

## SECOND DIVISION

[ G.R. No. 180006, September 28, 2011 ]

COMMISSIONER OF INTERNAL REVENUE, PETITIONER, VS.  
FORTUNE TOBACCO CORPORATION, RESPONDENT.

### DECISION

**BRION, J.:**

Before the Court is a petition for review on *certiorari* filed under Rule 45 of the Rules of Court by petitioner Commissioner of Internal Revenue (CIR), assailing the decision dated July 12, 2007<sup>[1]</sup> and the resolution dated October 4, 2007,<sup>[2]</sup> both issued by the Court of Tax Appeals (CTA) *en banc* in CTA E.B. No. 228.

#### BACKGROUND FACTS

Under our tax laws, manufacturers of cigarettes are subject to pay excise taxes on their products. Prior to January 1, 1997, the excises taxes on these products were in the form of *ad valorem* taxes, pursuant to Section 142 of the 1977 National Internal Revenue Code (1977 Tax Code).

Beginning January 1, 1997, Republic Act No. (RA) 8240<sup>[3]</sup> took effect and a shift from *ad valorem* to specific taxes was made. Section 142(c) of the 1977 Tax Code, as amended by RA 8240, reads in part:

Sec. 142. *Cigars and cigarettes.* -- x x x.

(c) Cigarettes packed by machine. -- There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below:

(1) If the net retail price (excluding the excise tax and the value-added tax) is above Ten pesos (P10.00) per pack, the tax shall be Twelve pesos (P12.00) per pack;

(2) If the net retail price (excluding the excise tax and the value-added tax) exceeds Six pesos and fifty centavos (P6.50) but does not exceed Ten pesos (P10.00) per pack, the tax shall be Eight pesos (P8.00) per pack;

(3) If the net retail price (excluding the excise tax and the value-added tax) is Five pesos (P5.00) but does not exceed Six pesos and fifty centavos (P6.50) per pack, the tax shall be Five pesos (P5.00) per pack;

(4) If the net retail price (excluding the excise tax and the [value]-added tax) is below Five pesos (P5.00) per pack, the tax shall be One peso (P1.00) per pack.

X X X X

**The specific tax from any brand of cigarettes within the next three (3) years of effectivity of this Act shall not be lower than the tax [which] is due from each brand on October 1, 1996:** Provided, however, That in cases where the specific tax rates imposed in paragraphs (1), (2), (3) and (4) hereinabove will result in an increase in excise tax of more than seventy percent (70%), for a brand of cigarette, the increase shall take effect in two tranches: fifty percent (50%) of the increase shall be effective in 1997 and one hundred percent (100%) of the increase shall be effective in 1998.

X X X X

**The rates of specific tax on cigars and cigarettes under paragraphs (1), (2), (3) and (4) hereof, shall be increased by twelve percent (12%) on January 1, 2000.** [emphases ours]

To implement RA 8240 and pursuant to its rule-making powers, the CIR issued Revenue Regulation No. (RR) 1-97 whose Section 3(c) and (d) echoed the above-quoted portion of Section 142 of the 1977 Tax Code, as amended.<sup>[4]</sup>

The 1977 Tax Code was later repealed by RA 8424, or the National Internal Revenue Code of 1997 (*1997 Tax Code*), and Section 142, as amended by RA 8240, was renumbered as Section 145.

This time, to implement the 12% increase in specific taxes mandated under Section 145 of the 1997 Tax Code and again pursuant to its rule-making powers, the CIR issued RR 17-99, which reads:

Section 1. *New Rates of Specific Tax.* The specific tax rates imposed under the following sections are hereby increased by twelve percent (12%) and the new rates to be levied, assessed, and collected are as follows:

<i>Section Description of Articles</i>	<i>Present Specific Tax Rates (Prior</i>	<i>New Specific Tax Rates (Effective</i>
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145      CIGARS and CIGARETTES

B) Cigarettes Packed by Machine

(1) Net Retail Price (excluding VAT & Excise) P12.00/pack exceeds P10.00 per pack	P13.44/pack
(2) Net Retail Price (excluding VAT & Excise) is P8.00/pack P6.51 up to P10.00 per pack	P8.96/pack
(3) Net Retail Price (excluding VAT & Excise) is P5.00/pack P5.00 to P6.50 per pack	P5.60/pack
(4) Net Retail Price (excluding VAT & Excise) is P1.00/pack below P5.00 per pack	P1.12/pack

**Provided, however, that the new specific tax rate for any existing brand of cigars [and] cigarettes packed by machine, distilled spirits, wines and fermented liquors shall not be lower than the excise tax that is actually being paid prior to January 1, 2000.** [emphasis ours]

**THE FACTS OF THE CASE**

Pursuant to these laws, respondent Fortune Tobacco Corporation (*Fortune Tobacco*) paid in advance excise taxes for the year 2003 in the amount of P11.15 billion, and for the period covering January 1 to May 31, 2004 in the amount of P4.90 billion.<sup>[5]</sup>

In June 2004, Fortune Tobacco filed an administrative **claim for tax refund with the CIR for erroneously and/or illegally collected taxes in the amount of P491 million.**<sup>[6]</sup> Without waiting for the CIR's action on its claim, Fortune Tobacco filed with the CTA a judicial claim for tax refund.<sup>[7]</sup>

In its decision dated May 26, 2006, the CTA First Division ruled in favor of Fortune Tobacco and granted its claim for refund.<sup>[8]</sup> The CTA First Division's ruling was upheld on appeal by the CTA *en banc* in its decision dated July 12, 2007.<sup>[9]</sup> The CIR's motion for reconsideration of the CTA *en banc's* decision was denied in a resolution dated October 4, 2007.<sup>[10]</sup>

**THE ISSUE**

**Fortune Tobacco's claim for refund of overpaid excise taxes is based primarily on what it considers as an "unauthorized administrative legislation" on the part of the CIR.** Specifically, it assails the proviso in Section 1 of RR 17-99 that requires the payment of the "excise tax actually being paid prior to January 1, 2000" if this amount is higher than the **new specific tax rate**, *i.e.*, the rates of specific taxes imposed in 1997 for each category of cigarette, plus 12%. It claimed that by including the proviso, the CIR went beyond the language of the law and usurped Congress' power. As mentioned, the CTA sided with Fortune Tobacco and allowed the latter to claim the refund.

The CIR disagrees with the CTA's ruling and assails it before this Court through the present petition for review on *certiorari*. **The CIR posits that the inclusion of the proviso in Section 1 of RR 17-99 was made to carry into effect the law's intent and is well within the scope of his delegated legislative authority.**<sup>[11]</sup> He claims that the CTA's strict interpretation of the law ignored Congress' intent "to increase the collection of excise taxes by increasing specific tax rates on `sin' products."<sup>[12]</sup> He cites portions of the Senate's deliberation on House Bill No. 7198 (the precursor of RA 8240) that conveyed the legislative intent to increase the excise taxes being paid.<sup>[13]</sup>

The CIR points out that Section 145(c) of the 1997 Tax Code categorically declares that "[t]he excise tax from any brand of cigarettes within the [three-year transition period from January 1, 1997 to December 31, 1999] shall not be lower than the tax, which is due from each brand on October 1, 1996." He posits that there is no plausible reason why the new specific tax rates due beginning January 1, 2000 should not be subject to the same rule as those due during the transition period. To the CIR, the adoption of the "higher tax rule" during the transition period unmistakably shows the intent of Congress not to lessen the excise tax collection. Thus, the CTA should have construed the ambiguity or omission in Section 145(c) in a manner that would uphold the law's policy and intent.

Fortune Tobacco argues otherwise. To it, Section 145(c) of the 1997 Tax Code read and interpreted as it is written; it imposes a 12% increase on the rates of excise taxes provided under sub-paragraphs (1), (2), (3), and (4) only; it does not say that the tax due during the transition period shall continue to be collected if the amount is higher than the new specific tax rates. It contends that the "higher tax rule" applies only to the three-year transition period to offset the burden caused by the shift from *ad valorem* to specific taxes.

### **THE COURT'S RULING**

Except for the tax period and the amounts involved,<sup>[14]</sup> the case at bar presents the same issue that the Court already resolved in 2008 in *CIR v. Fortune Tobacco Corporation*.<sup>[15]</sup> In the 2008 *Fortune Tobacco* case, the Court upheld the tax refund claims of Fortune Tobacco after finding invalid the proviso in Section 1 of RR 17-99. We ruled:

Section 145 states that during the transition period, *i.e.*, within the next three (3) years from the effectivity of the Tax Code, the excise tax from any brand of cigarettes shall not be lower than the tax due from each brand on 1 October 1996. This qualification, however, is conspicuously absent as regards the 12% increase which is to be applied on cigars and cigarettes packed by machine, among others, effective on 1 January 2000. Clearly and unmistakably, Section 145 mandates a new rate of excise tax for cigarettes packed by machine due to the 12% increase effective on 1 January 2000 without regard to whether the revenue collection starting from this period may turn out to be lower than that collected prior to this date.

By adding the qualification that the tax due after the 12% increase becomes effective shall not be lower than the tax actually paid prior to 1 January 2000, Revenue Regulation No. 17-99 effectively imposes a tax which is the higher amount between the *ad valorem* tax being paid at the end of the three (3)-year transition period and the specific tax under paragraph C, sub-paragraph (1)-(4), as increased by 12% - a situation not supported by the plain wording of Section 145 of the Tax Code.<sup>[16]</sup>

Following the principle of *stare decisis*,<sup>[17]</sup> our ruling in the present case should no longer come as a surprise. The proviso in Section 1 of RR 17-99 clearly went beyond the terms of the law it was supposed to implement, and therefore entitles Fortune Tobacco to claim a refund of the overpaid excise taxes collected pursuant to this provision.

The amount involved in the present case and the CIR's firm insistence of its arguments nonetheless compel us to take a second look at the issue, but our findings ultimately lead us to the same conclusion. Indeed, we find more reasons to disagree with the CIR's construction of the law than those stated in our 2008 *Fortune Tobacco* ruling, which was largely based on the application of the rules of statutory construction.

***Raising government revenue is not the sole objective of RA 8240***

That RA 8240 (incorporated as Section 145 of the 1997 Tax Code) was enacted to raise government revenues is a given fact, but this is not the sole and only objective of the law.<sup>[18]</sup> Congressional deliberations show that the shift from *ad valorem* to specific taxes introduced by the law was also intended to curb the corruption that became endemic to the imposition of *ad valorem* taxes.<sup>[19]</sup> Since *ad valorem* taxes were based on the value of the goods, the prices of the goods were often manipulated to yield lesser taxes. The imposition of specific taxes, which are based on the volume of goods produced, would prevent price manipulation and also cure the unequal tax treatment created by the skewed valuation of similar goods.

***Rule of uniformity of taxation violated by the proviso in Section 1, RR 17-99***

The Constitution requires that taxation should be uniform and equitable.<sup>[20]</sup> Uniformity in taxation requires that all subjects or objects of taxation, similarly situated, are to be treated alike both in privileges and liabilities.<sup>[21]</sup> This requirement, however, is unwittingly violated when the proviso in Section 1 of RR 17-99 is applied in certain cases. To illustrate this point, we consider three brands of cigarettes, all classified as lower-priced cigarettes under Section 145(c)(4) of the 1997 Tax Code, since their net retail price is below P5.00 per pack:

Brand <sup>[22]</sup>	Net Retail Price per pack	(A) <i>Ad Valorem</i> Tax Due prior to Jan 1997	(B) Specific Tax under Section 145(C)(4)	(C) Specific Tax Due Jan 1997 to Dec 1999	(D) New Specific Tax imposing 12% increase by Jan 2000	(E) <b>New Specific Tax Due by Jan 2000 per RR 17-99</b>
Camel KS	4.71	5.50	1.00/pack	5.50	1.12/pack	<b>5.50</b>
Champion M 100	4.56	3.30	1.00/pack	3.30	1.12/pack	<b>3.30</b>
Union American Blend	4.64	1.09	1.00/pack	1.09	1.12/pack	<b>1.12</b>

Although the brands all belong to the same category, the proviso in Section 1, RR 17-99 authorized the imposition of different (and grossly disproportionate) tax rates (see column [D]). It effectively extended the qualification stated in the **third paragraph of Section 145(c) of the 1997 Tax Code** that was supposed to apply only during the transition period:

The excise tax from any brand of cigarettes within the next three (3) years from the effectivity of R.A. No. 8240 shall not be lower than the tax, which is due from each brand on October 1, 1996[.]

In the process, the CIR also perpetuated the unequal tax treatment of similar goods that was supposed to be cured by the shift from *ad valorem* to specific taxes.

***The omission in the law in fact reveals the legislative intent not to adopt the "higher tax rule"***

The CIR claims that the **proviso in Section 1 of RR 17-99** was patterned after the third paragraph of Section 145(c) of the 1997 Tax Code. Since the law's intent was to increase revenue, it found no reason not to apply the same "higher tax rule" to excise taxes due *after* the transition period despite the absence of a similar text in the wording of Section 145(c). What the CIR misses in his argument is that he applied the rule not only for cigarettes, but also for cigars, distilled spirits, wines and fermented liquors:

Provided, however, that the new specific tax rate for any existing brand of cigars [and] cigarettes packed by machine, distilled spirits, wines and fermented liquors shall not be lower than the excise tax that is actually being paid prior to January 1, 2000.

When the pertinent provisions of the 1997 Tax Code imposing excise taxes on these products are read, however, there is nothing similar to the third paragraph of Section 145(c) that can be found in the provisions imposing excise taxes on distilled spirits (Section 141<sup>[23]</sup>) and wines (Section 142<sup>[24]</sup>). In fact, the rule will also not apply to cigars as these products fall under Section 145(a).<sup>[25]</sup>

Evidently, the 1997 Tax Code's provisions on excise taxes have omitted the adoption of certain tax measures. To our mind, these omissions are telling indications of the intent of Congress **not** to adopt the omitted tax measures; they are not simply unintended lapses in the law's wording that, as the CIR claims, are nevertheless covered by the spirit of the law. Had the intention of Congress been solely to increase revenue collection, a provision similar to the third paragraph of Section 145(c) would have been incorporated in Sections 141 and 142 of the 1997 Tax Code. This, however, is not the case.

We note that Congress was not unaware that the "higher tax rule" is a proviso that should ideally apply to the increase after the transition period (as the CIR embodied in the proviso in Section 1 of RR 17-99). During the deliberations for the law amending Section 145 of the 1997 Tax Code (RA 9334), Rep. Jesli Lapuz adverted to the "higher tax rule" *after December 31, 1999* when he stated:

This bill serves as a catch-up measure as government attempts to collect additional revenues due it since 2001. Modifications are necessary indeed to capture the loss proceeds and prevent further erosion in revenue base. x x x. As it is, it plugs a major loophole in the ambiguity of the law as evidenced by recent disputes resulting in the government being ordered by the courts to refund taxpayers. This bill clarifies that the excise tax due on the products shall not be lower than the tax due as of the date immediately prior to the effectivity

of the act or the excise tax due as of December 31, 1999.<sup>[26]</sup>

This remark notwithstanding, the final version of the bill that became RA 9334 contained no provision similar to the proviso in Section 1 of RR 17-99 that imposed the tax due as of December 31, 1999 if this tax is higher than the new specific tax rates. Thus, it appears that despite its awareness of the need to protect the increase of excise taxes to increase government revenue, Congress ultimately decided against adopting the "higher tax rule.

**WHEREFORE**, in view of the foregoing, the petition is **DENIED**. The decision dated July 12, 2007 and the resolution dated October 4, 2007 of the Court of Tax Appeals in CTA E.B. No. 228 are **AFFIRMED**. No pronouncement as to costs.

**SO ORDERED.**

*Del Castillo,*<sup>\*\*</sup> *Perez, Mendoza,*<sup>\*\*\*</sup> and *Sereno, JJ.*, concur.  
*Brion,*<sup>\*</sup> *J.*, Acting Chairperson.

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<sup>\*</sup> Designated as Acting Chairperson in lieu of Associate Justice Antonio T. Carpio, per Special Order No. 1083 dated September 13, 2011.

<sup>\*\*</sup> Designated as Additional Member of the Second Division in lieu of Associate Justice Antonio T. Carpio, per Special Order No. 1084 dated September 13, 2011.

<sup>\*\*\*</sup> Designated as Additional Member of the Second Division in lieu of Associate Justice Bienvenido L. Reyes, per Special Order No. 1107 dated September 27, 2011.

<sup>[1]</sup> Penned by CTA Justice Juanito C. Castañeda, Jr., and concurred in by CTA Justices Lovell R. Bautista, Erlina P. Uy, Caesar A. Casanova, and Olga Palanca-Enriquez; *rollo*, pp. 41-54. CTA Presiding Justice Ernesto D. Acosta dissented from the majority; *id.* at 55-63.

<sup>[2]</sup> *Id.* at 64-66. CTA Justice Ernesto D. Acosta reiterated his dissent from the majority opinion; *id.* at 67-70.

<sup>[3]</sup> An Act Amending Sections 138, 139, 140 and 142 of the National Internal Revenue Code, as amended, and For Other Purposes.

<sup>[4]</sup> SEC. 3. *Rates and Bases of Tax.* - There shall be levied, assessed and collected on cigars and cigarettes excise tax as follows:



(c) Cigarettes Packed by Machine:

- (1) Per pack - P12.00 if the net retail price per pack (exclusive of VAT and excise tax) is over P10.00;
- (2) Per pack - P8.00 if the net retail price per pack (exclusive of VAT and excise tax) is over P6.50 but not over P10.00;
- (3) Per pack - P5.00 if the net retail price per pack (exclusive of VAT and excise tax) is P5.00 but not over P6.50;
- (4) Per pack - P1.00 if the net retail price per pack (exclusive of VAT and excise tax) is below P5.00.

The specific tax from any brand of cigarettes within the next three (3) years of effectivity of this Act shall not be lower than the tax which is due from each brand on October 1, 1996: Provided, however, That in cases where the specific tax rates imposed in paragraph (C), sub-paragraphs (1), (2), (3) and (4) herein above, will result in an increase in excise tax of more than seventy percent (70%), for a brand of cigarette, the increase shall take effect in two tranches: (a) fifty percent (50%) of the increase shall be effective in 1997; and (b) one hundred percent (100%) of the increase shall be effective in 1998.

(d) Beginning January 1, 2000, the rates of specific tax on cigars and cigarettes under paragraphs (A) and (C), sub-paragraphs (1), (2), (3) and (4) hereof, shall be increased by twelve percent (12%).

[5] *Rollo*, p. 45.

[6] *Ibid.*

[7] *Id.* at 46-47.

[8] The CIR's motion for reconsideration of the CTA First Division's decision dated May 26, 2006 was denied in a resolution dated November 15, 2006; *id.* at 46-47.

[9] *Supra* note 1.

[10] *Supra* note 2.

[11] *Rollo*, p. 209.

[12] *Ibid.*

[13] The CIR referred to the exchange between Senator Juan Ponce Enrile and Senators Neptali Gonzales and Franklin Drilon; Records of the Senate, No. 33, Volume II, October 16, 1996.

[14] The 2008 Fortune Tobacco case involved refund of excise taxes amounting to P680,387,025.00 for the period of January 2000 to December 2001; and P355,385,920 for the period of January to December 2002.

[15] G.R. Nos. 167274-75, July 21, 2008, 559 SCRA 160.

[16] *Id.* at 177.

[17] Under this doctrine, Courts are "to stand by precedent and not to disturb settled point." **Once the Court has "laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle, and apply it to all future cases, where facts are substantially the same; regardless of whether the parties or property are the same";** *In the Matter of the Charges of Plagiarism, etc., Against Associate Justice Mariano C. del Castillo*, A.M. No. 10-7-17-SC, February 8, 2011. Also, in *Ting v. Velez-Ting*, G.R. No. 166562, March 31, 2009, 582 SCRA 694, 704-705, we said that "based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument. Basically, it is a bar to any attempt to relitigate the same issues, necessary for two simple reasons: economy and stability. In our jurisdiction, the principle is entrenched in Article 8 of the Civil Code."

[18] Senator Enrile's sponsorship speech, in fact, identifies three objectives for the enactment of RA 8240: (1) to evolve a tax structure which will promote fair competition among the players in the industries concerned and generate buoyant and stable revenue for government; (2) to ensure that the tax burden is equitably distributed; and (3) to simplify the tax administration and compliance with the tax laws. Transcript of Senate Deliberations on House Bill No. 7198 dated October 15, 1996.

[19] Senate deliberations dated October 16, 1996.

[20] CONSTITUTION, Article VI, Section 28(1).

[21] *British American Tobacco v. Camacho*, G.R. No. 163583, April 15, 2009, 585 SCRA 36.

[22] Camel and Champion are Fortune Tobacco brands; and Union American Blend is a brand of Sterling Tobacco Corporation. See Annex "D" of the 1997 Tax Code.

[23] **SEC. 141. *Distilled Spirits.*** - On distilled spirits, there shall be collected, subject to the provisions of Section 133 of this Code, excise taxes as follows:

(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the

juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, Eight pesos (P8.00): *Provided*, That if produced in a pot still or other similar primary distilling apparatus by a distiller producing not more than one hundred (100) liters a day, containing not more than fifty percent (50%) of alcohol by volume, per proof liter, Four pesos (P4.00);

(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be in accordance with the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) as follows:

(1) Less than Two hundred and fifty pesos (P250) - Seventy-five pesos (P75), per proof liter;

(2) Two hundred and fifty pesos (P250) up to Six hundred and Seventy-Five pesos (P675) - One hundred and fifty pesos (P150), per proof liter; and

(3) More than Six hundred and seventy-five pesos (P675) - Three hundred pesos (P300), per proof liter.

(c) Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits for the chief ingredient, shall be subject to the same tax as such chief ingredient.

This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

*"Spirits or distilled spirits"* is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures.

*"Proof spirits"* is liquor containing one-half (1/2) of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten thousandths (0.7939) at fifteen degrees centigrade (15°C). A *"proof liter"* means a liter of proof spirits.

The rates of tax imposed under this Section shall be increased by twelve percent (12%) on January 1, 2000.

New brands shall be classified according to their current net retail price.

For the above purpose, *"net retail price"* shall mean the price at which the distilled spirit is sold on retail in ten (10) major supermarkets in Metro Manila, excluding the amount

intended to cover the applicable excise tax and the value-added tax as of October 1, 1996.

The classification of each brand of distilled spirits based on the average net retail price as of October 1, 1996, as set forth in Annex "A," shall remain in force until revised by Congress.

[24] **SEC. 142. *Wines.*** - On wines, there shall be collected per liter of volume capacity, the following taxes:

(a) Sparkling wines/champagnes regardless of proof, if the net retail price per bottle (excluding the excise tax and the value-added tax) is:

- (1) Five hundred pesos (P500) or less - One hundred pesos (P100); and
- (2) More than Five hundred pesos (P500) - Three hundred pesos (P300).

(b) Still wines containing fourteen percent (14%) of alcohol by volume or less, Twelve pesos (P12.00); and

(c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, Twenty-four pesos (P24.00).

Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits. "*Fortified wines*" shall mean natural wines to which distilled spirits are added to increase their alcoholic strength.

The rates of tax imposed under this Section shall be increased by twelve percent (12%) on January 1, 2000.

New brands shall be classified according to their current net retail price.

For the above purpose, "*net retail price*" shall mean the price at which wine is sold on retail in ten (10) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax as of October 1, 1996.

The classification of each brand of wines based on its average net retail price as of October 1, 1996, as set forth in Annex "B," shall remain in force until revised by Congress.

[25] **SEC. 145. *Cigars and Cigarettes.*** - (A) ***Cigars.*** - There shall be levied, assessed and collected on cigars a tax of One peso (P1.00) per cigar[.]

[26] House Deliberations on RA 9334 (House Bill No. 3174), October 27, 2004, p. 19.

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