

Philippines closer to tobacco, alcohol tax hike

November 21 2012

The Philippines has moved closer to raising tobacco and alcohol taxes, the government said Wednesday after the Senate passed a bill aimed at weaning millions of smokers off the habit.

The Senate late Tuesday passed a bill that would raise 40 billion pesos (nearly \$1 billion) in "sin taxes" each year, Finance Secretary Cesar Purisima said in a statement.

It "also provides moderate tax increases to protect the young and the poor from the ill effects of smoking and [excessive drinking](#)", he added.

Under the proposed law, cigarette excise taxes would be gradually raised to 26 pesos (63 US cents) per pack by 2016, close to the 60 percent tax level recommended by the [World Health Organization](#) and the World Bank, he added.

The House of Representatives must pass its own version of the bill, now under deliberation, before a compromise measure integrating the Senate and House bills can be signed into law by President Benigno Aquino, himself a smoker.

Filipinos are among the heaviest smokers in Southeast Asia with nearly one in five of its citizens smoking an average of around 15 cigarettes per day, according to the department of health.

A state briefing paper said this was partly due to the very low taxes on cigarettes, which sell at an average of 27.72 pesos a pack—the lowest in

the 10-member Association of Southeast Asian Nations.

Raising [tobacco taxes](#) by 10 percent would reduce the number of Filipino smokers by two million within four years and cut smoking-related deaths, it added.

The [Senate bill](#) would also bring Philippine taxation on distilled spirits into line with [World Trade Organization](#) rules, raising the excise tax on most distilled spirits by around 50 percent by 2015.

Last year in a complaint filed by the United States, the WTO found the Philippines' lower taxes on some domestically produced spirits had violated the General Agreement on Tariffs and Trade.

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Citation: Philippines closer to tobacco, alcohol tax hike (2012, November 21) retrieved 25 April 2024 from <https://medicalxpress.com/news/2012-11-philippines-closer-tobacco-alcohol-tax.html>

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