalization cost thereof shall be paid by the local manufacturer or importer of vapor products to APO Production Unit, Inc. (APO) in the amount of ONE PESO (P1.00) per piece of internal revenue stamp for a minimum of 1,650,000 pieces per order and TWO PESOS AND FIFTY CENTAVOS (P2.50) per piece of internal revenue stamp for a minimum of 165,000 pieces per order.

The taxpayer shall encode or record, in the Transcript Sheets of Official Register Book (ORB) (*Annex "A"*) prescribed herein, the range of Unique Identifier Codes (UICs) of internal revenue stamps received and affixed on vapor products. He/she/it shall submit such ORB to the LT Performance Monitoring & Programs Division (LTPMPD) or to the concerned Excise Tax Area (EXTA) having jurisdiction of the place of production/warehouse on or before the eighth (8th) day of the month immediately following the month of operation and every 8th day of every month thereafter.

RR No. 18-2021 provides for the procedures for the ordering, distribution, and monitoring of internal revenue stamps, as well as report generation relative thereto, which are hereby adopted for purposes of this Circular.

II. TRANSITORY PROVISIONS

The following transitory provisions shall be strictly observed:

(a) Upon the effectivity of this Circular, all manufacturers, importers, and distributors shall submit an inventory list, signed by an authorized representative, of all stocks of vapor products using the format in Annex "B" hereof. The said inventory list shall be submitted to the Chief,

Excise LT Field Operations Division, National Office Building, BIR Road, Quezon City, within fifteen (15) calendar days immediately after the effectivity of this Circular.

(b) All concerned local manufacturers and importers of vapor products shall enroll with the Enhanced Internal Revenue Stamps Integrated System (IRSIS) and the orders for the internal revenue stamps prescribed herein shall be submitted for approval by the BIR not later than fifteen (15) days after the effectivity of this Circular.

(c) Effective June 1, 2024, all containers (e.g., carton boxes) of vapor products must be compliant with the design configuration/specifications prescribed herein, specifically that they shall have only one opening.

(d) Effective June 1, 2024, all vapor products manufactured in the Philippines and/or imported into the Philippines shall be affixed with the internal revenue stamps prescribed by this Circular and other related revenue issuances.

III. PENALTIES

Any violation of this Circular shall be subject to the corresponding penalties under the pertinent provisions of RR No. 18-2021 and RR No. 14-2022.

V. EFFECTIVITY

All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

This Circular takes effect immediately.

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue
015658

D-OHREA, LTS-Excise/maa/rrie

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