Draft for discussion. Subject to change.

Stakeholders' Briefing on Excise Tax on Single-Use Plastics

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Current situation and the problem

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A World Bank study revealed that globally, around 4.8 to 12.7 million tonnes of plastic leak into our ocean every year with Asia contributing about 80 percent of this leakage.

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The Philippines is the third largest contributor of mismanaged plastic entering the ocean each year.

0.75

Million metric tonnes of mismanaged plastic

28%

Only of the key plastic resins were recycled in 2019

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The World Bank identified 4 key challenges that lead to the difficulty in managing solid waste in the Philippines:

1. Mixed waste collection
2. Inadequate infrastructure
3. Limited public funds and technical capacity to cover full SWM services at the LGU level
4. Lack of recycling capacity

DOF Recommendation

The proposed excise tax on plastic bags is the Philippines's contribution to the global movement to reduce pollution and adopt more sustainable practices.

KEY FEATURES: Excise Tax on Single-Use Plastic

Coverage

Single-use plastic bags such as “ice”, “labo”, or “sando” bags, with or without handle, used as packaging for goods or products

Tax Rate

P100 per kilogram, indexed at 4 percent annually beginning January 1, 2026

Use of Incremental Revenues

All revenues shall be earmarked for DENR’s solid waste management programs in municipalities

Legislative Status

Pending bills in the Senate Committee on Ways and Means

Senate bill no.	Salient features of the bill			Proponent
	Rate	Coverage	Earmarking	
DOF proposal/HB 4102/SB 1449	• **P100.00** per kilogram • **4%** indexation starting 2026	Secondary-level plastics made of synthetic or semi-synthetic organic polymer, commonly known as “ice”, “labo” or “sando” bags, with or without handle, used as packaging for goods or products	Revenues will be allocated to programs of the Department of Environment and Natural Resources (DENR) for the implementation Ecological Solid Waste Management Act of 2000 in municipalities.	**Sen. Joel Villanueva**
SB 1844	• **P20.00** per kilogram • **4%** indexation starting 2026	Same as SB 1449	Same as SB 1449	**Sen. Raffy Tulfo**

Impact Analysis

Estimated incremental revenue*, in PHP million

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Total Year 1 to Year 5
DOF proposal/HB 4102/SB 1449	2,334	6,960	7,412	8,162	8,988	33,856
SB 1844	594	1,771	1,887	2,086	2,306	8,644

Note: DOF staff estimates
** Assumes Q3 implementation in 2024 and 50% tax compliance. From 2025 to 2028, 70% tax compliance.*

Impact to volume of plastic bag use, in percent

Estimates for Year 1	DOF proposal/HB 4102/SB 1449		SB 1844	
	Labo bags	Sando bags	Labo bags	Sando bags
Decline in volume	24.7	26.1	4.9	5.2

Note: DOF staff estimates

Impact to price per piece, in PHP

Estimated increase in price for Year 1	Current price per piece	DOF proposal/HB 4102/SB 1449	SB 1844
Labo bags	0.47	0.82	0.54
Sando bags	0.51	0.91	0.59

Note: DOF staff estimates

Ways Forward

PLAN, PROGRESS, and PUSH: Excise Tax on Single-Use Plastic

MEASURE/ PLAN	PROGRESS	PUSH
Excise Tax on Single-Use Plastics **Target passage:* ***2025***	• **Writing of the guidelines for the Extended Producer Responsibility** is ongoing to come up with a **draft joint administrative order (JAO)** for the approval of the DOF and DENR Secretaries • Draft JAO to be submitted by DOF to DENR for their comments next week	• Brief **Sen. Legarda** by February 2024 and secure her commitment to support the DOF bill. • Obtain the support of **Sen. Gatchalian to create a sub-committee** that will hear the bill.

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Thank you!

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