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

July 25, 2018

REVENUE REGULATIONS NO. 20-2018

SUBJECT : Prescribing the Implementing Rules and Guidelines on the Imposition of Excise Tax on Sweetened Beverages Pursuant to Section 47 of Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law"

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. SCOPE. – Pursuant to Section 244 of the National Internal Revenue Code (NIRC), as amended, and Section 84 of Republic Act (R.A.) No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN)" Law, these regulations are hereby promulgated to implement Section 150-B of the NIRC, as amended, on the excise tax on sweetened beverages, as introduced by Section 47 of the TRAIN Law.

SEC.2. DEFINITION OF TERMS- For purposes of these Regulations and for a more effective enforcement and collection of excise taxes, the following words and phrases shall have the meaning indicated below:

a. "ACT" – shall refer to Republic Act (R.A) No. 10963 otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law";

b. SWEETENED BEVERAGES (SBs) - refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following, as described in the Food Category System from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev 2017 or the latest) as adopted by the FDA:

(1) Sweetened juice drinks;

(2) Sweetened tea;

(3) All carbonated beverages;

(4) Flavored water;

(5) Energy and sports drinks;

(6) Other powdered drinks not classified as milk, juice, tea, and coffee;

(7) Cereal and grain beverages; and

(8) Other non-alcoholic beverages that contain added sugar.

c. CALORIC SWEETENER - refers to a substance that is sweet and includes sucrose, fructose, and glucose that produces a certain sweetness.

d. HIGH FRUCTOSE CORN SYRUP (HFCS) – refers to a sweet saccharide mixture containing fructose and glucose which is derived from corn and added to provide sweetness to beverages, and which includes other similar fructose syrup preparations.

e. NON-CALORIC SWEETENER - refers to a substance that is artificially or chemically processed that produces a certain sweetness. These are substances which can be directly added to beverages, such as aspartame, sucralose, saccharin, acesulfame potassium, neotame, cyclamates and other non-nutritive sweeteners approved by the Codex Alimentarius and adopted by the FDA.

SEC. 3. TAX RATES AND BASES – There shall be levied, assessed and collected, effective January 1, 2018, a specific tax on sweetened beverages, in accordance with the following:

PRODUCT DESCRIPTION	**Tax Rate (per liter of volume capacity)**
Using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners	P6.00
Using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener	P12.00
Using purely coconut sap sugar and purely steviol glycosides	Exempt

Coconut sap sugar shall comply with specifications as stated in the Philippine National Standard (PNS)/Bureau of Agricultural and Fisheries Products Standards (BAFPS) 76:2010 ICS 67.180 or latest updated standards.

Steviol glycoside specified shall comply with the Joint FAO/WHO Expert Committee on Food Additives (JECFA) specifications.

Computation of Excise Tax (Illustrations):

1. Carbonated Beverages

Dulce Manufacturing Corp. will remove from the place of production 100 cases of Super Cola using HFCS and non-caloric sweetener. Each case contains 6 bottles of 1.5 liters each.

No. of Cases	100
Multiplied by no. of bottles per case	x 6
Total no. of bottles	600
Multiplied by content per bottle	x 1.5L
Total Volume in Liters	900L
Multiplied by Specific Tax Rate	x P12.00
Total Excise Tax to be paid before removal	**P 10,800.00**

2. Powdered Juice

Sweety Import Corp. will remove from customs custody 50 cases of Four Seasons Powdered Juice using caloric and non-caloric sweetener containing 144 packs by 25 grams. Each 25 grams pack can make 1 Liter (per serving suggestion appearing on the label).

No. of Cases	50
Multiplied by no. of packs per case	x 144
Total no. of packs	7,200
Multiplied by serving suggestion per pack in liters of volume	x 1L
Total Volume in Liters	7,200L
Multiplied by Specific Tax Rate	x P6.00
Total Excise Tax to be paid before removal	**P43,200.00**

SEC. 4. PERSONS LIABLE: The following persons shall be liable for the payment of excise tax on sweetened beverages:

a. For Locally Manufactured Sweetened Beverages

(1) All Manufacturers of Sweetened Beverages shall pay the excise tax imposed under Section 150-B, Chapter VI, Title VI of the Tax Code, as amended.

(2) Person having possession of domestically manufactured sweetened beverages removed from the place of production without the payment of the tax shall pay the excise tax thereon.

b. For Imported Sweetened Beverages

(1) All Owners or Importers of Sweetened Beverages shall pay the excise tax imposed under Section 150-B, Chapter VI, Title VI of the Tax Code, as amended.

(2) Person having possession of imported sweetened beverages removed from customs custody without the payment of the tax shall pay the excise tax thereon.

The excise tax shall be paid by the owner or importer of the sweetened beverages or by any person who is found in possession of any untaxed sweetened beverages, including any person other than the one legally entitled to exemption from the excise tax in the proper case. In the case of sweetened beverages brought or imported tax-free into the country by persons, entities, or agencies exempt from tax and are subsequently sold, transferred, or exchanged in the Philippines to non-exempt persons or entities, including the introduction and re-introduction into customs territory of said sweetened beverages intended for exclusive use within

the freeport zones, the purchaser or transferee, owner/possessor thereof shall be considered as the importer, and shall be liable for the excise tax due on such importation.

Provided, That toll manufacturers, bottlers and other sub-contractors of manufacturers or importers of sweetened beverages shall not be subject to excise tax. Provided further, in such cases, the manufacturer or importer shall be liable to pay the excise tax on sweetened beverages.

SEC. 5. TIME, PLACE AND MANNER OF FILING OF RETURN AND PAYMENT OF EXCISE TAX ON SWEETENED BEVERAGES.

a. **For Locally Manufactured Sweetened Beverages**

A separate return (BIR Form No. 2200-S) shall be filed for each place of production with the concerned Revenue District Office (RDO) where the Head Office is duly registered and the excise tax shall be paid before removal of domestically manufactured sweetened beverages from place of production and the return shall be filed and the excise tax paid at any authorized agent bank (AAB), revenue collection officer or duly authorized city or municipal treasurer in the Philippines under Section 130 (A)(2)(3) of the NIRC, as amended.

b. For Imported Sweetened Beverages

All importers/traders of excisable sweetened beverages, whether importing raw materials of any constitution (liquid, syrups, powder, or concentrates) or finished goods, shall apply for an Authority to Release Imported Goods (ATRIG) with Excise LT Regulatory Division (ELTRD), BIR National Office and pay the corresponding excise tax based on the equivalent yield in liters of volume capacity of the imported articles.

The Excise Tax on imported finished goods shall be paid before release from customs custody. However, for imported raw materials which will be used in the production of excisable sweetened beverages, the excise tax due thereon shall be paid before removal of the finished goods from place of production.

SEC. 6. EXCLUSIONS - The following products, as described in the food category system from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev 2017 or the latest) as adopted by the FDA, are not subject to the excise tax imposed under Section 150-B of the NIRC, as amended, to wit:

a. All milk products, including plain milk, infant formula milk, follow-on milk, growing up milk, powdered milk, ready-to-drink milk, flavored milk, and fermented milk.

Milk product refers to products obtained by any processing of milk, which may contain food additives, and other ingredients functionally necessary for the processing (Codex General Standard for the Use of Dairy Terms (Codex Stan 206-1999).

In accordance with the Codex Alimentarius, the following Codex Standards for various milk products are adopted:

1. Milk powders and cream powder (Codex Stan 207-1999)
2. Fermented milks (Codex Stan 243-2003)
3. Blend of evaporated skimmed milk and vegetable fat (Codex Stan 250-2006)
4. Blend of skimmed milk and vegetable fat in powdered form Codex Stan 251-2006)
5. Blend of sweetened condensed skimmed milk and vegetable fat (Codex Stan 252-2006)
6. Evaporated milks (Codex Stan 281-1971)
7. Sweetened condensed milks (Codex Stan 282-1971)

Dairy products are not synonymous with milk products. Only milk products are covered by the exemption.

b. Soymilk and flavored soymilk shall refer to products, the main ingredients of which are the soybean and/or soy derivative(s) (e.g. soybean flour, soybean concentrates, soybean isolates or defatted soya) and water which are produced without fermentation process. (Codex Stan. CXS 322R-2015)

c. One Hundred Percent (100%) Natural Fruit Juices – Original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of natural fruit juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural fruit juice that do not have added sugar or caloric sweetener. If there is sugar or sweetener added at any amount, the product shall be considered excisable depending on the kind of sweetener added and its corresponding rate specified under the Act;

d. One Hundred Percent (100%) Natural Vegetable Juices Original liquid resulting from the pressing of vegetables, the liquid resulting from the reconstitution of natural vegetable juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural vegetable juice that do not have added sugar or caloric sweetener. If there is sugar or sweetener added at any amount, the product shall be considered excisable depending on the kind of sweetener added and its corresponding rate specified under the Act;

e. Meal Replacement and Medically Indicated Beverages – Any liquid or powder drink/product for oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or as a source of necessary nutrition used due to a medical condition and an oral electrolyte solution for infants and children formulated to prevent dehydration due to illness; and

f. Ground coffee, instant soluble coffee, and pre-packaged powdered coffee products.

The proper classification of beverages shall be subject to the determination by the FDA.

SEC.7. TRANSFER OF RAW MATERIALS – Manufacturers of sweetened beverages subject to tax herein shall not be allowed to transfer or remove raw materials from place of production, except when the transfer or removal thereof is intended for further processing to its other registered production or toll-manufacturing plants and shall be accompanied by an Excise Taxpayer's Removal Declaration (ETRD).

"Raw materials" shall refer to the chief substance or ingredient of any constitution (liquid, syrups, powder, concentrates) for the production of sweetened beverages. Raw materials that are intended for further processing to produce sweetened beverages are not subject to excise tax. Regardless however of declaration as raw materials, those that clearly do not need further processing (i.e., only for repacking) shall be subjected to excise tax.

Packaging materials and supplies shall not be considered as raw materials for purposes of these Regulations.

SEC. 8. TRANSFER OR SALE OF SEMI-PROCESSED GOODS

Semi-processed goods, such as syrups/puree/concentrates sold to fast food chains where the syrups/puree/concentrates are mixed with carbonated water and dispensed through soda vending or juice dispensing machines, shall be considered as finished goods subject to excise tax for purposes of this Regulation, notwithstanding that the same are in their semi-processed state. The excise tax shall be computed using a pre-determined formula in arriving at the equivalent yield in liters of volume capacity submitted by the manufacturer as approved by the FDA.

SEC.9. IMPOSITION OF EXCISE TAX ON SWEETENED BEVERAGES PRODUCED AND CONSUMED WITHIN THE PREMISES OF THE MANUFACTURER

Sweetened beverages that are produced or manufactured and are subsequently consumed within the place of production shall be subject to the payment of excise tax by the manufacturer. The corresponding volume in liter and the excise tax due thereon shall be declared in the excise tax returns and shall be paid, in the same manner as that prescribed for ordinary removals of excisable sweetened beverages.

The Excise Taxpayer's Removal Declaration (ETRD), or any other form that may be prescribed by the BIR, shall be issued by the duly authorized representative of the manufacturer duly attested to by the Revenue Officer assigned at the manufacturer's premises. Accordingly, the brand name and volume of sweetened beverages consumed within the production premises shall be separately indicated in the prescribed Official Register Books (ORBs) of the manufacturer.

SEC. 10. EXPORTATION OF SWEETENED BEVERAGES

Sweetened beverages products intended for exports may be removed from the place of production without the prepayment of excise tax, subject to the following terms and conditions:

a. A permit shall be per shipment secured from the BIR Office where the manufacturer is registered or required to be registered as an excise taxpayer before the product is removed from the place of production;

b. A surety bond has been posted to guarantee payment of excise tax which is otherwise due on such removal. For this purpose, the manufacturer-exporter may, at his option, post either a continuing surety bond or a performance surety bond for each and every export transaction. With respect to the performance surety bond, the amount of the exporter's bond shall be equal to the amount of excise tax otherwise due on the actual volume or value of the sweetened beverages to be exported. On the other hand, with respect to the continuing surety bond, the amount of the exporter's bond shall be equivalent to the amount of excise tax otherwise due on the estimated annual volume or value of the said products to be exported, or to the amount of excise tax due on the unliquidated export shipments of such product, whichever is lower.

   A revised surety bond shall be submitted to the appropriate BIR Office in case the exporter's bond is no longer sufficient to cover the subsequent tax-exempt exportations. In case of failure to submit the said revised surety bond, no permit shall be issued by the concerned BIR Office;

c. The products removed from the place of production shall be directly transported, loaded aboard the international shipping vessel or carrier, and shipped directly to the foreign country of destination without returning to the Philippines;

d. Proof of exportation such as, but not limited to, the documents enumerated below, shall be submitted within thirty (30) days from the date of actual date of exportation. However, the concerned BIR Office may, upon written request by the taxpayer-exporter, grant a maximum of 30 days, one-time extension for the submission of such documents for meritorious reasons.

   (1) Export Entry Declaration duly filed with the Bureau of Customs
   (2) Commercial Invoice
   (3) Packing list
   (4) Bill of Lading
   (5) Cargo Manifest, if applicable
   (6) Inward bank remittance in foreign currency acceptable to the Bangko Sentral ng Pilipinas
   (7) Any document showing proof that the products exported have actually arrived and unloaded in the foreign port of destination (e.g., certificate of discharge, import entry declaration duly received by the foreign port of entry, etc.)
   (8) Other necessary documents as may be reasonably required; and

e. The prescribed phrase "EXPORTED FROM THE PHILIPPINES" is printed on each label that is attached/affixed on the primary container in a recognizable and readable manner.

In case of failure to comply with the above terms and conditions, the removal of the product shall be subject to excise tax, inclusive of penalties. Further, no subsequent application for permit for tax-free exportation shall be processed and granted unless all the aforementioned requirements have been fully complied with.

SEC.11. SECURING A PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER, IMPORTER OF SWEETENED BEVERAGES.

An application for a Permit shall be filed with the ELTRD, BIR National Office where the manufacturer or importer is required to be registered as an excise taxpayer. The application shall be accompanied by the following:

(1) Request Letter;
Attention: Chief, Excise LT Regulatory Division (ELTRD)

(2) Importer/Manufacturer's Surety Bond;
(P100,000.00 – initial coverage)

(3) Certificate of Registration from the Securities and Exchange Commission, together with Articles of Incorporation/Partnership and By-Laws (for corporation and partnership) and Certificate of Registration from the Department of Trade and Industry (for individual);

(4) Mayor's Permit, as required by Local Government Code;

(5) BIR Certificate of Registration (with latest Registration Fee BIR-FORM 0605);

(6) Latest copy of Income Tax Return duly filed and received by the BIR, if applicable;

(7) Location Map and Plat & Plan of the Warehouse; and
If Manufacturer – Blueprint

(8) Latest Approved Certificate of Product Registration of every Product/Brand Name manufactured/imported issued by the FDA.

SEC.12. ASSESSMENT NUMBERS –

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

Schedule	Paragraph	Description
SB	1	Manufacturer of Sweetened Beverages
SB	I	Importer of Sweetened Beverages
SB	T	Toll-Manufacturer of Sweetened Beverages

The code above will be followed by a code representing the place of production/plant/warehouse location as assigned by the BIR or as defined by the manufacturer/importer/toll-manufacturer, as the case may be.

To illustrate, SB1Laguna where:

SB	Sweetened Beverages
1	Manufacturer of SB
Laguna	Assigned code for plant location/place of production

In case the manufacturer/importer/toll-manufacturer of Sweetened Beverages has an existing code for its place of production which form part of its batch code/lot code, it may opt to adopt the same. The manufacturer/importer/toll-manufacturer must provide the BIR with corresponding legends/guides for its respective batch code prior to its use.

To illustrate, SB1012018 where:

CODE	PARTICULARS
SB	Sweetened Beverages
1	Manufacturer of SB
012018	Code for plant location/place of production as defined by the Manufacturer

SBI012018 where:

CODE	PARTICULARS
SB	Sweetened Beverages
I	Importer of SB
012018	Code for place of removal from warehouse as defined by the Importer

SBT012018 where:

CODE	PARTICULARS
SB	Sweetened Beverages
T	Toll Manufacturer of SB
012018	Code for plant location/place of production as defined by the Toll Manufacturer

SEC.13. TOLLING, BOTTLING AND OTHER SUB-CONTRACTING AGREEMENTS

In cases of tolling, bottling and other sub-contracting agreements by manufacturer or importer/owner of sweetened beverages with other persons or entities, the following rules and procedures shall be strictly observed:

a. Registration Requirements

Any person who is engaged as a sub-contractor to manufacture sweetened beverages or to undertake any part of the manufacturing process such as bottling, packaging, etc. shall secure Permit to Operate as a sub-contractor at the Excise LT Regulatory Division (ELTRD).

In case the sub-contractor is a newly registered taxpayer for excise tax purposes, he shall be issued an Assessment Number. In case the sub-contractor/toller is already a registered excise taxpayer, a separate assessment number for this purpose shall no longer be required.

The newly registered sub-contractor/toller shall be required to install and maintain ORBs as well as the preparation and submission thereof using a format as may be prescribed by the BIR. For sub-contractors who are already registered as an excise taxpayer, the installation and maintenance of a separate ORB for the sub-contracted/toller activity shall be required. The deadline of submission of the transcript sheets prescribed herein shall be on or before the eighth (8th) day of the month immediately following the month of operation and every eighth 8th day of every month thereafter, to be submitted to the LT Performance Monitoring and Programs Division (LTPMPD).

b. Separate Application for Permits

For each brand of sweetened beverages, the manufacturer or importer/owner and the sub-contractor shall file separate applications for a permit with the BIR Office prior to the initial production of the brand. The application shall be supported by the following documents:

For the application of the manufacturer or importer/owner of the product:

(1) Sub-contracting Agreement (tolling, bottling, packaging, etc); and

(2) Permit to engage in business as manufacturer or importer of sweetened beverages. In case the manufacturer is not yet a duly registered taxpayer for excise tax purposes, he shall first undergo the usual registration process.

For the application of the sub-contractor:

(1) Sub-contracting Agreement (tolling, bottling, packaging, etc.);

(2) Permit to engage in business as sub-contractor of sweetened beverages. In case the sub-contractor is not yet a duly registered taxpayer for excise tax purposes, he shall first undergo the usual registration process;

(3) Plant layout of the sub-contractor clearly indicating the line of production where the brand shall be manufactured, bottled, packaged, finished goods, storage tanks, warehouse, etc.; and

(4) Production process flow charts

c. Terms and conditions during the sub-contracted activity

(1) In case the basic raw materials shall be supplied by the manufacturer/importer/owner of the brand, the same shall be directly transported to and unloaded in the premises of the sub-contractor from the production premises/warehouse of the manufacturer/importer/owner of the brand or from the customs' custody, in case of importation;

(2) The dedicated storage areas, storage tank and line of production that are to be used for the purpose shall be clearly identified as depicted in the supporting plant layout. Only the assigned storage area, storage tank and line of production as granted in the permit shall be used during the period of the sub-

contracting agreement. In case of any change thereof, a prior permit shall be secured from the BIR. However, if such change is temporary or emergency in nature such as due to the occurrence of fortuitous events, force majeure, etc., a written notification therefor shall be filed immediately with the BIR, in lieu of the said permit;

(3) In cases where the concerned BIR Office cannot provide a revenue officer to monitor the operations of the sub-contractor, an advance production schedule, together with documents that may be prescribed under the permit, shall be submitted to the Excise LT Field Operations Division (ELTFOD) prior to every scheduled production run indicating the quantity of the basic raw materials to be used for production, the scheduled date of production/tolling/bottling and the quantity of the finished products that will be produced;

(4) An ETRD or any form to be prescribed by the BIR shall cover all removals from the sub-contractor's production premises/warehouse. For this purpose, a separate set of ETRDs or any form to be prescribed by the BIR shall be issued exclusively for activity covered by the sub-contracting agreement; and

(5) Such other terms and conditions that are deemed necessary in the performance of the sub-contracting activity.

SEC.14. ADMINISTRATIVE REQUIREMENTS –

All manufacturers and importers of sweetened beverages shall comply with the following administrative requirements:

a. Registration of Existing and New Brands and its Variants subject to Excise Tax.

Prior to the initial manufacture for public distribution or importation of existing and new brands and its variants, an application for registration thereof shall be filed with the ELTRD. The application shall be accompanied by the following:

i. Manufacturer's/Importer's Sworn Statement- every manufacturer/importer of sweetened beverages subject to excise tax imposed herein shall file with the Commissioner a sworn statement showing, among other information, the following data:

a. SB Products Manufactured or Produced and the corresponding Monthly Volume of Production;
b. Percentage (%) of Sweeteners Used per Product/Variant (% by volume);
c. Brand Names;
d. Bottle Content in liter per product;
e. No. of bottles per case per product;
f. Kind/Type of Sweeteners used;
g. Applicable Specific Tax Rate; and
h. Equivalent Servings (in liter) – for concentrated or powdered form.

The manufacturer's/importer's sworn statement shall be submitted as a supporting document to the prescribed application for the initial registration of sweetened beverages and thereafter submit an updated sworn statement on or before the end of the months of June and December of the year.

ii. Exact replica of the proposed label, as well as the 'artwork' of the secondary containers (e.g. cartons, boxes, etc.), of the brand in three (3) copies. On the face of the label and all sides of secondary containers of sweetened beverage products, the following shall be conspicuously printed in easily recognizable and readable manner:

(1) Name and address of the manufacturer, in case of locally manufactured sweetened beverage products.

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

The assessment number may be printed on the container of the beverage (i.e. bottom of bottle, crown, neck.) other than the label. It is mandatory for the assessment number to be reflected on the container of the beverage.

(2) The phrase "EXPORTED FROM THE PHILIPPINES", in case the brand shall be exported: Provided, That no exportation of sweetened beverage products by any person shall be allowed unless the required export markings are prominently printed on the said containers; and

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

(4) In accordance with the rules promulgated by FDA, indicate on the label the type of sweetener used, and on sweetened beverages in powder form to indicate on the equivalent of each serving per liter of volume capacity.

b. Application for an Electronic Authority to Release Imported Goods (eATRIG) for Excise Tax Purposes.

All applications for eATRIG for Excise Tax Purposes shall be done online and processed in the ELTRD, BIR-National Office. Accordingly, the Chief of ELTRD shall be the designated approving officer.

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

c. Use of New BIRs Form on All Removals of Sweetened Beverages

Excise Tax Returns (BIR Form No. 2200-S) 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 sweetened beverages. The ETRD shall be requisitioned from the ELTFOD in the BIR National Office, or from the Excise Tax Area Offices at the different BIR Revenue Regions having respective jurisdiction over the manufacturers of sweetened beverages. The manner of preparation, issuance and cancellation thereof as well as the applicable reportorial requirements shall be strictly observed in accordance with the existing rules, regulations and procedures issued for this purpose.

d. Books and Records to be Kept and Maintained - Every person or entity engaged in the manufacture or importation of sweetened beverages shall keep ORBs and such other forms or records that may be required 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).

e. Deadline for the Submission of Transcript Sheets of the ORBs for Sweetened Beverages

The submission of all transcript sheets of ORBs by all manufacturers and importers, including sub-contractors, for sweetened beverages to the concerned BIR Office or to Excise Tax Area (EXTA) having jurisdiction of the place of production shall be on or before the eighth (8th) day of the month immediately following the month of operation.

f. Amount of Manufacturers' and Importers' Surety Bond

Pursuant to Section 160 of the National Internal Revenue Code of 1997, as amended, 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): Provided, That if after six (6) months of operation, the amount of initial bond is less than the amount of the total excise tax paid during the 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 bonds for the succeeding years of operation shall be based on the actual total excise tax paid on locally manufactured and/or imported sweetened beverage during the year immediately preceding the year of operation.

Such bond shall be conditioned upon faithful compliance, during the time such business is followed, with laws and rules and regulations relating to such business and for the satisfaction of all fines and penalties imposed by this Code.

g. Storage of Tax-Paid Sweetened Beverages – When the excise tax has been paid on the sweetened beverages, the same shall not thereafter be stored or permitted to remain in the manufacturing plant or place of production.

h. Supervision and Control of the Manufacturing Plant or Place of Production

There shall be deployed, on a day-to-day basis, revenue officer(s) to check or supervise the production and removal of finished products from every unit of any establishment producing or manufacturing articles subject to excise tax; at least three (3) revenue officers in such establishment that operates twenty-four (24) hours a day; two (2) revenue officers if it operates more than eight (8) hours and at least one (1) in a small factory, who shall render eight (8) hours of duty, except in small manufacturers located in contiguous places, and perform the specific duties and functions.

SEC.15. PENALTIES - Violations of these Regulations shall be subject to the corresponding penalties under Title X of the NIRC of 1997, as amended.

Further, the following penalty provisions are hereby prescribed pursuant to the provisions of the Act, as follows:

a. Any manufacturer who knowingly misdeclares or misrepresents in his or its sworn statement as required under Section 12 of these Regulations, in relation to Section 130 (C) of the NIRC, as amended, any pertinent data or information shall, upon discovery, be penalized by a summary cancellation or withdrawal of the permit to engage in business as manufacturer of sweetened beverages as provided under Section 268 of the NIRC, as amended;

b. Any corporation, association or partnership liable for any of the acts or omissions in violation of the provisions of Section 150-B of the NIRC, as amended and as implemented by these Regulations shall be fined treble the aggregate amount of deficiency taxes, surcharges and interest which may be assessed pursuant to the provisions of Section 150-B of the NIRC, as amended;

c. Any person liable for any of the acts or omission prohibited under Section 150-B of the NIRC, as amended and as implemented by these Regulations shall be criminally liable and penalized under Section 254 of the NIRC, as amended;

d. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal; and

e. If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence without further proceedings for deportation.

SEC. 16. RESPONSIBILITY OF THE FOOD AND DRUG ADMINISTRATION (FDA). – Starting June 1, 2018, the FDA shall require all manufacturers and importers of sweetened beverages covered by the Act to indicate on the label the type of sweetener used, and on sweetened beverages in powder form to indicate on the label the number of liters per pack size (net weight volume).

The FDA shall also conduct post-marketing surveillance of the sweetened beverages on display in supermarkets, groceries or retail stores and/or inspection of manufacturing sites to determine compliance with the requirements of Section 150-B of the NIRC, as amended. Violations of the provisions of the Act, including but not limited to, mislabeling or misbranding, shall, to the extent applicable, be punishable under existing laws.

The FDA shall provide a summary list of registered sweetened beverages together with the required details and information using the prescribed format as shown in Annex "A", hereto attached.

SEC.17. TRANSITORY PROVISIONS - Upon the effectivity of the Act, the following transitory provisions shall strictly be observed by all concerned:

a. Taxpayers engaged in manufacturing and importation of sweetened beverages shall update on or before August 31, 2018, their Certificate of Registration (BIR Form No. 2303) using BIR Form No. 1905 to add the excise tax type 'XB' with LT Assistance Division or Excise LT Regulatory Division for Large Taxpayers; or with the Revenue District Office (RDO) for Non-Large Taxpayers where they are registered.

b. All manufacturers and importers of sweetened beverages are required to:

   (1) Secure a Permit to operate as Manufacturer/Toll-Manufacturer/Importer of Sweetened Beverages whether registered as large taxpayers or non-large taxpayers at ELTRD on or before August 31, 2018.

   (2) Secure an Authority to Release Imported Goods (ATRIGs) at the ELTRD before release of shipment from customs custody. In the meantime that Sweetened Beverage is not yet included in the National Single Window (NSW) System of the Bureau of Customs (BOC), hard copy of the duly notarized application form shall still be submitted by the importer or authorized broker-representative to ELTRD, BIR National Office. No ATRIG shall be electronically transmitted to BOC until the inclusion of the SB classification in the NSW.

   (3) Requisition from ELTFOD in writing the required forms to be used in supporting the removals of the excisable products: Excise Taxpayer's Removal Declaration (ETRD).

c. All the manufacturers and importers of sweetened beverages subject to excise tax under Section 150-B of the NIRC shall submit to the ELTRD, copy furnished the ELTFOD, the following documentary requirements on or before August 31, 2018:

   b.1. Notarized summary list of existing and new brands of locally manufactured and imported brands of sweetened beverages for purposes of registration of said brands. (Please refer to Sec. 14A hereof for the details of the requirements);

   b.2. Manufacturer's Sworn Statement on all existing and new locally manufactured brands; and

b.3. Notarized Sworn Declarations and Inventory List as of December 31, 2017;

d. All manufacturers of sweetened beverages shall use the downloadable BIR Form No. 2200-S in filing and paying of excise tax due upon removals of excisable products from the place of production.

It is also required to submit the Excise Taxpayer's Removal Declaration (ETRD-BIR Form No. 2299), summary list of removals, and liquidation statement of advance deposits and application as supporting attachments to the BIR Form 2200-S on a weekly basis to its designated email address at sb.attachment@bir.gov.ph.

e. For purposes of the label requirement on printing the name and address of the manufacturer/importer is mandated to comply on or before August 31, 2018.

SEC. 18. Separability Clause - If any of the provisions of these Regulations is declared invalid by a court of competent jurisdiction, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in full force and effect.

SEC. 19. Effectivity. – These Regulations are effective beginning January 1, 2018, the effectivity of the TRAIN Law.

(Original Signed)
CARLOS G. DOMINGUEZ
Secretary of Finance

Recommending Approval:

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue

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