

Headline	Angara endorses bill hiking excise tax on tobacco products	
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Angara endorses bill hiking excise tax on tobacco products

To reduce smoking prevalence among Filipinos and raise crucial funding for the government's Universal Health Care program, Senator Sonny Angara on Monday endorsed to the Senate plenary a bill increasing the excise tax on tobacco products, which was signed by 11 senators.

The Senate Committee on Ways and Means, which Angara chairs, adopted a committee report (CR No.714) on the consolidated measure that will raise the excise tax for every cigarette pack from P45 to P60 for the next four years.

Aside from Angara, the other signatories to the committee report are Senate President Pro Tempore Ralph Recto, Senators Win Gatchalian, JV Ejercito, Risa Hontiveros, Manny Pacquiao, Panfilo Lacson, Francis Pangilinan, Franklin Drilon, Nancy Binay, Loren Legarda, and Migz Zubiri.

Angara said the committee report proposes a starting rate of P45 in 2020 or an increase of P10 in the first year of implementation, followed by a series of annual P5 increases until the rate reaches P60 in 2023. Thereafter, the rate automatically increases by 5 percent.

In resorting to gradual tax increase instead of an immediate P25 bump to the current rate, Angara said 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.

Hontiveros said "the Senate must finish strong on health reforms in the closing stretch of the 17th Congress."

She said that the passage of the measure will reduce the incidence of smoking among Filipinos and at the same time fund accessible and effective health programs for all.

"Let us not miss this opportunity to save Filipino lives, as well as ensure our good health and well-being. One of the best parting gifts from the Senate this 17th Congress would be the passage of a law that will reduce incidence of smoking among Pinoys and at the same time fund accessible and effective health programs for all," she said.

Sin tax coalition advocates led by Dr. Anthony Leachon appealed to senators to pass this bill, stressing that the health and welfare of Filipinos should be placed above any business interests, particularly in a product that causes nothin harm to users and non-users

He said raising the taxes on cigarettes is known to be one of the most effective measures to reduce smoking prevalence in the country. He said the funds that will be generated from the increased taxes can be used to bankroll the UHC implementation.

Angara said that committee members consider tobacco tax hike bill as an important legislation that would not only help reduce deaths and disabilities due to smoking but also generate the much-needed revenues for the UHC program.

At the same time, he 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 added.

Angara’s committee tackled four tobacco tax rate proposals, including House Bill 8677 which sets the excise tax rate at P37.50 per pack starting July 1 this year.

Pacquiao, Gatchalian, and Ejercito also filed separate bills seeking an increased tax of P60, P70, and P90 per pack, respectively.

President Duterte had certified as urgent Pacquiao’s proposal—Senate Bill 1599—raising the current unitary excise tax rate to P60 per pack with a yearly increase of 9 percent.

The Department of Finance said the measure will help fill in the P40 billion funding gap for the UHC.

According to the DOH, 85 percent of the proceeds from the excise tax is used to finance government health programs—80 percent for the UHC and 20 percent for improvement of facilities in government hospitals.

The remaining 15 percent of the proceeds goes to livelihood programs and financial assistance to tobacco farmers, the DOH said.

Anti-smoking and health advocates have been pushing for much higher excise tax to curb the prevalence of smoking and significantly reduce tobacco-related deaths in the country.

They said the smoking prevalence in the Philippines remains relatively high at 23 percent compared to other countries with successful tobacco control initiatives.

They warned that with the current excise tax rate, an increase of 1.4 million smokers is projected in 2022 and the additional P2.50 tax approved by the House will result in an additional 1.2 million smokers.

Angara said that two considerations have to be made by his committee in adopting a staggered approach to the new tobacco tax rates—the livelihood of tobacco farmers and the spending capacity of the DOH.

Angara 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 pointed out.

Citing 2017-2018 data from the National Tobacco Administration, Angara said that less than 14 percent of tobacco farmers have actually shifted away from tobacco to other crops like corn, rice, watermelon, garlic, onions or high-value vegetables—corresponding to only 10.5 percent of the country’s total hectareage devoted to tobacco growing.