REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building

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October 24, 2022

REVENUE REGULATIONS NO. 14-2022

SUBJECT : Rules and Regulations Implementing the Provisions of Republic Act No. 11900, Relative to the Importation, Manufacture, Sale, Packaging, Distribution, Use, and Communication of Vaporized Nicotine and Non-Nicotine Products, and Novel Tobacco Products

TO : All Internal Revenue Officials and Others Concerned

SECTION 1. SCOPE. – Pursuant to Sections 244 and 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement pertinent provisions of Republic Act (RA) No. 11900 relative to the importation, manufacture, sale, packaging, distribution, use and communication of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products, effectively amending certain Sections of Revenue Regulations (RR) Nos. 18-2021 and 7-2021.

SECTION 2. DEFINITION OF TERMS. – For purposes of these Regulations, the following terms shall be defined as follows:

A. **DISTRIBUTOR** – shall refer to any entity to whom Vaporized Nicotine and Non-Nicotine Products or their devices, or Novel Tobacco Products is delivered or sold for purposes of distribution in commerce, except that such term does not include a manufacturer, retailer or common carrier of such product.

B. **FLOOR PRICE** – the minimum retail price set by the BIR at which Vaporized Nicotine and Non-Nicotine Products or Novel Tobacco Products may be sold, taking into account the sum of their excise tax, value-added tax, and a reasonable production cost.

C. **GRAPHIC HEALTH WARNING** - the photographic image printed on the packaging of Vaporized Nicotine and Non-Nicotine Products, HTPs, and Novel Tobacco Products prescribed under Republic Act No. 10643, otherwise known as "The Graphic Health Warnings Law", consistent with the textual health warning required under Sec. 4. A. II of Republic Act No. 11900.

D. **GRAPHIC HEALTH WARNINGS LAW** - refers to RA No. 10643, otherwise known as "An Act to Effectively Instill Health Consciousness Through Graphic Health Warnings on Tobacco Products".

E. **HEATED TOBACCO PRODUCTS (HTPs)** – also referred to as Heated Tobacco Products (HTP) Consumables or Heat-Not-Burn Product Consumables, shall refer to tobacco products that are intended to be consumed through heating tobacco either electronically or through other means, sufficient to release an aerosol that can be inhaled, without combustion of the tobacco. HTP Consumables or Heat-Not-Burn Product Consumables may also include liquid solutions and gels that are part of the product and are heated to generate an aerosol. HTPs may or may not operate by means of an HTP Device.

F. **HEATED TOBACCO PRODUCT DEVICE or HTP Device** – shall refer to the component or combination of components of an HTP System intended to be used in combination with HTP Consumables that generate an aerosol without combustion.

G. **HEATED TOBACCO PRODUCT SYSTEM or HTP System** – shall refer to an HTP Consumable and HTP Device that are intended to be used together as a system.

H. **IMPORTER** - any person or entity that is engaged in the importation of Vaporized Nicotine and Non-Nicotine Products, and their devices, or HTPs, or Novel Tobacco Products.

I. **MANUFACTURER** – shall refer to an establishment engaged in any and all operations involved in the production of Vaporized Nicotine and Non-Nicotine Products, or their devices, or Novel Tobacco Products, including preparatory processing, compounding, formulating, filling, refilling, packaging, repackaging, altering, ornamenting, finishing and labeling for the purpose of its storage, sale or distribution.

J. **NICOTINE** – shall refer to nicotinic alkaloids, including any salt or complex of nicotine, whether derived from tobacco or synthetically produced.

K. **NICOTINE MIXTURE** – shall refer to the nicotine containing liquid, solid or other non-tobacco substance in the product.

L. **NICOTINE SHOTS** – shall refer to nicotine in liquid or any other form or substance that is added to or mixed with Vapor Product Refills or cartridges that has the effect of increasing the dosage or nicotine concentration in a refill or cartridge.

M. **NOVEL TOBACCO PRODUCTS** – shall refer to all non-combusted substances in solid or liquid form, and innovations, either made partly of tobacco leaf as raw material or containing nicotine from tobacco, intended to be used as a substitute for cigarettes or other combusted tobacco products.

N. **ONLINE SELLER OR MERCHANT** - an organization or retailer selling Vaporized Nicotine and Non-Nicotine Products, and their devices, HTPs, or Novel Tobacco Products online.

O. **PACKAGE** – shall refer to packs, boxes, cartons, or containers of any kind in which Vapor Products or HTPs, or Novel Tobacco Products are contained when offered for sale to consumers.

P. **PRINCIPAL DISPLAY SURFACE** – shall refer to the panel of the package that faces the consumer when displayed for sale.

Q. **PRODUCT REGISTRATION** – shall refer to the Certification issued by the Bureau of Philippine Standards (BPS) of the Department of Trade and Industry (DTI) in accordance with its Technical Regulations.

R. **PRODUCT STATEMENT** – shall refer to an explicit communication to consumers in the product label or marketing which pertains to product performance attributes or an objective description of the contents of the product, quantity of chemicals produced, or how a product works or operates.

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S. **PROMOTION** – shall refer to an event or activity organized by or on behalf of a Vaporized Nicotine and Non-Nicotine Product or Novel Tobacco Product manufacturer, importer, distributor, or retailer with the aim of promoting a brand of a Vaporized Nicotine and Non-Nicotine Product or Novel Tobacco Product, which event or activity would not occur if not the support given to it by or on behalf of the Vaporized Nicotine and Non-Nicotine Product or Novel Tobacco Product manufacturer, importer, distributor, or retailer. This includes the paid use of Vaporized Nicotine and Non-Nicotine Products or Novel Tobacco Products bearing the brand names, trademarks, logos, and the like by performers in movies, television and other forms of entertainment as well as in other live promotional events such as fairs, trade shows, concerts and similar events. For the purpose of this Act, promotion shall be understood as Vaporized Nicotine and Non-Nicotine Product or Novel Tobacco Product promotion.

T. **PROMOTIONAL** – shall refer to the act of publicizing a product to an individual, group or the general public, or promoting awareness of the product brands, for the sole purpose of increasing sales.

U. **REDUCED RISK STATEMENT** – shall refer to an explicit communication to consumers in the product label or marketing materials which states that the product presents less risk of harm to the user's health or is less harmful to the user's health than continued smoking of combustible cigarettes.

V. **REFILL** – shall refer to a container for holding electronic liquid or Nicotine Mixture.

W. **RETAILER** – shall refer to any establishment which sells or offers to sell any Vaporized Nicotine and Non-Nicotine Products or their devices, or Novel Tobacco Products directly to an individual group or the general public.

X. **VAPING** – shall refer to the use of Vaporized Nicotine and Non-Nicotine Products.

Y. **VAPOR PRODUCTS** – also referred to as Vapor Product Refills, shall refer to the liquid, solid, or gel, or any combination thereof, which may or may not contain nicotine, that is transformed into an aerosol without combustion by a Vapor Product Device.

Z. **VAPOR PRODUCT DEVICE** – shall refer to a device or a combination of devices used to heat a Vapor Product, to produce an aerosol, mist, or vapor that users inhale. These may include combinations of a liquid solution or gel that are heated and transformed into an aerosol without combustion through the employment of a mechanical or electronic heating element, battery, or circuit, and includes, but is not limited to, a cartridge, a tank, or a device without a cartridge or tank.

AA. **VAPOR PRODUCT SYSTEM** – also referred to as electronic nicotine or non-nicotine delivery systems, shall refer to the specific combination consisting of the Vapor Product Refill and Vapor Product Device which, based on the information made available to the consumer by the provider, are intended to be used together.

BB. **VAPORIZED NICOTINE OR NON-NICOTINE PRODUCTS** – shall refer to both Heated Tobacco Products and Vapor Products, as defined herein, which are novel consumer goods that generate a nicotine-containing or non-nicotine-containing aerosol without combustion.

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SECTION 3. TAX RATES AND BASES OF EXCISE TAXES.

There shall be levied, assessed and collected an excise tax on Vaporized Nicotine and Non-Nicotine Products at the rate of tax prescribed under RA Nos. 11346 and 11467 as implemented by RR No. 7-2021, and Novel Tobacco Products under Section 144 (A) (b) of National Internal Revenue Code (NIRC) of 1997, as amended.

A. TOBACCO PRODUCTS, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS

1. HEATED TOBACCO PRODUCTS

Date of Effectivity	Quantity	Excise Tax
January 1, 2020	Per pack of 20 units or any packaging combinations of not more than twenty (20) units	P10.00
January 23, 2020		P25.00
January 1, 2021		P27.50
January 1, 2022		P30.00
January 1, 2023		P32.50
2024 Onwards		Specific tax rate shall be increased by 5% every year effective January 1, 2024

2. VAPOR PRODUCTS

a. Nicotine Salt or Salt Nicotine

Date of Effectivity	Quantity	Excise Tax
January 23, 2020	Per milliliter or a fraction thereof	P37.00
January 1, 2021		P42.00
January 1, 2022		P47.00
January 1, 2023		P52.00
2024 Onwards		Rate shall be increased by 5% every year effective January 1, 2024

b. Conventional 'Freebase' or 'Classic' Nicotine

Date of Effectivity	Quantity	Excise Tax
January 23, 2020	Per ten (10) milliliters or a fraction thereof	P45.00
January 1, 2021		P50.00
January 1, 2022		P55.00
January 1, 2023		P60.00
2024 Onwards		Rate shall be increased by 5% every year effective January 1, 2024

3. NOVEL TOBACCO PRODUCTS

Date of Effectivity	Quantity	Excise Tax
August 10, 2022	Per kilogram	P2.50
January 1, 2023		P2.60
2024 Onwards		Rate shall be increased by 4% every year effective January 1, 2024

The rates of tax imposed herein shall apply to any substance in solid, liquid, or gel form, regardless of nicotine content, including nicotine-free substance or any similar product.

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B. INSPECTION FEES.

There shall be collected inspection fees on Vaporized Nicotine and Non-Nicotine Products as prescribed under RA Nos. 11346 and 11467 as implemented by RR No. 7-2021, and Novel Tobacco Products under Section 146 of NIRC of 1997, as amended, detailed as follows:

PRODUCT	INSPECTION FEE	UNIT OF MEASURE
Heated Tobacco	₱0.10	1,000 sticks
Vapor Products	₱0.01	1 ml
Novel Tobacco Products	₱0.03	1 kg

ILLUSTRATION NO. 1:

A. Heated Tobacco Products

Case: Removal of 50 cases from place of production in which 1 case contains 50 reams while 1 ream contains 10 packs. How much is the excise tax due and inspection fee?

Solution:

No. of cases	50
Multiplied by the no. of reams per case	50
Total no. of reams	2,500
Multiplied by the no. of packs per ream	10
Total no. of packs	25,000
Multiplied by tax rate	P 30.00
Total Excise Tax Due	**P 750,000.00**

Total no. of packs	25,000
Multiplied by the no. of sticks per pack	20
Total no. of sticks	500,000
Divided by no. of sticks	1,000
Total no. of thousand sticks	500
Multiplied by inspection fee rate	P 0.10
Total Inspection Fee Due	**P 50.00**

ILLUSTRATION NO. 2:

B. Nicotine Salt or Salt Nicotine – containing more than 1 ml.

Product Type: Nicotine Salt or Salt Nicotine with volume content of 1.9 ml, 500 packs of vapor products with 2 pods per pack

No. of packs		500
Multiplied by no. of pods per pack		2
Total no. of pods		1,000
Multiplied by tax rate		
1st ml	₱47.00	
Next fraction .9ml	₱47.00	₱ 94.00
Total Excise Tax Due		**₱ 94,000.00**

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Total no. of pods	1,000
Multiplied by milliliter (ml) per pod	1.9
Total ml	1,900
Multiplied by inspection fee rate	₱ 0.01
Total Inspection Fee Due	**₱ 19.00**

ILLUSTRATION NO. 3:

C. **Conventional Freebase or Classic Nicotine – containing more than 10 ml.**
Product Type: Conventional 'Freebase' or 'Classic' Nicotine with container size of 15ml, 100 bottles of vapor products

No. of bottles		100
Multiplied by tax rate		
1st 10ml	₱55.00	
Next fraction 5ml	₱55.00	₱ 110.00
Total Excise Tax Due		**₱ 11,000.00**

No. of bottles	100
Multiplied by milliliter (ml) per bottle	15
Total ml	1,500
Multiplied by inspection fee rate	P 0.01
Total Inspection Fee Due	**P 15.00**

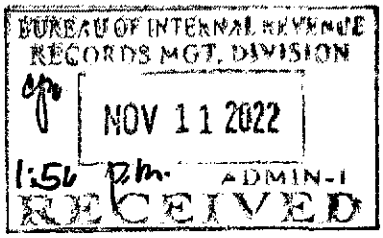
ILLUSTRATION NO. 4:

D. **Novel Tobacco Products**

Product Type: Novel Tobacco Products with weight/volume content of 40 grams per can, 1,000 cans of Snus

No. of cans	1,000
Multiplied by no. of grams per can	40
Total grams	40,000
Divide by no. of grams per kg	1,000
Total kgs	40
Multiplied by excise tax rate	2.50
Total Excise Tax Due	**₱ 100.00**

No. of cans	1,000
Multiplied by no. of gram per can	40
Total grams	40,000
Divide by no. of grams per kg	1,000
Total kgs	40
Multiplied by inspection fee rate	₱ 0.03
Total Inspection Fee Due	**₱ 1.20**



SECTION 4. COMPLIANCE AND ADMINISTRATIVE REQUIREMENTS.

A. REGISTRATION OF THE BUSINESS AS MANUFACTURER OR IMPORTER OF VAPORIZED NICOTINE AND NON-NICOTINE PRODUCTS AND NOVEL TOBACCO PRODUCTS

For excise tax purposes, any person or entity who desires to engage in business as a manufacturer or importer of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall, before the start of the business operations, be required to register with the Excise LT Regulatory Division (ELTRD) BIR National Office as an excise taxpayer.

1. Application for a Permit to Engage in Business as Manufacturer or Importer of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products – Every applicant shall file a written application for the Permit addressed to the Commissioner of Internal Revenue, Attention: Chief, ELTRD, together with the following supporting documents:

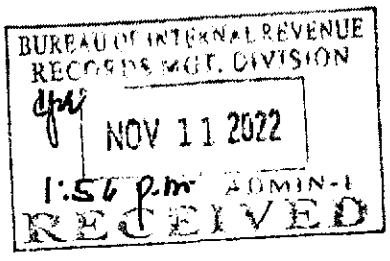
   a) Certificate of Registration (COR) issued by the Securities and Exchange Commission (SEC), together with Articles of Incorporation/Partnership and By-Laws, for corporation or partnership, or COR issued by the Department of Trade and Industry (DTI), for individuals;
   b) Mayor's Permit issued by the concerned Local Government Unit (LGU);
   c) BIR Certificate of Registration (BIR Form No. 2303) including Registration Fee (BIR Form No. 0605);
   d) Latest copy of Income Tax Return duly filed and received by the BIR, if applicable,
   e) Importer/Manufacturer's Surety Bond with an initial coverage of P100,000.00; and
   f) Location map, and plat and plan of the Production Plant/Warehouse, and if manufacturer, the blueprint.

B. ASSESSMENT NUMBERS OF MANUFACTURERS OR IMPORTERS OF VAPORIZED NICOTINE AND NON-NICOTINE PRODUCTS AND NOVEL TOBACCO PRODUCTS

For administrative purposes, permits shall be assigned assessment numbers in the following order:

Administrative Schedule	Paragraph	Description
A	8	Manufacturer of Heated Tobacco Products
A	8(I)	Importer of Heated Tobacco Products
A	9	Manufacturer of Vapor Products
A	9(I)	Importer of Vapor Products
A	10	Manufacturer of Novel Tobacco Products
A	10(I)	Importer of Novel Tobacco Products
TM	8	Toll-Manufacturer of Heated Tobacco Products
TM	9	Toll-Manufacturer of Vapor Products
TM	10	Toll-Manufacturer of Novel Tobacco Products

Month Issued	2 numeric
Year Issued	2 numeric
Sequence Number	4 numeric



Example:

[Permit Issued on September, 2022]

A-8-09-22-0001	-	For Manufacturer of Heated Tobacco Products
A-8(I)-09-22-0001	-	For Importer of Heated Tobacco Products
TM-8-09-22-0000	-	For Toll-Manufacturer of Heated Tobacco Products

[Permit Issued on September, 2022]

A-9-09-22-0001	-	For Manufacturer of Vapor Products
A-9(I)-09-22-0001	-	For Importer of Vapor Products
TM-9-09-22-0001	-	For Toll-Manufacturer of Vapor Products

[Permit Issued on September, 2022]

A-10-09-22-0001	-	For Manufacturer of Novel Tobacco Products
A-10(I)-09-22-0001	-	For Importer of Novel Tobacco Products
TM-10-09-22-0001	-	For Toll-Manufacturer of Novel Tobacco Products

C. REGISTRATION OF BRAND AND VARIANTS THEREOF

All manufacturers, importers or exporters of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products, prior to the initial manufacture, importation or exportation of brands and its variants, an application for registration thereof shall be filed with the ELTRD. The application shall be accompanied by the following:

1. Manufacturer's or Importer's Sworn Statement

   Every manufacturer or importer shall file with the Commissioner, through ELTRD, a sworn statement on the goods or products manufactured/produced, imported or exported, and their corresponding gross selling price or market value, together with the cost of manufacture, production, or importation and the expenses incurred or to be incurred until the goods or products are finally sold. The manufacturer's or importer's sworn statement shall be submitted as a supporting document to the prescribed application for the initial registration. An updated sworn statement shall also be submitted on or before the end of the months of June and December thereafter.

2. Replica of the Proposed Label, Package and/or Container

   Exact replica of the proposed label, package and/or container, as well as the 'artwork' of the secondary containers (e.g. cartons, boxes, etc.), of the brand in three (3) copies with a graphic health warning in compliance with the packaging and health warnings requirement provided under Section 4 of Republic Act No. 11900, otherwise known as "Vaporized Nicotine and Non-Nicotine Products Regulation Act" and Republic Act No. 10643, otherwise known as "The Graphic Health Warnings Law". " as implemented by Revenue Memorandum Circular (RMC) No. 23-2016.The following shall be conspicuously printed in easily recognizable and readable manner on the secondary containers of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products, pursuant to RMC No. 26-2006:

   i. For locally manufactured products, the name, address and assessment number of the manufacturer. In case the manufacturer has two or more production plants, the address and the assessment number of the production plant where the brand of the excisable product was manufactured shall be printed on the label;

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For imported products, the name and address of the foreign manufacturer, as well as the name, address and assessment number of the importer shall be indicated on the label;

ii. The phrase "FOR DOMESTIC SALE ONLY", in case the brand shall be sold in the domestic market or the phrase "FOR EXPORT ONLY", in case the brand shall be exported. No exportation by any person shall be allowed unless the required export markings are prominently printed on the said containers. Exportation of products bearing the phrase "FOR DOMESTIC SALE ONLY" is strictly prohibited in any case;

iii. The phrase "DUTY-FREE AND NOT FOR RESALE", in case of importation by Duty Free Philippines (DFP); and

iv. The phrase "FOR EXPORT TO THE PHILIPPINES; TAX AND DUTY PAID", in case the brand shall be imported for domestic market.

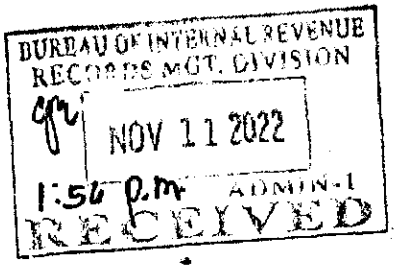
All proposed label, package and/or container, as well as the 'artwork' of the secondary containers (e.g. cartons, boxes, etc.), of the brand of vaporized nicotine and non-nicotine products or novel tobacco products shall be pre-approved by the BIR, otherwise, it shall be a ground for confiscation or seizure by any authorized BIR personnel.

D. MANUFACTURER'S OR IMPORTER'S OF SWORN STATEMENT

Every local manufacturer or importer of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall submit a duly notarized Manufacturer's or Importer's Sworn Statement for Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products showing among others, the following information:

1) Name, address, TIN and assessment number of the manufacturer or importer;
2) Complete root name of the brand as well as the complete brand name with modifiers, if any;
3) Complete specifications of the brand detailing the specific measurements, weights, manner of packaging, etc.;
4) Name(s) of the region(s) where the brand is/are to be marketed;
5) Wholesale price per case, gross and net of VAT and excise tax;
6) Suggested retail price, gross and net of VAT and excise tax, per pack, per pod, or per bottle/container, as the case may be;
7) Detailed production/importation costs and all other expenses incurred or to be incurred until the product is finally sold (e.g. material, labor, overhead, selling and administrative expenses) per case;
8) Applicable excise tax rates; and
9) Corresponding excise and value-added taxes per pack, per pod, or per bottle/container, as the case may be.

The manufacturer's or importer's sworn statement shall be submitted as a supporting document to the prescribed application for the initial registration of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products and thereafter submit an updated sworn statement on or before the end of the months of June and December of the year. If there is any change in the cost to manufacture, produce and sell the brand or change in the actual selling price of the brand, an updated sworn statement shall be submitted at least five (5) days before the actual removal of the product from the place of production or release from the customs' custody, as the case may be.



E. MANUFACTURERS' AND IMPORTERS' SURETY BOND.

Manufacturers and importers of articles subject to excise tax shall post a surety bond subject to the following conditions:

a) **Initial Bond.** - In case of initial bond, the amount shall be equal to One Hundred Thousand pesos (P100,000). However, after six (6) months of operation, if the amount of initial bond is less than the amount of the total excise tax paid during the said period, the amount of the bond shall be adjusted to twice the tax actually paid for the period.

b) **Bond for the Succeeding Years of Operation.** - The bond for the succeeding years of operation shall be based on the actual total excise tax paid during the year immediately preceding the current year. However, for taxpayers availing of the tax prepayment, advance deposit, or similar schemes, the amount of bond herein prescribed shall be in accordance with the following schedule:

Excise Tax Payment	Minimum Amount of Bond
₱1,000,000 and below	₱100,000
Over ₱1,000,000 up to ₱5,000,000	₱500,000
Over ₱5,000,000 up to ₱10,000,000	₱1,000,000
Over ₱10,000,000 up to ₱25,000,000	₱2,500,000
Over ₱25,000,000 up to ₱50,000,000	₱5,000,000
Over ₱50,000,000 up to ₱100,000,000	₱10,000,000
Over ₱100,000,000 up to ₱500,000,000	₱15,000,000
Over ₱500,000,000 up to ₱1,000,000,000	₱30,000,000
Over ₱1,000,000,000 up to ₱10,000,000,000	₱50,000,000
Over ₱10,000,000,000 up to ₱20,000,000,000	₱75,000,000
Over ₱20,000,000,000	₱100,000,000

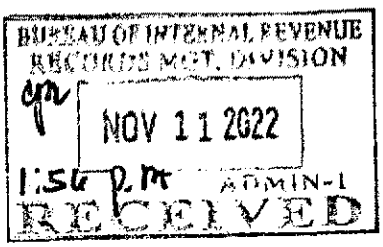
The bond shall be conditioned upon faithful compliance with the pertinent laws, rules and regulations and for the satisfaction of all fines and penalties imposed by the Tax Code of 1997, as amended.

Provided, however, that a higher amount of bond may be required from any manufacturer or importer, for meritorious reasons, subject to the prior written approval by the Commissioner of Internal Revenue.

F. APPLICATION FOR AN ELECTRONIC AUTHORITY TO RELEASE IMPORTED GOODS (eATRIG) BEFORE RELEASE FROM CUSTOM'S CUSTODY

All importers of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall file an application for an eATRIG for excise tax purposes. The application shall be done online and processed in the ELTRD, BIR-National Office. The Chief of ELTRD shall be the designated approving officer.

No ATRIG shall be issued in case the imported products are already released from the customs' custody. Likewise, no subsequent application for ATRIG shall be processed unless the importer has submitted proof of payment of the excise tax due on the imported products covered by previously issued ATRIG.



G. USE OF BIR FORM NO. 2200-T AND BIR FORM NO. 2299

Excise Tax Returns (BIR Form No. 2200-T) and Excise Taxpayer's Removal Declaration (ETRD) (BIR Form No. 2299) are hereby prescribed to be used and issued by all registered manufacturers for all removals of Tobacco Products, Vaporized Nicotine and Non-Nicotine Products, and Novel Tobacco Products.

The ETRD shall be requisitioned from the Excise Large Taxpayers Field Operations Division (ELTFOD) in the BIR National Office, or from the Excise Tax Area offices of the concerned BIR Revenue Regional Offices, having respective jurisdiction over the manufacturers of Tobacco Products, Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products. The manner of preparation, issuance and cancellation thereof, as well as the applicable reportorial requirements, shall be in accordance with the existing rules, regulations and procedures issued for this purpose.

H. AFFIXTURE OF INTERNAL REVENUE STAMPS FOR VAPORIZED NICOTINE AND NON-NICOTINE PRODUCTS AND NOVEL TOBACCO PRODUCTS

All manufacturers and importers of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall comply with the requirements provided under Revenue Regulations No. 18-2021 on the affixture of internal revenue stamps and the use of Enhanced Internal Revenue Stamps Integrated System (E-IRSIS).

I. NOTICE OF STOPPAGE OF PRODUCTION OF A PARTICULAR BRAND

A written notice shall be filed with the ELTRD, BIR-National Office that a particular brand(s) shall not be manufactured on a permanent or temporary basis.

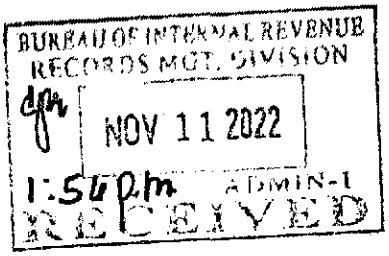
For temporary stoppage, the required notice shall be applicable in cases of production shutdown due to scheduled maintenance program, major repairs, labor strikes, orders by appropriate government agencies, and such other similar incidents, or due to occurrence of fortuitous events such as typhoons, floods, fire, etc.

The notice of stoppage shall be filed at least five (5) days before the actual date of production stoppage of the brand(s). However, in case of fortuitous events, the BIR shall be notified within three (3) days from the temporary stoppage of production.

J. *BOOKS AND RECORDS TO BE KEPT AND MAINTAINED.*

Every person or entity engaged in the manufacture or importation of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall keep and maintain Official Register Books (ORB) and such other forms or records that may be prescribed by the Commissioner of Internal Revenue, which must be kept within the place of production/importer's warehouse and shall at all times be made available for inspection by duly authorized internal revenue officer(s).

The submission of all transcript sheets of ORBs by all manufacturers and importers, including toll manufacturers or sub-contractors to the LT Performance Monitoring and Programs Division (LTPMPD) in BIR National Office or to the concerned Excise Tax Area (EXTA) having jurisdiction of the place of production/warehouse shall be on or before the eighth (8th) day of the month immediately following the month of operation.



K. REMOVAL OF TAX-PAID VAPORIZED NICOTINE AND NON-NICOTINE PRODUCTS AND NOVEL TOBACCO PRODUCTS

When the excise tax has already been paid for Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products the same shall not thereafter be stored or permitted to remain in the manufacturing plant or place of production.

L. SUPERVISION AND CONTROL OF THE MANUFACTURING PLANT OR PLACE OF PRODUCTION

There shall be deployed/assigned, on a day-to-day basis, Revenue Officers on Premise (ROOPs) to check or supervise the operation from receipt of raw materials, in process and removal of finished products of any establishment producing or manufacturing Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products.

M. SIGNAGE ON THE OUTSIDE OF PRODUCTION PLANT/FACTORY AND WAREHOUSE

A signage in letters of not less than 6 centimeters high shall be placed and kept in a conspicuous position on the outside of every building used as a production plant/factory or warehouse of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products, showing the registered name and assessment number.

N. CONDUCT OF STOCKTAKING, VERIFICATION AND INSPECTION

The BIR shall conduct a physical stocktaking inventory by actual count and/or volume of the entire stocks (raw materials, in process or intermediate, and finished goods) on hand, in the presence of the manufacturer's or importer's authorized representative who shall jointly attest to the fact of witnessing and verifying the results thereof by affixing their signatures on the attestation clause in the inventory certificate.

SECTION 5. ONLINE TRADE.

The sale or distribution of Vaporized Nicotine and Non-Nicotine Products, Novel Tobacco Products and their devices through internet websites or via e-commerce and/or other similar media platforms shall only be made by online sellers or distributors registered with the Department of Trade and Industry (DTI) or the Securities and Exchange Commission (SEC), and the products being sold and advertised online shall be compliant with the health warning requirements provided under Revenue Memorandum Circular (RMC) No. 23-2016, as well as other BIR requirements including tax stamp, minimum floor price or other fiscal marks. The delivery of Vaporized Nicotine and Non-Nicotine Products or their devices, or Novel Tobacco Products purchased online shall also comply with Section 7 of RA 11900.

The BIR shall maintain a list on their website, to be updated monthly, of brands of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products registered with DTI and the BIR that are eligible to be sold online.

Internet websites and/or e-commerce and/or other similar media selling platform providers shall only allow duly registered online sellers or retailers with the DTI and the BIR.

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SECTION 6. FLOOR PRICE OR MINIMUM PRICE.

The minimum floor price of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products shall be the total production cost/expenses/landed cost of the cheapest brand per tobacco product including the sum of excise tax and VAT.

EXAMPLES OF FLOOR PRICE OR MINIMUM PRICE

1. Heated Tobacco Products

Description	Unit	Stick	Production Cost / Landed Cost / Net of Excise and VAT	Excise Tax	VAT	Floor Price
			Amount			2022
HTP	Pack	20	95.00	30.00	15.00	140.00

2. Vapor Products

1.1 Nicotine Salt or Salt Nicotine

a. Production cost of ₱ 10.00 per 0.1 ml content, volume per pod is 0.7 ml
b. Production cost of ₱ 10.00 per 0.1 ml content, volume per pod is 1.8 ml
c. Production cost of ₱ 10.00 per 0.1 ml content, volume per pod is 1.9 ml

1.2 Conventional 'Freebase' or 'Classic' Nicotine

a. Production cost of ₱ 5.00 per 1 ml content, volume per bottle is 15 ml
b. Production cost of ₱ 5.00 per 1 ml content, volume per bottle is 30 ml

Nicotine Formulation	Unit	Pack / Fill	Volume Content (ml)	Production Cost / Landed Cost / Net of Excise and VAT		Excise Tax	VAT	Floor Price
				Per Unit	Amount			2022
a. Nicotine Salt or Salt Nicotine	Pod	1	0.7 ml	10.00/0.1 ml	70.00	47.00	14.04	131.04
b. Nicotine Salt or Salt Nicotine	Pod	1	1.8 ml	10.00/0.1 ml	180.00	94.00	32.88	306.88
c. Nicotine Salt or Salt Nicotine	Pod	1	1.9 ml	10.00/0.1 ml	190.00	94.00	34.08	318.08
a. Conventional 'Freebase' or 'Classic' Nicotine	Bottle	1	15 ml	5.00/1 ml	75.00	110.00	22.20	207.20
b. Conventional 'Freebase' or 'Classic' Nicotine	Bottle	1	30 ml	5.00/1 ml	150.00	165.00	37.80	352.80

3. Novel Tobacco Products

Description	Unit	Weight/ Volume Content per can or container (g)	Production Cost / Landed Cost / Net of Excise and VAT	Excise Tax	VAT	Floor Price
			Amount			2022
3.1 Novel -Snus	Can	10 g	200.00	0.03	24.00	224.03
3.2 Novel -Snus	Can	15.84 g	225.00	0.04	27.00	252.04
3.3 Novel -Snus	Can	40 g	250.00	0.10	30.01	280.11

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SECTION 7. USAGE OF LOCAL TOBACCO PRODUCTS.

Manufacturers of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products are encouraged to use local tobacco products to be sold in the Philippines.

SECTION 8. PENALTIES FOR NON-COMPLIANCE.

Any violation of these Regulations shall be subject to the corresponding penalties under the pertinent provisions of the NIRC of 1997, as amended, and applicable regulations issued by the BIR.

For any violation of Section 4 of this Act, if the offender is a manufacturer, importer, distributor, or retailer, the following shall be imposed:

i. On the first offense, a fine of Two million pesos (P2,000,000.00) and imprisonment of two (2) years;
ii. On the second offense, a fine of Four million pesos (P4,000,000.00) and imprisonment of four (4) years;
iii. On the third offense, a fine of Five million pesos (P5,000,000.00) and imprisonment of six (6) years;
iv. That the business permits and licenses, in the case of a business entity or establishment, shall be revoked and cancelled.
v. The BIR shall order the immediate recall, ban or seizure from public sale or distribution of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products not registered with the BIR, including those sold online. *This is without prejudice to the* filing of the appropriate cases and collection of correct taxes and duties, including applicable fines and penalties under RA No. 8424, as amended, and RA No. 10863, otherwise known as the "Customs Modernization and Tariff Act (CMTA)".

The BIR shall order the immediate recall, ban or seizure from public sale or distribution of Vaporized Nicotine and Non-Nicotine Products and Novel Tobacco Products not registered with the BIR, including those sold online. This is without prejudice to the filing of the appropriate cases and collection of correct taxes, including applicable fines and penalties under Republic Act No. 8424, as amended.

SECTION 9. TRANSITORY PROVISION

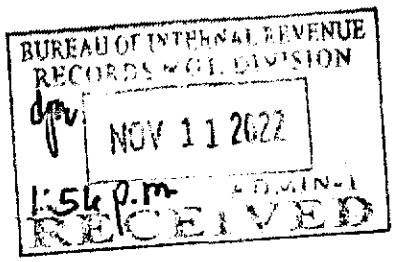
Upon effectivity of the Implementing Rules and Regulations (IRR) of RA 11900, the manufacturers, importers, distributors and retailers of Novel Tobacco Products shall be given an eighteen (18)-month transitory period to comply with the requirements of these regulations.

SECTION 10. SEPARABILITY CLAUSE.

If any provisions of these Regulations shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 11. REPEALING CLAUSE.

The provisions of any existing regulations, rulings, orders, issuances or portions thereof inconsistent with the provisions of these Regulations are hereby revoked, repealed, or modified accordingly.



SECTION 12. EFFECTIVITY.

These Regulations shall take effect immediately fifteen (15) days after its publication in the *Official Gazette* thereof or in at least two (2) leading newspapers of general circulation.

BENJAMIN E. DIOKNO
Secretary of Finance

NOV 07 2022

Recommending Approval:

LILIA CATRIS GUILLERMO
Commissioner of Internal Revenue

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