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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

April 5, 2011

REVENUE REGULATIONS NO. 8- 2011

SUBJECT : Amending Certain Provisions Under "Annex A" of Revenue Regulations No. 23-2003 dated August 22, 2003

TO : All Internal Revenue Officials and Others Concerned

BACKGROUND

The provisions of Section 141 (a) and (b) of the National Internal Revenue Code of 1997, as amended, made a distinction on the manner of computing the excise tax on distilled spirits on the basis of the primary raw materials used in the production thereof. Under Section 141 (a), if the distilled spirits are produced specifically from the sap of *nipa*, coconut, cassava, *camote*, or *buri* palm or from the juice, syrup or sugar of the cane, a single specific tax rate per proof liter is directly imposed thereon. On the other hand, if the distilled spirits are produced from other raw materials which are not included in the said enumeration, the net retail price per bottle of seven hundred fifty milliliter (750 ml) volume capacity, excluding value-added and excise taxes, should have to be determined first because the specific tax rate imposed under Section 141 (b) vary according to three (3) price categories of such type of distilled spirits.

One of the distilled spirits that falls under Section 141 (a) is the so called "rum". The primary raw material of rum is the juice of the sugarcane which undergoes fermentation and distillation and subsequently stored in oak barrels for a number of years (called, "aging") depending on the desired taste and color before the same is bottled and eventually sold to consumers. However, there are certain imported brands of rum that were identified to have been erroneously classified as distilled spirits falling under Section 141 (b), as enumerated in Annex "A" of Revenue Regulations No. 23-2003, resulting, therefore, to confusion and violation of the rule of uniformity in taxation to the detriment of the affected taxpayers.

It is, therefore, of paramount importance that this misclassification be rectified in order that these imported brands of rum be accorded the proper tax treatment; hence, this Regulations.

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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 to amend the certain provisions prescribed under "Annex A" of Revenue Regulations (RR) No. 23-2003 dated August 22, 2003 which implemented the revised tax classification of new brands of alcohol products and variants thereof based on the current net retail prices as determined in the survey conducted pursuant to Revenue Regulations No. 9-2003.

SEC. 2. AMENDING PROVISIONS. – The provisions of "Annex A" of RR No. 23-2003 are hereby amended and shall be read, in so far as the brands enumerated below are concerned, in accordance with the details shown in Annex "A" *of these Regulations.*

a) Havana Club Anejo Reserva;
b) Lemon Hart Jamaica Rum
c) Lemon Hart White Rum,
d) Malibu Caribbean White Rum with Coco;
e) Malibu Rum
f) Myers Rum; and
g) Myers Rum Planters Punch.

SEC 3 EFFECTIVITY. – These Regulations shall take effect after fifteen (15) days following publication in leading newspapers of general circulation.

CESAR V. PURISIMA
Secretary of Finance
002492

Recommending Approval:

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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