



MALACAÑAN PALACE  
MANILA

29 August 2025

**THE HONORABLE SPEAKER**  
**and Members of the House of Representatives**  
House of Representatives  
Batasan Hills, Quezon City

Ladies and Gentlemen:

In order to standardize the collection of excise tax across all sources and enhance the regulatory process involving denatured alcohol, I sign into law enrolled House Bill No. 10535, entitled:

***"AN ACT AMENDING SECTIONS 134 AND 168 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED."***

The amendment pertaining to the tax treatment of denatured alcohol aims to establish a more equitable taxation framework by eliminating conflicting interpretations and inconsistencies in the excise tax exemption. The proposed measure seeks to ensure tax parity by exempting both imported and locally manufactured denatured ethyl alcohol from excise tax. This is consistent with international practices and minimizes regulatory loopholes and unfair market advantages. As such, I commend the leadership of both Houses for passing this equitable measure.

This notwithstanding, I am unable to fully support the provision of the bill that authorizes compounding plants with rectifying facilities to denature alcohol.

Our current system restricts denaturing processes to duly registered distilleries. Extending the privilege to compounding plants may lead to revenue loss from possible misrepresentation of wastages to avoid excise tax on distilled spirits, allow production wastages to be converted to a tax-free product thereby rewarding a manufacturer's inefficiency at the expense of tax collections, and result in adverse fiscal consequences due to tax leakage in cases where the denatured alcohol is eventually reprocessed for mass consumption. It is for such reasons that I am constrained to veto a particular provision in the enrolled bill.

I hereby register the line-item veto in accordance with Article VI, Section 27(2) of the Constitution:

- 1. On the inclusion of compounding plants with rectifying facilities as authorized to denature alcohol similar to duly registered distilleries:**

THE PRESIDENT OF THE PHILIPPINES

I veto that portion of **Section 2** of the bill, amending Section 168 of the Tax Code, to wit:

**“SEC. 2. Section 168 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:**

**“Section 168. *Denaturing Within the Philippines.* – For purposes of this Title, the process of denaturing alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent [90%] alcohol by volume) in the Philippines shall be effected prior to removal from the premises of duly registered distilleries and compounding plants where the rectifying facilities are located: *Provided*, That the denaturing process shall be done in accordance with the rules and regulations to be issued by the Bureau of Internal Revenue (BIR) which shall include the denaturant formulations to be used: *Provided, further*, That the BIR shall require a confirmatory testing prior to the removal of the denatured alcohol: *Provided, finally*, That the BIR shall designate its representatives to monitor the denaturing process. [underscoring supplied]**

The amendment to the taxation of denatured alcohol fosters fair competition by establishing an equitable tax framework, while placing safeguards against possible leakages. I fervently hope that this legislation would show our commitment to the international market that our country abides by the global standards of taxation.

Very truly yours,



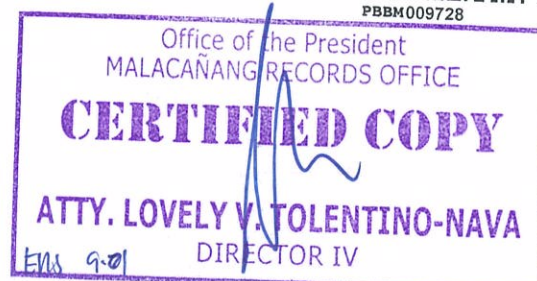
Copy furnished:

**SEN. FRANCIS “CHIZ” G. ESCUDERO**  
*Senate President*  
Senate of the Philippines  
Pasay City

**UNDERSECRETARY ADRIAN CARLOS A. BERSAMIN**  
*Presidential Adviser on Legislative Affairs and Head*  
Presidential Legislative Liaison Office  
2<sup>nd</sup> Floor, New Executive Building  
Malacañang, Manila



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MALACANAN PALACE  
MANILA

29 August 2025

**THE HONORABLE SENATE PRESIDENT  
and Members of the Philippine Senate**  
Senate of the Philippines  
GSIS Building, Pasay City

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**“Section 168. *Denaturing Within the Philippines.* – For purposes of this Title, the process of denaturing alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent [90%] alcohol by volume) in the Philippines shall be effected prior to removal from the premises of duly registered distilleries and compounding plants where the rectifying facilities are located: *Provided*, That the denaturing process shall be done in accordance with the rules and regulations to be issued by the Bureau of Internal Revenue (BIR) which shall include the denaturant formulations to be used: *Provided, further*, That the BIR shall require a confirmatory testing prior to the removal of the denatured alcohol: *Provided, finally*, That the BIR shall designate its representatives to monitor the denaturing process. [underscoring supplied]**

The amendment to the taxation of denatured alcohol fosters fair competition by establishing an equitable tax framework, while placing safeguards against possible leakages. I fervently hope that this legislation would show our commitment to the international market that our country abides by the global standards of taxation.

Very truly yours,



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**REP. FERDINAND MARTIN G. ROMUALDEZ**  
*House Speaker*  
House of Representatives  
Batasan Hills, Quezon City

**UNDERSECRETARY ADRIAN CARLOS A. BERSAMIN**  
*Presidential Adviser on Legislative Affairs and Head*  
Presidential Legislative Liaison Office  
2<sup>nd</sup> Floor, New Executive Building  
Malacañang, Manila





H. No. 10535

Republic of the Philippines  
Congress of the Philippines  
Metro Manila  
Nineteenth Congress  
Third Regular Session

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Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.

[ REPUBLIC ACT NO. 12235 ]

AN ACT AMENDING SECTIONS 134 AND 168 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Section 134 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 134. *Denatured Alcohol.* – Ethyl alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) alcohol by volume), whether imported or locally manufactured, shall, when suitably denatured under Section 168 of this Code and rendered unfit for oral intake, be exempt from the excise tax, prescribed in Section 141:

*Provided, however,* That such denatured alcohol shall be subject to tax under Section 106(A) of this Code: *Provided, further,* That if such alcohol is to be used for motive power, it shall be taxed under Section 148(d) of this Code: *Provided, finally,* That any alcohol, previously rendered unfit for oral intake after denaturing but subsequently rendered fit for oral intake after undergoing further processing shall be taxed under Section 141 of this Code and such tax shall be paid by the person in possession of such reprocessed spirits."

SEC. 2. Section 168 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 168. *Denaturing* Within the Philippines. - For purposes of this Title, the process of denaturing alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) alcohol by volume) in the Philippines shall be effected prior to removal from the premises of duly registered distilleries, and compounding plants where the rectifying facilities are located: *Provided,* That the denaturing process shall be done in accordance with the rules and regulations to be issued by the BIR which shall include the denaturant formulations to be used: *Provided, further,* That the BIR shall require a confirmatory testing prior to the removal of the denatured alcohol: *Provided, finally,* That the BIR shall designate BIR representatives to monitor the denaturing process."


SEC. 3. Within ninety (90) days from the effectivity of this Act, the Secretary of Finance shall promulgate the necessary guidelines for the effective implementation of this Act.


SEC. 4. If any provision of this Act is declared unconstitutional or invalid, the validity of other provisions shall not be affected thereby.

SEC. 5. All laws, decrees, orders, rules and regulations, other issuances, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.


SEC. 6. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.


Approved.

  
FRANCIS "CHIZ" G. ESCUDERO  
*President of the Senate*

  
FERDINAND MARTIN G. ROMUALDEZ  
*Speaker of the House of Representatives*

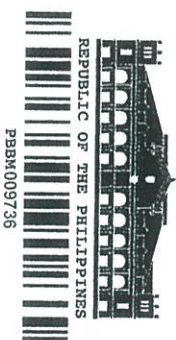
This Act, which originated in the House of Representatives, was passed by the House of Representatives and the Senate of the Philippines on June 10, 2025 and June 11, 2025, respectively.

  
RENATO N. BANTING JR.  
*Secretary of the Senate*

  
REGINALD S. VELASCO  
*Secretary General  
House of Representatives*

Approved: AUG 29 2025

FERDINAND ROMUALDEZ MARCOS JR.  
*President of the Philippines*



PBB#009736

