REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

January 16, 2006

REVENUE MEMORANDUM ORDER NO. 2-2006

SUBJECT : Amending RMO No 7 – 2005 - Renaming of Alphanumeric Tax Codes (ATCs) and Revised Rates and Bases of Excise Tax on Tobacco and Alcohol Products

TO : All Internal Revenue Officers and Others Concerned

I. Objective :

To amend certain portions contained in RMO No. 7 – 2005 such as the creation of new Alphanumeric Tax Codes (ATCs), dropping of existing ATCs and correction of tax rate.

II. List of ATCs together with their corresponding new excise tax rates under the new Republic Act No. 9334 effective January 1, 2005

Alpha-numeric Tax Code (ATC)	PRODUCTS	NEW TAX RATES
	A. Alcohol Products	
	(1) Distilled Spirits	Per proof liter
XA010	(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup or sugar of the cane;	₱ 11.65
XA010	If produced in a pot still by small distillers (up to 100 liters/day and 50% alcohol by volume)	₱ 11.65
	(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be in accordance with the net retail price (excluding the excise and value-added taxes) per bottle of seven hundred fifty milliliter (750 ml.) volume capacity, as follows:	
XA031	(1) Less than Two Hundred and Fifty Pesos (<₱250.00)	₱ 126.00
XA032	(2) Two Hundred and Fifty Pesos (₱250.00) up to Six Hundred and Seventy Five Pesos (₱675.00)	₱ 252.00
XA033	(3) More than Six Hundred and Seventy Five Pesos (>₱675.00)	₱ 504.00

Alpha-numeric Tax Code (ATC)	PRODUCTS	NEW TAX RATES
XA040	(c) Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient	(depends on the chief ingredient)
	(2) Wines	Per liter
	(a) Sparkling wines / champagnes The tax shall be in accordance with the net retail price (excluding the excise and value-added taxes) per bottle, regardless of proof, as follows:	
XA061	(1) Five Hundred Pesos (₱500.00) or less	₱ 145.60
XA062	(2) More than Five Hundred Pesos (>₱500.00)	₱ 436.80
XA070	(b) Still wines containing fourteen percent (14%) of alcohol by volume or less	₱ 17.47
XA080	(c) Still wines containing more than fourteen percent (14%) of alcohol by volume but not more than twenty-five percent (25%) of alcohol by volume	₱ 34.94
XA090	Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits	
	(3) Fermented liquors	Per liter
	The tax shall be in accordance with the net retail price (excluding excise and value-added taxes) per liter of volume capacity, as follows:	
XA051	(1) Less than Fourteen Pesos and Fifty Centavos (<₱14.50)	₱ 8.27
XA052	(2) Fourteen Pesos and Fifty Centavos (₱14.50) up to Twenty-two Pesos (₱22.00)	₱ 12.30
XA053	(3) More than Twenty-two Pesos (>₱22.00)	₱ 16.33
	Regardless of the net retail price, fermented liquors brewed and sold at micro-breweries or small establishments such as pubs and restaurants shall be taxed at ₱16.33 per liter.	
	Note: ***The rates of tax imposed under Alcohol Products namely: (1) Distilled Spirits, (2) Wines and (3) Fermented Liquors shall be increased by eight percent (8%) every two years starting on January 1, 2007 until January 1, 2011.***	

Alpha-numeric Tax Code (ATC)	PRODUCTS	NEW TAX RATES
	B. Tobacco Products	
	(1) Tobacco Products	
XT010	(a) Tobacco twisted by hand or reduced into a condition to be consumed in any manner other than the ordinary mode of drying and curing;	₱ 1.00 per k.g.
XT010	(b) Tobacco prepared or partially prepared with or without the use of any machine or instrument or without being pressed or sweetened; and	₱ 1.00 per k.g.
XT010	(c) Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweepings of tobacco.	₱ 1.00 per k.g.
XT020	(2) Tobacco specially prepared for chewing so as to be unsuitable for use in any other manner. ***Note:*** ***The rates of tax imposed under Tobacco Products namely: (1) Tobacco Products and (2) Tobacco prepared for chewing shall be increased by six percent (6%) every two years starting on January 1, 2007 until January 1, 2011.***	₱ 0.79 per k.g.
	(3) Cigars The tax shall be in accordance with the net retail price (excluding excise and value-added taxes) per cigar, as follows:	
XT031	(a) Five Hundred Pesos (₱500.00) or less	Ten Percent (10%) of the net retail price *
XT032	(b) More than Five Hundred Pesos (>₱500.00)	Fifty Pesos (₱50.00) plus Fifteen Percent (15%) of the net retail price in excess of Five Hundred Pesos (₱500.00)
	**** The tax rate shall in no case be lower than P 1.12 as provided in the Tax Code of 1997.***	
XT040	(4) Cigarettes Packed by Hand	
	Effective January 1, 2005	₱ 2.00 per pack
	Effective January 1, 2007	₱ 2.23 per pack
	Effective January 1, 2009	₱ 2.47 per pack
	Effective January 1, 2011	₱ 2.72 per pack

Alpha-numeric Tax Code (ATC)	PRODUCTS	NEW TAX RATES
	(5) (Cigarettes Packed by Machine	Per pack
	The tax shall be in accordance with the net retail price (excluding excise and value-added taxes) per pack, as follows:	
XT130	(a) Below Five Pesos (₱5.00)	
	Effective January 1, 2005	₱ 2.00 per pack
	Effective January 1, 2007	₱ 2.23 per pack
	Effective January 1, 2009	₱ 2.47 per pack
	Effective January 1, 2011	₱ 2.72 per pack
XT070	(b) Five Pesos (₱5.00) but does not exceed Six Pesos and Fifty Centavos (₱6.50)	
	Effective January 1, 2005	₱ 6.35 per pack
	Effective January 1, 2007	₱ 6.74 per pack
	Effective January 1, 2009	₱ 7.14 per pack
	Effective January 1, 2011	₱ 7.56 per pack
XT060	(c) More than Six Pesos and Fifty Centavos (>₱6.50) but does not exceed Ten Pesos (₱10.00)	
	Effective January 1, 2005	₱ 10.35 per pack
	Effective January 1, 2007	₱ 10.88 per pack
	Effective January 1, 2009	₱ 11.43 per pack
	Effective January 1, 2011	₱ 12.00 per pack
XT050	(d) More than Ten Pesos (>₱10.00)	
	Effective January 1, 2005	₱ 25.00 per pack
	Effective January 1, 2007	₱ 26.06 per pack
	Effective January 1, 2009	₱ 27.16 per pack
	Effective January 1, 2011	₱ 28.30 per pack
	(6) Tobacco Inspection Fees	
XT080	(a) For each thousand cigars or fraction thereof	₱ 0.50
XT090	(b) For each thousand cigarettes or fraction thereof	₱ 0.10
XT100	(c) For each kilogram of leaf tobacco or fraction thereof	₱ 0.02
XT110	(d) For each kilogram or fraction thereof of scrap and other manufactured tobacco	₱ 0.03
XT120	(e) Additional imported blending tobacco inspection and monitoring fee	leaf - 2 cent./kilo partially manufactured (scrap & strips) - 3 cent./kilo

III. The Alphanumeric Tax Code Nos. XA020 and XT030 are hereby dropped.

IV. Repealing Clause :

This Order supersedes all revenue issuances or portions thereof inconsistent herewith.

V. Effectivity :

This Order takes effect immediately.

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

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