REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

April 12, 2006

REVENUE MEMORANDUM CIRCULAR NO. 26 – 2006

SUBJECT : Clarifying Certain Provisions of Revenue Regulations (RR) No. 3-2006, More Particularly on the Printing Requirements of Section 23 thereof.

TO : All Internal Revenue Officials and Others Concerned

This Circular is hereby issued in order to clarify issues on the implementation of the provisions of RR No. 3-2006, more particularly on the provisions of Section 23 with respect to the printing requirements on commercial labels, packaging/secondary containers and master cases of alcohol and tobacco products.

Enumerated hereunder are the following clarifications on the issues in the form of Questions (Q) and Answers (A).

Q1 : Are the Printing requirements under the provisions of Section 23 A limited only to the registration of new brands, variants of existing and new brands that were introduced after the effectivity of RR No. 3-2006?

A1 : No. The new requirements that should be printed on the commercial labels shall not only apply to the brands registered on or after the effectivity of RR No. 3-2006. It shall likewise apply to all brands of tobacco products whether existing/new brands, variants of existing/new brands that were introduced BEFORE the effectivity of RR No. 3-2006. This intention of the provisions of Section 23 A can be gleaned from the transitory provisions of Section 25 (7) of RR No. 3-2006 when it prescribed the submission of the inventory list of unused commercial labels of alcohol and tobacco products intended for sale in the domestic market without the new marking "FOR DOMESTIC SALE ONLY".

Q2 : In the light of the new minimum size requirements for printing of health warnings on commercial labels and packages of tobacco products under R.A. No. 9211, otherwise known as the Tobacco Regulation Act of 2003, what shall be the effect thereof on the printing requirements on the commercial label and packages of the tobacco products prescribed under the provisions of RR no. 3-2006, more particularly Section 23.A.(1)(a), (b), (c), (d) and (e), as

well as the printing requirements on master cases of alcohol and tobacco products prescribed under Section 23.B.(1)(a), (b) and (c) and (2)(a), (b), (c) and (d)?

A2 : The printing requirements on commercial labels and packages of tobacco products, more specifically cigarette products, prescribed under the aforesaid provisions of RR No. 3-2006 are sufficiently complied with if the minimum printing requirements on the commercial labels and packages provided in Annex "A" hereof are strictly complied with by the concerned taxpayers.

For purposes of consistency and uniformity, the printing requirements on commercial labels and packages of alcohol products prescribed on the same provisions of RR No. 3-2006 are, likewise, sufficiently complied with if the minimum printing requirements on the commercial labels and packages provided in Annex "B" hereof are strictly complied with by the concerned taxpayers.

Moreover, for purposes of guidance in complying the minimum printing requirements provided in Annex "A" and "B" hereof, the diagrams on the commercial labels and packages are provided in Annexes "A-1, for cigarette products, and Annexes "B-1", for alcohol products.

Q3 : Considering that there are preparations that need to be made on the redesign of the commercial labels, as well as on the reams or cartons of the tobacco products, as a mandatory requirement of R.A. No. 9211, may the implementation of the printing requirements on the commercial labels and reams or cartons under RR No. 3-2006 be deferred? If so, how long may the same be made?

A3 : Yes, the implementation of the printing requirements under RR No. 3-2006 may be deferred but only up to October 31, 2006. Accordingly, the same shall be strictly enforced on every importation or removal from the place of production, as the case may be, of all brands of tobacco products beginning November 1, 2006.

Since the aforesaid provisions on the deferment of printing requirements under RR No. 3-2006 on tobacco products are in line with the requirements of R.A. No. 9211, the said provisions shall not apply to alcohol products.

Q4 : What will be the prescribed printing requirements on the master cases of imported alcohol and tobacco products intended for sale in the domestic market and those intended for Duty Free Philippines (DFP)?

A4 : While the provisions of Section 32.B(2) under RR No. 3-2006 are silent on the prescribed markings on at least one side of the master case of imported alcohol and tobacco products for sale in the domestic market and DFP, the

provisions of Section 23.A.(1)(d) and (c) thereof, however, are clear that the phrases "DUTY–FREE AND NOT FOR RESALE", in case of importation by the DFP, and "FOR EXPORT TO THE PHILIPPINES, TAX AND DUTY PAID, in case of importation for sale in the domestic market, should be printed on the secondary containers, including master cases, of the alcohol and tobacco products. For this purpose, the minimum printing requirements on the specific panels of the master cases provided in annexes "A" and "B" shall, likewise, be strictly complied with by the concerned taxpayers.

All revenue officials and employees are hereby enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue