PHILIPPINES - RATES OF CERTAIN
SALES AND SPECIFIC TAXES

Draft Decision

In document W.47/23, the Philippines announced its intention to request an extension of the period during which the differential rates of sales and specific taxes with respect to cigarettes could be brought into line with Article III of the General Agreement. At their Forty-Seventh Session, the CONTRACTING PARTIES considered this request and agreed to refer the matter to the Council for further consideration (SR.47/3). To facilitate the consideration by the Council of this request, the following draft decision has been prepared by the Secretariat.

Noting that paragraph 3 of the Protocol of Accession of the Philippines to the General Agreement on Tariffs and Trade, dated 26 November 1979, states that the Philippines intends to bring into line with Article III of the General Agreement, the sales and specific taxes with respect to the items listed in document L/4724/Add.1 whose rates, in accordance with the relevant sections of Titles IV and V of the Philippines Internal Revenue Code in force on the date of the Protocol, vary according to whether the items are locally manufactured or imported and would endeavour to do so as soon as possible in the light of its development, financial and trade needs; and that if by 31 December 1984, the above mentioned taxes were still in effect with differential rates for imported items, the matter would be reviewed by the CONTRACTING PARTIES;

Considering that by their Decisions of 27 November 1984² and 4 December 1989³ the CONTRACTING PARTIES agreed that the Government of the Philippines may take steps to bring into line with Article III of the General Agreement the sales and specific taxes with respect to the remaining items listed in document L/4724/Add.1 whose rates in accordance with the relevant sections of Titles IV and V of the Philippines Internal Revenue Code vary according to whether the items are locally manufactured or imported and would endeavour to do so as soon as possible in the light of its development, financial and trade needs; and that if by 31 December 1984, the above mentioned taxes were still in effect with differential rates for imported items, the matter would be reviewed by the CONTRACTING PARTIES;

¹BISD 26S/192.
²BISD 31S/7.
³BISD 36S/44.
Revenue Code in force on the date of the Protocol of Accession, vary according to whether the items are locally manufactured or imported, until 31 December 1991, by which time if these taxes were still in effect with differential rates for imported items, the matter would be reviewed by the CONTRACTING PARTIES;

Noting that the Government of the Philippines has taken steps to align the rates of certain sales and specific taxes applied to domestically produced goods with those rates applicable to like imported goods with respect to all the items listed in document L/4724/Add.1 except cigarettes;

Considering that the Government of the Philippines has requested a one-year extension of the period to bring into line with Article III of the General Agreement the rates of the aforesaid sales and specific taxes with respect to cigarettes;

The CONTRACTING PARTIES decide that the Government of the Philippines may take steps to bring into line with Article III of the General Agreement the sales and specific taxes with respect to cigarettes whose rates in accordance with the relevant sections of Titles IV and V of the Philippines Internal Revenue Code in force on the date of the Protocol of Accession, vary according to whether this item is locally manufactured or imported, until 31 December 1992, by which time if these taxes are still in effect with differential rates for imported cigarettes, the matter shall be reviewed by the CONTRACTING PARTIES.