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## Angara endorses increase in excise tax for tobacco products

*By Hannah Torregoza*

Senator Juan Edgardo “Sonny” Angara on Monday formally endorsed the measure increasing the excise tax on tobacco products, recommending a staggered increase for the next four years.



Sen. Sonny Angara  
(Facebook / MANILA BULLETIN)

At least 11 senators have signed the committee report for Senate Bill No. 2233 his panel routed last week. The draft report recommends a gradual starting rate of P45 in 2020 or an increase of P10 in the first year of implementation.

This will be followed by a series of annual P5 increases, until the rate reaches P60 in 2023.

Angara said that in resorting to a gradual tax increase instead of an immediate P25 bump to the current rate, the committee did a delicate balancing act in considering a measure that will reconcile the competing interests of the government, health advocates, the cigarette industry and tobacco farmers.

The senator said they could not ignore the impact of raising the excise tax on tobacco farmers, whose families are also dependent on the industry.

“We’re legislating not so much a single sweet spot, but a ladder where we hope all stakeholders involved can make a smooth transition,” Angara said.

“In essence, we’re providing up to four years of graduated increases so that more of our tobacco farmers can shift crops; the tobacco companies can recast their financial projections; and the DOH (Department of Health) can catch up with its underspending,” he explained.

The 11 signatories in the draft Committee Report No. 714 include Angara, Senators Joseph Victor “JV” Ejercito, Risa Hontiveros, Sherwin Gatchalian, Panfilo “Ping” Lacson, Francis “Kiko” Pangilinan, Franklin Drilon, Nancy Binay, Loren Legarda , Juan Miguel Zubiri, and Senate President Pro Tempore Ralph Recto.

Pangilinan, Drilon, and Hontiveros are part of the Senate minority bloc in the Senate.

Senators who filed a bill raising the excise tax on tobacco were Gatchalian, Ejercito and Sen. Manny Pacquiao.

According to Angara, his committee has two considerations in adopting a staggered approach to the new tobacco tax rates—the livelihood of tobacco farmers and the spending capacity of the DOH.

The lawmaker warned that higher excise taxes would imperil the livelihood of more tobacco farmers who have already sustained significant losses in recent years on account of the additional taxes.

“More time is needed for them to transition to non-tobacco crops like rice, corn and high-value vegetables,” he stressed.

President Rodrigo Duterte had earlier certified as urgent Pacquiao’s proposal—Senate Bill 1599—which seeks to raise the current unitary excise tax rate to P60 per pack with a yearly increase of nine percent.

The Department of Finance (DOF) is eyeing passage of the measure to help fund the P40-billion funding gap for the Universal Health Care (UHC) law.