

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City



Seventeenth Congress
First Regular Session

HOUSE BILL no. **4057**

Introduced by HONORABLE ELISA T. KHO

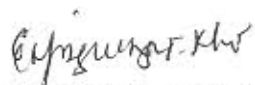
EXPLANATORY NOTE

In a country rich with mineral resources like the Philippines, it comes as a surprise when the National Government reported that from a previous high rate of gold purchases amounting to 900,000 troy oz., it is now only able to buy around 20,000 troy oz. It further comes as a shock when one receives reports from the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) that in a span of just three years, the gross production value of small-scale mines in the country dropped drastically from PHP 42.9 billion in 2010 to just around PHP 300 million in 2013.

This is most distressing because gold is an important component in the gross international reserves of the country – of any country. The National Internal Revenue Code of 1997 alone places an excise tax of two *per centum* (2%) on gold. Other taxes paid by small-scale miners under the National Internal Revenue Code of 1997 are the income tax of five *per centum* (5%) and the value-added tax of twelve *per centum* (12%). Furthermore, reports suggest that small-scale miners would rather smuggle Philippine gold out of the country or sell the same in the black market than sell it to the *Bangko Sentral ng Pilipinas* due to the prohibitive measures put in place by various taxes.

The Philippine economy benefits much from small-scale miners because the minerals collected by all the small-scale miners will result into a huge supply of gold for the *Bangko Sentral ng Pilipinas*. Small-scale miners primarily use manual tools to extract minerals from the ground and such a tedious, back-breaking way of living is often barely compensated as these miners are imposed with a huge number of taxes that discourages them from selling their gold directly to the *Bangko Sentral ng Pilipinas*. For this matter, an exemption for small-scale mining must be put in place so that small-scale miners will be more willing to sell their gold to the National Government instead of smuggling it out of the country or selling it to the black market.

For these reasons, the passage of this bill is earnestly sought.


HON. ELISA T. KHO

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AN ACT
AMENDING SECTION 151 OF REPUBLIC ACT NUMBER 8424, AS AMENDED,
OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997

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

Section 1. Section 151, Subsection (A) of Republic Act Number 8424, otherwise known as the National Internal Revenue Code of 1997, is hereby amended to read as follows:

“Section 151. *Mineral Products*

“(A) **Rates of Tax – Except for small-scale mining as defined herein**, there shall be levied, assessed, and collected on minerals, mineral products, and quarry resources, excise tax as follows:

“XXX.”

Section 2. Section 151, Subsection (B) of Republic Act Number 8424, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended to read as follows:

“Section 151. *Mineral Products*

“XXX

“(B) For purposes of this Section, the term:

“XXX

“(5) ‘Small-Scale Mining’ shall mean any mining activity which relies heavily on manual labor using simple implements and methods, and do not use explosives or heavy mining equipment.”

Section 3. *Repealing Clause* –All laws, presidential decrees, executive orders, rules and regulations, and parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 4. *Separability Clause* – If, for any reason, any section or provision of this Act, or any portion thereof, or the application of such section, provision, or portion to any person, group, or circumstance is declared invalid or unconstitutional, the remainder of this Act or the application of such section, provision, or portion thereof to other persons, groups, or circumstances shall not be affected by such declaration.

Section 5. *Effectivity* – This Act shall take effect fifteen (15) days following its publication in three (3) newspapers of general circulation.

Approved,