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Tobacco tax hike bill endorsed for plenary approval

MANILA, Philippines – Senator Sonny Angara has endorsed for plenary approval a bill that seeks to increase the excise tax on tobacco products.

As chairman of the Senate Committee on Ways and Means, Angara sponsored on Monday Senate Bill No. 2233, which seeks to raise the excise tax for every cigarette pack from P45 to P60 over the next four years.

The bill is aimed at reducing smoking prevalence among Filipinos and raise funding for the government's Universal Health Care (UHC) program.

“Makakatulong ang panukala sa dalawang paraan: Una, para mapiiglan ang pagdami ng paninigarilyo sa bansa kung mas mataas ang presyo ng sigarlyo at mga produktong tobacco, mas kaunti ang maeenganyong bumili nito,” Angara said in his sponsorship speech of the bill.

“Bukod sa pagtutok ng kalusugan ng ating mga kababayan, sisiguraduhin ng panukala natin na may karagdagang pondo sa UHC law na isinulong natin dito,” he added.

He, however, said that the committee could not ignore the impact of raising the excise tax on tobacco farmers, whose families are dependent on the industry.

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 added.

In the draft committee report, the Senate committee proposed to increase the tobacco excise tax to P45 from P37.50 in January 2020, to P50 in January 2021, P55 in Jan. 2022; and to P60 in Jan. 2023, and then by five percent yearly thereafter.

He said the Ways and Means Committee had to consider the livelihood of tobacco farmers and the spending capacity of the Department of Health in adopting a staggered approach to the proposed tobacco tax hike rates.

Higher excise taxes, Angara warned, would imperil the livelihood of more tobacco farmers who have already sustained significant losses due to additional taxes.

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

Citing 2017 to 2018 data from the National Tobacco Administration, Angara said that less than 14 percent of tobacco farmers have shifted away from tobacco to other crops like corn, rice, watermelon, garlic, onions, or high-value vegetables.

This reflects to only 10.5 percent of the country's total hectarage devoted to tobacco growing, he noted.