REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

November 21, 2008

REVENUE REGULATIONS NO. 15-2008

SUBJECT : Prescribing the Manner of Computing the Incremental Revenue to be Used as Basis of the Fifteen Percent (15%) Share of the Beneficiary Provinces Producing Burley and Native Tobacco in the Excise Tax Collection from Tobacco Products under Republic Act No. 8240

TO : All Internal Revenue Officers and Others Concerned

BACKGROUND:

Section 8 of Republic Act (R.A.) No. 8240 which took effect on January 1, 1997, provides that 15% of the incremental revenue collected from the excise tax on tobacco products shall be allocated and divided among the provinces producing burley and native tobacco in accordance with the volume of tobacco leaf produced, to be exclusively utilized for programs in pursuit of the objectives enumerated in the said Act. In the absence of the corresponding rules and regulations governing the determination of what constitutes "incremental revenue", the above legislative requirement covered under the said Act could not be implemented. In accordance with the position taken by the legislative body, thru the Congressional Oversight Committee on Comprehensive Tax Reform Program, based on the minutes of deliberations by the Congress of the Philippines on the said Act, these revenue regulations are, therefore, prepared and issued to finally implement the said "incremental revenue" provisions.

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244, in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated in order to prescribe the manner of computing the incremental revenue from excise tax on tobacco products to be used as basis of the 15% allocable share of the beneficiary provinces producing burley and native tobacco in the excise tax collection from tobacco products pursuant to the provisions of Section 8 of R.A. No. 8240, "An Act Amending Sections 138, 139, 140 and 142 of the National Internal Revenue Code, as Amended, and for Other Purposes".

SECTION 2. MANNER OF COMPUTING THE INCREMENTAL REVENUE. – The amount of incremental revenue collected from the excise tax on tobacco products, for purposes of determining the 15% allocable share of beneficiary provinces producing burley and native tobacco, shall be equivalent to the excess of the actual collection of excise taxes from tobacco products for the year under consideration over the calendar year 1996 as the base year, net of the incremental revenue collected from the increase in excise tax rates under R.A. No. 9334.

SECTION 3. REPEALING CLAUSE. – The provisions of any revenue regulations, rulings, or any other issuances inconsistent with these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 4. EFFECTIVITY CLAUSE. – These Regulations shall take effect after fifteen (15) days following publication in any newspaper of general circulation.

(Original Signed)
MARGARITO B. TEVES
Secretary of Finance

Recommending Approval:

(Original Signed)
SIXTO S. ESQUIVIAS IV
Commissioner of Internal Revenue