



SEVENTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'17 MAR 22 P 4:01

RECEIVED BY: J

S E N A T E
S.B. No. 1408

Introduced by Senator Aquilino “Koko” Pimentel III

**AN ACT
AMENDING SECTIONS 6, 22, 23, 24, 25, 31, 32, 33, 34,
79, 84, 86, 99, 100, 101, 106, 107, 108, 109, 113, 116, 148, 149, 155,
232, 237, 249, 288;
CREATING NEW SECTIONS 148-A, 237-A, 264-A, AND 264-B;
AND REPEALING SECTIONS 35 AND 62,
ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN
AS “THE NATIONAL INTERNAL REVENUE CODE,” AS
AMENDED, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Ambisyon Natin 2040 reflects the socio-economic aspiration envisioned by majority of Filipinos – the eradication of extreme poverty within one generation from now.

This entails the need for the government to raise P366 Billion in investments on infrastructure, education, and healthcare per year from 2016 to 2022. The study conducted by the Department of Finance shows that among the tools necessary to fund these investments are reforms on tax policy and tax administration.

Since the effectivity in 1997 of the National Internal Revenue Code, as amended (“NIRC”), our individual tax rates have remained unchanged despite an increase in the rates of minimum wages, consumer price index, and the standard costs of living.

To address this imbalance, this measure adjusts the Personal Income Tax schedule found in the NIRC to correct for “income bracket creeping,” a situation where inflation pushes levels of income into higher tax brackets that result in an increase in income taxes without corresponding real increase in purchasing power.

On top of this adjustment, the poorest sector of the economy occupying the lowest income bracket is taxed at 0% thus increasing their take-home pay and their ability to purchase basic goods and services. Self-employed individuals and professionals earning P1,919,500 or less per year are exempted from both VAT and percentage taxes and instead given the preferential income tax rate of 8 percent. Taxation of exchange of goods or services between non-commercial parties, also known as “barter,” is also rationalized and exempted from income tax. During these hard times, programs like food for work that do not involve cash must not be subjected to the rigors of taxation. Through these efforts, we will make a bold step towards achieving the undersigned’s mantra for our new government, *“the poorest first, the poor second.”*

On the other hand, revenue losses from implementing these adjustments will be arrested by the revenue gains from broadening the Value-Added Tax (VAT) base. Our current porous VAT system, marked by numerous exemptions, has led to more than P90 Billion in leakages. This measure plugs these leakages through limiting exemptions to raw food and other necessities, such as education and health. Incremental increases in excise taxes on oil, oil products, and automobiles are likewise proposed to contribute to the plugging of these leakages and at the same time addressing the ills of traffic congestion and air pollution, among others.

Another area of focus is the estate tax. Estate taxes are meant to retard the accumulation of wealth by a single family. At present, however, what it does is to compound the suffering of many poor and middle-class families who have lost their loved ones, especially those who have spent so much on medical expenses. What little inheritance they receive is wiped out by the current tax system, resulting in hesitation or even refusal to settle the estate of the deceased. It’s not a surprise that estate tax collection is at very low levels. Thus, this measure introduces a flat rate of 6 percent and removes the cap on deduction of actual medical expenses. These reforms will encourage the heirs to settle the estates of their long departed loved ones. This, in turn, will lead to the release of properties to commercial circulation thus stimulating investment in the real property industry, and more importantly, complement the tax collection efforts of the government.

As a means to encourage the “haves” to share excess wealth to the “have-nots,” the proposed measure seeks to restructure the present donor’s tax system by introducing a flat rate of 6 percent. Notably, the current exemptions from the payment of donor’s tax cover only donee- institutions

and do not include individual victims of natural and man-made disasters. By including them under the exemptions, this measure will ensure the speedy and direct delivery of relief goods and services to the needy recipients.

Additionally, the proposed measure mandates the imposition of income tax at a rate of 30 percent on excess campaign contributions and donations to all candidates in Local and National Elections to prevent candidates and political parties from using campaign contributions as a money-making business and effectively channel these resources to be properly dealt with by the government.

As a much-needed complement to the foregoing tax policy reforms, reforms in tax administration by the concerned Bureaus are also put in place. Towards this end, the bill requires the use of electronic receipts and the connection of cash registers and point-of-sale machines to BIR servers for simultaneous reporting of sales and purchase data, among others.

Finally, there is a need to restore the cap of three years in the imposition of interest penalty on deficiency tax assessments. The lengthy processing of tax assessments leave the taxpayers at the mercy of the handling revenue tax officials. As a result, the interest penalties soar up and exceed the basic deficiency tax being assessed due to the delay in the issuance of the final decision over the formal protests of the taxpayers subject of BIR investigation.

In all, the estimated revenue gains total of P240 Billion which as set against the revenue losses of P140 Billion, will result in a net gain of P100 Billion by the first year of its full implementation. This gain will be earmarked for investments in infrastructure, education, and healthcare. Like any investments, we must look beyond the short-term challenges this measure poses and focus on the significant, tangible, and long-term benefits that countless Filipinos today, and in the future, will enjoy. It is high time that we place premium not just on the amount of tax to be collected, but on how the money collected will be spent to help the poorest among us.

In view of the foregoing considerations, the approval of this bill is urgently sought.



AQUILINO "KOKO" PIMENTEL III



**SEVENTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**

'17 MAR 22 P4:01

RECEIVED BY:

SENATE
S.B. No. **1408**

Introduced by Senator Aquilino “Koko” Pimentel III

**AN ACT
AMENDING SECTIONS 6, 22, 23, 24, 25, 31, 32, 33, 34,
79, 84, 86, 99, 100, 101, 106, 107, 108, 109, 113, 116, 148, 149, 155,
232, 237, 249, 288;
CREATING NEW SECTIONS 148-A, 237-A, 264-A, AND 264-B;
AND REPEALING SECTIONS 35 AND 62,
ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN
AS "THE NATIONAL INTERNAL REVENUE CODE," AS
AMENDED, AND FOR OTHER PURPOSES**

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

10 **SECTION 1.** *Title.* This Act shall be known as the “*Tax Reform for*
11 *Acceleration and Inclusion.*”

13 **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the
14 State:

To enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable economic growth;

To provide, as much as possible, an equitable relief to a greater number of taxpayers in order to improve levels of disposable income and increase economic activity; and

To ensure that the government is able to provide for the needs of those under its jurisdiction and care through the

1 provision of better infrastructure, health, education and social
2 protection for the people.

3

4 **SEC. 3.** Section 6 of the National Internal Revenue Code of 1997, as
5 amended (NIRC), is hereby further amended to read as follows:

6

7 **SEC. 6. Power of the Commissioner to Make Assessments**
8 **and Prescribe Additional Requirements for Tax**
9 **Administration and Enforcement.-**

10

11 xxx

12

13 (F) Authority of the Commissioner to Inquire **AND**
14 **RECEIVE INFORMATION ON** [into] Bank Deposit
15 Accounts and Other Related **DATA** [Information] Held by
16 Financial Institutions. – Notwithstanding any contrary
17 provision of Republic Act No. 1405, **OTHERWISE**
18 **KNOWN AS THE “BANK SECRECY LAW,”** Republic
19 Act No. 6426, otherwise known as the “Foreign Currency
20 Deposit Act,” and other general or special laws, the
21 Commissioner is hereby authorized to inquire into **AND**
22 **RECEIVE INFORMATION ON** the bank deposits and
23 other related **DATA** [information] held by financial
24 institutions of:

25

26 (1) A decedent to determine his gross estate; and

27

28 (2) Any taxpayer who has filed an application for
29 compromise of his tax liability under Sec. 204 (A)(2) reason
30 of financial capacity to pay his tax liability.

31

32 In case a taxpayer files an application to compromise the
33 payment of his tax liabilities on his claim that his financial
34 position demonstrates a clear inability to pay the tax
35 assessed, his application shall not be considered unless and
36 until he waives in writing his privilege under Republic Act
37 No. 1405, Republic Act No. 6426, [otherwise known as the
38 Foreign Currency Deposit Act of the Philippines,] or under
39 other general or special laws, and such waiver shall constitute
40 the authority of the Commissioner to inquire into the bank
41 deposits of the taxpayer.

(3) A specific taxpayer or taxpayers, UPON AN OBLIGATION TO EXCHANGE TAX INFORMATION TO A FOREIGN TAX AUTHORITY, WHETHER ON REQUEST, AUTOMATIC OR SPONTANEOUS, [subject of a request for the supply of tax information from a foreign tax authority] pursuant to an international convention or agreement on tax matters to which the Philippines is a signatory or a party of: *Provided*, That the information obtained from the banks and other financial institutions may be used by the Bureau of Internal Revenue for tax assessment, verification, audit and enforcement purposes.

[In case of request from a foreign tax authority for tax information held by banks and financial institutions,] [t]The exchange of information **WITH A FOREIGN TAX AUTHORITY, WHETHER ON REQUEST, AUTOMATIC OR SPONTANEOUS**, shall be done in a secure manner to ensure confidentiality thereof under such rules and regulations as may be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

IN CASE THE EXCHANGE OF INFORMATION IS UPON REQUEST FROM A FOREIGN TAX AUTHORITY, the Commissioner shall provide the tax information obtained from banks and financial institutions pursuant to a convention or agreement upon request of the foreign tax authority when such requesting foreign tax authority has provided the following information to demonstrate the foreseeable relevance of the information to the request:

(a) The identity of the person under examination or investigation;

(b) A statement of the information being sought including its nature and the form in which the said foreign tax authority prefers to receive the information from the Commissioner:

(c) The tax purpose for which the information is being sought:

1 (d) Grounds for believing that the information requested is
2 held in the Philippines or is in the possession or control of a
3 person within the jurisdictions of the Philippines;

4 (e) To the extent known, the name and address of any person
5 believed to be in possession of the requested information;

6 (f) A statement that the request is in conformity with the law
7 and administrative practices of the said foreign tax authority,
8 such that if the requested information was within the
9 jurisdiction of the said foreign tax authority then it would be
10 able to obtain the information under its law or in the normal
11 course of administrative practice and that it is conformity
12 with a convention or international agreement; and

13 (g) A statement that the requesting foreign tax authority has
14 exhausted all means available in its own territory to obtain
15 the information, except those that would give rise to
16 disproportionate difficulties.

17 The Commissioner shall forward the information as promptly
18 as possible to the requesting foreign tax authority. To ensure
19 a prompt response, the Commissioner shall confirm receipt of
20 a request in writing to the requesting tax authority and shall
21 notify the latter of deficiencies in the request, if any, within
22 sixty (60) days from the receipt of the request.

23 If the Commissioner is unable to obtain and provide the
24 information within ninety (90) days from the receipt of the
25 request, due to obstacles encountered in furnishing the
26 information or when the bank or financial institutions refuses
27 to furnish the information, he shall immediately inform the
28 requesting tax authority of the same, explaining the nature of
29 the obstacles encountered or the reasons of refusal.

30 The term ‘foreign tax authority’, as used herein, shall refer o
31 the tax authority or tax administration of the requesting State
32 under the tax treaty or convention to which the Philippines is
33 a signatory or a party of.

34
35 **IN CASE THE EXCHANGE OF INFORMATION IS
36 AUTOMATIC OR SPONTANEOUS, THE
37 COMMISSIONER SHALL PROVIDE TAX**

1 INFORMATION OBTAINED FROM BANKS AND
2 FINANCIAL INSTITUTIONS IN ACCORDANCE
3 WITH INTERNATIONAL COMMON REPORTING
4 STANDARDS.

5 (4) ANY TAXPAYER AGAINST WHOM A CRIMINAL
6 CASE IS INITIATED FOR OFFENSES COVERED
7 UNDER SECTIONS 254 AND 255 OF R.A. 8424, AS
8 AMENDED, SUBJECT TO RULES AND
9 REGULATIONS PRESCRIBED BY THE SECRETARY
10 OF FINANCE UPON RECOMMENDATION OF THE
11 COMMISSIONER OF INTERNAL REVENUE.”

12
13 **SEC. 4.** Section 22 of the NIRC is hereby further amended to read as
14 follows:

15
16 **SEC. 22. Definitions.** – When used in this Title:

17
18 XXX

19
20 [(GG) The term “*statutory minimum wage*” shall refer to the
21 rate fixed by the Regional Tripartite Wage and Productivity
22 Board, as defined by the Bureau of Labor and Employment
23 Statistics (BLES) of the Department of Labor and
24 Employment (DOLE).”]

25
26 (HH) The term “*minimum wage earner*” shall refer to a
27 worker in the private sector paid the statutory minimum
28 wage, or to an employee in the public sector with
29 compensation income of not more than the statutory
30 minimum wage in the non-agricultural sector where he/she is
31 assigned.”]

32
33 **SEC. 5.** Section 23 of the NIRC is hereby further amended to read as
34 follows:

35
36 **Section 23. General Principles of Income Taxation in the**
37 **Philippines.**

38
39 Except when otherwise provided in this Code:

40
41

1 (A) A citizen of the Philippines residing therein is taxable on
2 all income derived from sources within and without the
3 Philippines;

4
5 (B) A nonresident citizen is taxable only on income derived
6 from sources within the Philippines;

7
8 (C) An individual citizen of the Philippines who is working
9 and deriving income from abroad as an overseas [contract]
10 **FILIPINO** worker is taxable only on income derived from
11 sources within the Philippines: *Provided*, That **(A)** a seaman
12 who is a citizen of the Philippines and who receives
13 compensation for services rendered abroad as a member of
14 the complement of a vessel engaged exclusively in
15 international trade **AND (B) A RESIDENT CITIZEN OF**
16 **THE PHILIPPINES WHO DERIVES INCOME FROM**
17 **FOREIGN SOURCES AS CONSIDERATION FOR**
18 **HIS/HER EXCEPTIONAL ACHIEVEMENTS AS A**
19 **FILIPINO SCIENTIST, PROFESSIONAL,**
20 **ENTREPRENEUR, SKILLED WORKER, HIGH-**
21 **LEVEL TECHNICAL MANPOWER, MANAGER AND**
22 **CRAFTSMAN IN ANY FIELD** shall be treated as an
23 overseas [contract] **FILIPINO** worker;

24
25 **SEC. 6.** Section 24 of the NIRC is hereby further amended to read as
26 follows:

27
28 **SEC. 24. Income Tax Rates. –**

29
30 (A) Rates of Income Tax on Individual Citizen and
31 Individual Resident Alien of the Philippines. -

32
33 (1) An income tax is hereby imposed:

34
35 xxx

36
37 (2) Rates of Tax on Taxable Income of Individuals. – The tax
38 shall be computed in accordance with and at the rates
39 established in the following schedule:

40
41 [Not over P10,000 5%
42

| | | |
|----|--|---|
| 1 | Over P10,000 but not over P30,000..... | P500 + 10% of the excess over P10,000 |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | Over P30,000 but not over P70,000 | P2,500 + 15% of the excess over P30,000 |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | Over P70,000 but not over P140,000..... | P8,500 + 20% of the excess over P70,000 |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | Over P140,000 but not over P250,000..... | P22,500 + 25% of The excess over P140,000 |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | Over P250,000 but not over P500,000..... | P50,000 + 30% of The excess over P250,000 |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | Over P500,000..... | P125,000 + 32%of The excess over P500,000] |
| 27 | | |
| 28 | | |
| 29 | | |

(A) ON COMPENSATION INCOME EARNERS

**TAX SCHEDULE EFFECTIVE JULY 1, 2017 AND
TAXABLE YEARS 2018 AND 2019**

NOT OVER P250,000 0%

OVER P250,000 BUT NOT OVER P400,00 20%
OF THE EXCESS OVER
P250,000

| | | |
|----|---|--------------------|
| 1 | OVER P400,000 BUT NOT OVER | |
| 2 | P800,000 | P30,000 + 25% |
| 3 | | OF THE EXCESS OVER |
| 4 | | P400,000 |
| 5 | | |
| 6 | OVER P800,000 BUT NOT OVER | |
| 7 | P2,000,000..... | P130,000 + 30% |
| 8 | | OF THE EXCESS OVER |
| 9 | | P800,000 |
| 10 | | |
| 11 | OVER P2,000,000 BUT NOT OVER | |
| 12 | P5,000,000..... | P490,000 + 32% |
| 13 | | OF THE EXCESS OVER |
| 14 | | P2,000,000 |
| 15 | | |
| 16 | OVER P5,000,000 | P1,450,000 + 35% |
| 17 | | OF THE EXCESS OVER |
| 18 | | P5,000,000 |
| 19 | | |
| 20 | TAX SCHEDULE EFFECTIVE JANUARY 1, 2020 AND | |
| 21 | ONWARDS | |
| 22 | | |
| 23 | NOT OVER P250,000 | 0% |
| 24 | | |
| 25 | OVER P250,000 BUT NOT OVER | |
| 26 | P400,000 | 15% |
| 27 | | OF THE EXCESS OVER |
| 28 | | P250,000 |
| 29 | | |
| 30 | OVER P400,000 BUT NOT OVER | |
| 31 | P800,000 | P22,500 + 20% |
| 32 | | OF THE EXCESS OVER |
| 33 | | P400,000 |
| 34 | | |
| 35 | OVER P800,000 BUT NOT OVER | |
| 36 | P2,000,000 | P102,500 + 25% |
| 37 | | OF THE EXCESS OVER |
| 38 | | P800,000 |
| 39 | | |
| 40 | OVER P2,000,000 BUT NOT OVER | |
| 41 | P5,000,000 | P402,500 + 30% |
| 42 | | OF THE EXCESS OVER |
| 43 | | P2,000,000 |

**OVER P5,000,000.....P1,302,500 + 35%
OF THE EXCESS OVER
P5,000,000**

PROVIDED, THAT AFTER 2020, THE TAXABLE INCOME LEVELS SHALL BE ADJUSTED ONCE EVERY FIVE (5) YEARS THROUGH RULES AND REGULATIONS ISSUED BY THE SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER, AFTER CONSIDERING THE EFFECT OF THE FIVE-YEAR CUMULATIVE CONSUMER PRICE INDEX (CPI) INFLATION RATE.

Provided, That minimum wage earners as defined in Section 22 (HH) of this Code shall be exempt from the payment of income tax on their taxable income: Provided, further, That the holiday pay, overtime pay, night shift differential pay and hazard pay received by such minimum wage earners shall likewise be exempt from income tax.]

(B) ON SELF-EMPLOYED AND/OR PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS IS BELOW OR AT THE VAT THRESHOLD AS PROVIDED IN SECTION 109. – AN EIGHT PERCENT (8%) INCOME TAX ON GROSS SALES OR GROSS RECEIPTS SHALL BE IMPOSED IN LIEU OF VAT AND PERCENTAGE TAX.

(B) Rate of Tax on Certain Passive Income. –

(1) Interests, Royalties, Prizes and Other Winnings. – A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements; royalties, except on books, as well as other literary works and musical compositions, which shall be imposed a final tax of ten percent (10%); prizes (except prizes amounting to Ten thousand pesos (P10,000) or less which shall be subject to tax under Subsection (A) of section 24; and other winnings [(except Philippine Charity Sweepstakes and Lotto

1 winnings)] derived from sources within the Philippines:
2 Provided, however, That interest income received by an
3 individual taxpayer (except a nonresident individual) from a
4 depository bank under the expanded foreign currency deposit
5 system shall be subject to a final income tax at the rate of
6 seven and one-half percent (7 ½%) of such interest income:
7 Provided, further, That interest income from long-term
8 deposit or investment in the form of savings, common or
9 individual trust funds, deposit substitutes, investment
10 management accounts and other investments evidenced by
11 certificates in such form prescribed by the *Bangko Sentral ng*
12 *Pilipinas* (BSP) shall be exempt from the tax imposed under
13 this Subsection: *Provided, finally,* That should the holder of
14 the certificate pre-terminate the deposit or investment before
15 the fifth (5th) year, a final tax shall be imposed on the entire
16 income and shall be deducted and withheld by the depository
17 bank from the proceeds of the long-term deposit or
18 investment certificate based on the remaining maturity
19 thereof:

20
21 (C) xxx

22
23 (D) xxx

24
25 **(E) EXCESS CAMPAIGN CONTRIBUTIONS. –**
26 **NOTWITHSTANDING THE PENALTY IMPOSED**
27 **FOR NON-FILING OF CORRECT STATEMENT OF**
28 **CONTRIBUTIONS AND EXPENDITURES UNDER**
29 **ELECTION LAWS, ANY CANDIDATE SHALL BE**
30 **SUBJECT TO THIRTY PERCENT (30%) TAX ON**
31 **THE FOLLOWING:**

32
33 **(1) UNREPORTED OR ERRONEOUSLY REPORTED**
34 **CAMPAIGN CONTRIBUTIONS IN CASH OR IN**
35 **KIND. IN THIS INSTANCE, THE CANDIDATE**
36 **SHALL BE AUTOMATICALLY PRECLUDED FROM**
37 **CLAIMING CAMPAIGN EXPENDITURES AS**
38 **DEDUCTIONS FROM CAMPAIGN**
39 **CONTRIBUTIONS. AS SUCH, THE ENTIRE**
40 **AMOUNT OF THE REPORTED OR ERRONEOUSLY**
41 **REPORTED CAMPAIGN CONTRIBUTIONS SHALL**
42 **BE CONSIDERED AS DIRECTLY SUBJECT TO TAX;**
43 **AND**

1
2 **(2) UNUTILIZED OR EXCESS CONTRIBUTIONS IN**
3 **CASH OR IN KIND. THE INCOME TAX ON THE**
4 **EXCESS CAMPAIGN CONTRIBUTIONS REQUIRED**
5 **IN THIS SUBPARAGRAPH SHALL BE FILED BY**
6 **THE CANDIDATE WITHIN SIXTY (60) DAYS FROM**
7 **THE LAST DATE OF FILING OF THE STATEMENT**
8 **OF CONTRIBUTIONS AND EXPENDITURES WITH**
9 **THE COMMISSION ON ELECTIONS.**

10
11 **SEC. 7.** Section 25 of the NIRC is hereby further amended to read as
12 follows:

13 **SEC. 25. Tax on Nonresident Alien Individual. –**

14 xxx

15 I(C) Alien Individual Employed by Regional or Area
16 Headquarters and Regional Operating Headquarters of
17 Multinational Companies.- There shall be levied, collected
18 and paid for each taxable year upon the gross income
19 received by every alien individual employed by regional or
20 area headquarters and regional operating headquarters
21 established in the Philippines by multinational companies as
22 salaries, wages, annuities, compensation, remuneration and
23 other emoluments, such as honoraria and allowances, from
24 such regional or area headquarters and regional operating
25 headquarters, a tax equal to fifteen percent (15%) of such
26 gross income: Provided, however, That the same tax
27 treatment shall apply to Filipinos employed and occupying
28 the same position as those of aliens employed by these
29 multinational companies. For purposes of this Chapter, the
30 term 'multinational company' means a foreign firm or entity
31 engaged in international trade with affiliates or subsidiaries
32 or branch offices in the Asia-Pacific Region and other foreign
33 markets.]

34 I(D) Alien Individual Employed by Offshore Banking Units.
35 - There shall be levied, collected and paid for each taxable
36 year upon the gross income received by every alien
37 individual employed by offshore banking units established in
38 the Philippines as salaries, wages, annuities, compensation,

1 remuneration and other emoluments, such as honoraria and
2 allowances, from such off-shore banking units, a tax equal to
3 fifteen percent (15%) of such gross income: *Provided*,
4 however, That the same tax treatment shall apply to Filipinos
5 employed and occupying the same positions as those of
6 aliens employed by these offshore banking units.]

7
8 [I(E) Alien Individual Employed by Petroleum Service
9 Contractor and Subcontractor. - An Alien individual who is a
10 permanent resident of a foreign country but who is employed
11 and assigned in the Philippines by a foreign service
12 contractor or by a foreign service subcontractor engaged in
13 petroleum operations in the Philippines shall be liable to a tax
14 of fifteen percent (15%) of the salaries, wages, annuities,
15 compensation, remuneration and other emoluments, such as
16 honoraria and allowances, received from such contractor or
17 subcontractor: *Provided*, however, That the same tax
18 treatment shall apply to a Filipino employed and occupying
19 the same position as an alien employed by petroleum service
20 contractor and subcontractor.]

21
22 [Any income earned from all other sources within the
23 Philippines by the alien employees referred to under
24 Subsections (C), (D) and (E) hereof shall be subject to the
25 pertinent income tax, as the case may be, imposed under this
26 Code.]

27
28 **SEC. 8.** Section 31 of the NIRC is hereby further amended to read as
29 follows:

30
31 **SEC. 31. *Taxable Income, Defined.*** – The term ‘*taxable*
32 *income*’ means the pertinent items of gross income specified
33 in this Code less [the] deductions [and/or personal and
34 additional exemptions], if any, authorized for such types of
35 income by this Code [or other special laws].

36
37
38 **SEC. 9.** Section 32 of NIRC is hereby further amended to read as
39 follows:

40
41 **SEC. 32. *Gross Income.*** –

42
43 XXX

1
2 (B) *Exclusions from Gross Income.* – The following items
3 shall not be included in gross income and shall be exempt
4 from taxation under this Title:

5
6 XXX
7

8 (7) Miscellaneous Items. –
9

10 XXX
11

12 **(I) BARTER TRADE. – CASUAL EXCHANGE OF
13 GOODS OR SERVICES THAT DO NOT INVOLVE
14 PAYMENT OF CASH BETWEEN NON-
15 COMMERCIAL PARTIES, PROVIDED, THAT THE
16 VALUE OF THE GOODS OR SERVICES
17 EXCHANGED DOES NOT EXCEED FIVE HUNDRED
18 THOUSAND PESOS (P500,000.00).**

19
20 **Sec. 10.** Section 33 of the NIRC is hereby further amended to read as
21 follows:

22
23 **SEC. 33. Special Treatment of Fringe Benefit. -**

24
25 (A) *Imposition of Tax.* - A final tax of **THIRTY-TWO**
26 **PERCENT (32%) EFFECTIVE JULY 1, 2017,** [thirty-
27 four percent (34%) effective January 1, 1998; thirty-three
28 percent (33%) effective January 1, 1999; and thirty-two
29 percent (32%) effective January 1, 2000 and thereafter], is
30 hereby imposed on the grossed-up monetary value of fringe
31 benefit furnished or granted to the employee (except rank and
32 file employees as defined herein) by the employer, whether
33 an individual or a corporation (unless the fringe benefit is
34 required by the nature of, or necessary to the trade, business
35 or profession of the employer, or when the fringe benefit is
36 for the convenience or advantage of the employer). The tax
37 herein imposed is payable by the employer which tax shall be
38 paid in the same manner as provided for under Section 57 (A)
39 of this Code. [The grossed-up monetary value of the fringe
40 benefit shall be determined by dividing the actual monetary
41 value of the fringe benefit by sixty-six percent (66%)
42 effective January 1, 1998; sixty-seven percent (67%)
43 effective January 1, 1999; and sixty-eight percent

1 (68%) effective January 1, 2000 and thereafter:] *Provided,*
2 however, That fringe benefit furnished to employees and
3 taxable under Subsection[s] (B)[, (C), (D) and (E)] of Section
4 25 shall be taxed at the applicable rate[s] imposed thereat:
5 *Provided, further,* That the grossed -up monetary value of the
6 fringe benefit shall be determined by dividing the actual
7 monetary value of the fringe benefit by the difference
8 between one hundred percent (100%) and the applicable
9 rate[s] of income tax under Subsection[s] (B)[, (C), (D), and
10 (E)] of Section 25. **PROVIDED, THAT EFFECTIVE**
11 **JANUARY 1, 2020 AND ONWARDS, THE FRINGE**
12 **BENEFIT SHALL FORM PART OF THE GROSS**
13 **INCOME SUBJECT TO THE REGULAR INCOME**
14 **TAX RATES.**

15
16 **SEC. 11.** Section 34 of the NIRC is hereby further amended to read as
17 follows:

18
19 **SEC. 34. Deductions from Gross Income.**- Except for
20 taxpayers earning compensation income arising from
21 personal services rendered under an employer-employee
22 relationship where no deductions shall be allowed under this
23 Section [other than under subsection (M) hereof,] in
24 computing taxable income subject to income tax under
25 Sections 24(A); 25(A); 26; 27(A), (B) and (C); and 28(A)(1),
26 there shall be allowed the following deductions from gross
27 income;

28
29 xxx

30
31 (L) *Optional Standard Deduction (OSD).* – In lieu of the
32 deductions allowed under the preceding Subsections, an
33 individual subject to tax under Section 24, other than a
34 nonresident alien, may elect a standard deduction in an
35 amount not exceeding **TWENTY PERCENT (20%) OF**
36 **HIS GROSS SALES OR GROSS RECEIPTS** [forty
37 percent (40%) of his gross sales or gross receipts, as the case
38 maybe.] In the case of a corporation subject to tax under
39 Sections 27 (A) and 28 (A) (1), it may elect a standard
40 deduction in an amount not exceeding forty percent (40%) of
41 its gross income as defined in Section 32 of this Code. Unless
42 the taxpayer signifies in his return his intention to elect the
43 optional standard deduction, he shall be considered as having

1 availed himself of the deductions allowed in the preceding
2 Subsections. Such election when made in the return shall be
3 irrevocable for the taxable year for which the return is made:
4 *Provided*, That an individual who is entitled to and claimed
5 for the optional standard deduction shall not be required to
6 submit with his tax return such financial statements otherwise
7 required under this Code: *Provided, further*, That except
8 when the Commissioner otherwise permits, the said
9 individual shall keep such records pertaining to his gross
10 sales or gross receipts, or the said corporation shall keep such
11 records pertaining to his gross income as defined in Section
12 32 of this Code during the taxable year, as may be required
13 by the rules and regulations promulgated by the Secretary of
14 Finance, upon recommendation of the Commissioner.

15
16 [M] *Premium Payments on Health and/or Hospitalization*
17 *Insurance of an Individual Taxpayer*.— The amount of
18 premiums not to exceed Two thousand four hundred pesos
19 (P2,400) per family or Two hundred pesos (P200) a month
20 paid during the taxable year for health and/or hospitalization
21 insurance taken by the taxpayer for himself, including his
22 family, shall be allowed as a deduction from his gross
23 income: *Provided*, That said family has a gross income of not
24 more than Two hundred fifty thousand pesos (P250,000) for
25 the taxable year: *Provided, finally*, That in the case of
26 married taxpayers, only the spouse claiming the additional
27 exemption for dependents shall be entitled to this deduction.]

28
29 xxx
30
31

32 **SEC.12.** Section 35 of the NIRC is hereby repealed and the succeeding
33 Sections shall be renumbered accordingly.

34
35
36 **Sec. 13.** Section 62 of the National Internal Revenue Code of 1997, as
37 amended, is hereby repealed.

1 **SEC. 14.** Section 79 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3

4 **SEC. 79. Income Tax Collected at Source.-**

5

6 xxx

7

8 **I(D) Personal Exemptions.-**

9

10 (1) In General. - Unless otherwise provided by this Chapter,
11 the personal and additional exemptions applicable under this
12 Chapter shall be determined in accordance with the main
13 provisions of this Title.

14

15 (2) Exemption Certificate. -

16

17 (a) When to File. - On or before the date of commencement
18 of employment with an employer, the employee shall furnish
19 the employer with a signed withholding exemption certificate
20 relating to the personal and additional exemptions to which
21 he is entitled.

22

23 (b) Change of Status. - In case of change of status of an
24 employee as a result of which he would be entitled to a lesser
25 or greater amount of exemption, the employee shall, within
26 ten (10) days from such change, file with the employer a new
27 withholding exemption certificate reflecting the change.

28

29 (c) Use of Certificates. - The certificates filed hereunder shall
30 be used by the employer in the determination of the amount
31 of taxes to be withheld.

32

33 (d) Failure to Furnish Certificate. - Where an employee, in
34 violation of this Chapter, either fails or refuses to file a
35 withholding exemption certificate, the employer shall
36 withhold the taxes prescribed under the schedule for zero
37 exemption of the withholding tax table determined pursuant
38 to Subsection (A) hereof.]

39

40 xxx

41

42 **I(F) Husband and Wife.-** When a husband and wife each are
43 recipients of wages, whether from the same or from different

1 employers, taxes to be withheld shall be determined on the
2 following bases:

4 (1) The husband shall be deemed the head of the family and
5 proper claimant of the additional exemption in respect to any
6 dependent children, unless he explicitly waives his right in
7 favor of his wife in the withholding exemption certificate.

9 (2) Taxes shall be withheld from the wages of the wife in
10 accordance with the schedule for zero exemption of the
11 withholding tax table prescribed in Subsection (D)(2)(d)
12 hereof.]

13 xxx

14 **SEC. 15.** Section 84 of the NIRC is hereby further amended to read as
15 follows:

16 **SEC. 84. Rates of Estate Tax.**- There shall be levied,
17 assessed, collected and paid upon the transfer of the net estate
18 as determined in accordance with Sections 85 and 86 of
19 every decedent, whether resident or nonresident of the
20 Philippines, a **SIX PERCENT (6%) TAX** based on the
21 value of such net estate. [as computed in accordance with the
22 following schedule:
23
24
25

26 If the net estate is:
27
28
29

| Over | But not Over | The tax Shall be | Plus | Of the Excess Over |
|------------|--------------|---------------------|------|--------------------------|
| | P200,000 | Exempt | | |
| P200,000 | 500,000 | 0 | 5% | P200,000 |
| 500,000 | 2,000,000 | P15,000 | 8% | 500,000 |
| 2,000,000 | 5,000,000 | 135,000 | 11% | 2,000,000 |
| 5,000,000 | 10,000,000 | 465,000 | 15% | 5,000,000 |
| 10,000,000 | And Over | 1,215,000 | 20% | 10,000,000] |

1
2
3 **SEC. 16.** Section 86 of NIRC is hereby further amended to read as
4 follows:
5

6 **SEC. 86. Computation of Net Estate.** – For the purpose of the
7 tax imposed in this Chapter, the value of the net estate shall
8 be determined:

9 (A) Deductions Allowed to the Estate of Citizen or a
10 Resident. - In the case of a citizen or resident of the
11 Philippines, by deducting from the value of the gross estate –
12

13 (1) Expenses, Losses, Indebtedness, and Taxes. – Such
14 amounts –

15 [(a) For actual funeral expenses or in an amount equal to five
16 percent (5%) of the gross estate, whichever is lower, but in
17 no case to exceed Two hundred thousand pesos (P200,000)]
18

19 [(b)](A) For judicial expenses of the testamentary or intestate
20 proceedings;

21 [(c)] (B) For claims against the estate: xxx
22

23 [(d)](C) For claims of the deceased against insolvent persons
24 xxx
25

26 [(e)] (D) For unpaid mortgages upon, or any indebtedness in
27 respect to, property xxx
28

29 xxx
30

31 (4) *The Family Home.* - An amount equivalent to the current
32 fair market value of the decedent's family home: Provided,
33 however, That if the said current fair market value exceeds
34 [One] **THREE** million pesos [(P1,000,000)] (**P3,000,000**),
35 the excess shall be subject to estate tax. **PROVIDED,**
36 **FURTHER, THAT AFTER 2020, THE AMOUNT**
37 **HEREIN STATED SHALL BE ADJUSTED ONCE**
38 **EVERY FIVE YEARS TO ITS PRESENT VALUE**
39 **USING THE CONSUMER PRICE INDEX (CPI) AS**
40 **PUBLISHED BY THE PHILLIPPINE STATISTICS**

1 AUTHORITY (PSA) THROUGH RULES AND
2 REGULATIONS ISSUED BY THE SECRETARY OF
3 FINANCE, UPON RECOMMENDATION OF THE
4 COMMISSIONER, As a *sine qua non* condition for the
5 exemption or deduction, said family home must have been
6 the decedent's family home as certified by the barangay
7 captain of the locality.

8
9 (5) Standard Deduction. - An amount equivalent to One
10 million **TWO HUNDRED FIFTY THOUSAND** pesos
11 [(P1,000,000)] (**P1,250,000**).

12
13 (6) Medical Expenses. – Medical expenses incurred by the
14 decedent within one (1) year prior to his death which shall be
15 duly substantiated with receipts[: Provided, That in no case
16 shall the deductible medical expenses exceed Five Hundred
17 Thousand Pesos (P500,000)].

18
19 I(7) Amount Received by Heirs Under Republic Act No.
20 4917. – Any amount received by the heirs from the decedent
21 - employee as a consequence of the death of the decedent-
22 employee in accordance with Republic Act No. 4917:
23 Provided, That such amount is included in the gross estate of
24 the decedent.]

25
26 (B) *Deductions Allowed to Nonresident Estates.* - In the case
27 of a nonresident not a citizen of the Philippines, by deducting
28 from the value of that part of his gross estate which at the
29 time of his death is situated in the Philippines:

30
31 I(1) Expenses, Losses, Indebtedness and Taxes. - That
32 proportion of the deductions specified in paragraph (1) of
33 Subsection (A) of this Section which the value of such part
34 bears to the value of his entire gross estate wherever
35 situated;]

36
37 I(2)] (1) Property Previously Taxed. - An amount equal to the
38 value specified below of any property forming part of the
39 gross estate situated in the Philippines of any person who
40 died within five (5) years prior to the death of the decedent,
41 or transferred to the decedent by gift within five (5) years
42 prior to his death, where such property can be identified as

1 having been received by the decedent from the donor by gift,
2 or from such prior decedent by gift, bequest, devise or
3 inheritance, or which can be identified as having been
4 acquired in exchange for property so received: xxx

5
6 [(3)] (2) Transfers for Public Use. - The amount of all
7 bequests, legacies, devises or transfers to or for the use of the
8 Government of the Republic of the Philippines or any
9 political subdivision thereof, for exclusively public purposes.

10
11 (C) xxx

12
13 [(D) *Miscellaneous Provisions.* - No deduction shall be
14 allowed in the case of a nonresident not a citizen of the
15 Philippines, unless the executor, administrator, or anyone of
16 the heirs, as the case may be, includes in the return required
17 to be filed under Section 90 the value at the time of his death
18 of that part of the gross estate of the nonresident not situated
19 in the Philippines.]

20
21 [(E)] (D) *Tax Credit for Estate Taxes paid to a Foreign*
22 *Country.* -

23
24 xxx

25
26
27 **SEC. 17.** Section 99 of the NIRC is hereby further amended to read as
28 follows:

29
30 **SEC. 99. Rates of Tax Payable by Donor.-**

31
32 (A) *In General.* – The tax for each calendar year **SHALL BE**
33 **SIX PERCENT (6%) AND** shall be computed on the basis
34 of the total net gifts made during the calendar year,
35 **PROVIDED THAT ANNUAL NET GIFTS NOT**
36 **EXCEEDING P100,000 SHALL BE EXEMPT.** [in
37 accordance with the following schedule:]

1
2 [If the net gift is:

| Over | But not Over | The tax shall be | Plus | Of the Excess Over |
|-----------|--------------|---------------------|------|-----------------------|
| | P100,000 | Exempt | | |
| P100,000 | 200,000 | 0 | 2% | P100,000 |
| 200,000 | 500,000 | 2,000 | 4% | 200,000 |
| 500,000 | 1,000,000 | 14,000 | 6% | 500,000 |
| 1,000,000 | 3,000,000 | 44,000 | 8% | 1,000,000 |
| 3,000,000 | 5,000,000 | 204,000 | 10% | 3,000,000 |
| 5,000,000 | 10,000,000 | 404,000 | 12% | 5,000,000 |
| | 10,000,000 | 1,004,000 | 15% | 10,000,000] |

15
16 [(B) *Tax Payable by Donor if Donee is a Stranger.* – When
17 the donee or beneficiary is a stranger, the tax payable by the
18 donor shall be thirty percent (30%) of the net gifts. For the
purpose of this tax, a ‘stranger’ is a person who is not a:

- 20 (1) Brother, sister (whether by whole or half-blood), spouse,
21 ancestor and lineal descendant; or
22
23 (2) Relative by consanguinity in the collateral line within the
24 fourth degree of relationship.]

26 [(C)] **(B)** Any contribution in cash or in kind to any
27 candidate, political party or coalition of parties for campaign
28 purposes shall be governed by the **RELEVANT**
29 **PROVISIONS OF THIS CODE AND THE OMNIBUS**
30 Election Code, as amended.

33 **SEC. 18.** Section 100 of the NIRC is hereby further amended to read as
34 follows:

36 **SEC. 100. Transfer for Less Than Adequate and Full
37 Consideration.** – Where property, other than real property
38 referred to in Section 24(D) **AND SHARES OF STOCK
39 REFERRED TO IN SECTIONS 24(C), 25(A)(3),
40 27(D)(2), 28(A)(7)(C), AND 28(B)(5)(C),** is transferred for
41 less than an adequate and full consideration in money or
42 money’s worth, then the amount by which the fair market
43 value of the property exceeded the value of the consideration

1 shall, for the purpose of the tax imposed by this Chapter, be
2 deemed a gift, and shall be included in computing the amount
3 of gifts made during the calendar year. **PROVIDED,**
4 **HOWEVER, THAT A BONA FIDE SALE, EXCHANGE**
5 **OR OTHER TRANSFER OF PROPERTY MADE IN**
6 **THE COURSE OF BUSINESS CANNOT BE DEEMED**
7 **A GIFT REGARDLESS OF THE AMOUNT OF**
8 **CONSIDERATION.**

9

10

11 **SEC. 19.** Section 101 is hereby amended to introduce a new Subsection
12 (4) under Section 101(A) and Subsection (3) under Section 101(B), to
13 read as follows:

14

15 **Sec. 101. Exemption of Certain Gifts.** – The following gifts
16 or donations shall be exempt from the tax provided for in this
17 Chapter: xxx

18 (A) In the Case of Gifts Made by a Resident. –

19 xxx

20

21

22 **(4) GIFTS TO VICTIMS OF DISASTERS, WHETHER**
23 **NATURAL OR MAN-MADE.**

24

25 (B) In the Case of Gifts Made by a Nonresident not a Citizen
26 of the Philippines. –

27 xxx

28

29

30 **(3) GIFTS TO VICTIMS OF DISASTERS, WHETHER**
31 **NATURAL OR MAN-MADE.**

32

33

34 **SEC. 20.** Section 106 of the NIRC is hereby further amended to read as
35 follows:

36

37 **SEC. 106. Value-Added Tax on Sale of Goods or Properties.-**

38

39 (A) *Rate and Base of Tax.* - There shall be levied, assessed
40 and collected on every sale, barter or exchange of goods or
41 properties, a value-added tax equivalent to **TWELVE**[ten]
42 percent **(12%)** [(10%)] of the gross selling price or gross
43 value in money of the goods or properties sold, bartered or

1 exchanged, such tax to be paid by the seller or transferor[:
2 Provided, That the President, upon the recommendation of
3 the Secretary of Finance, shall, effective January 1, 2006,
4 raise the rate of value-added tax to twelve percent (12%),
5 after any of the following conditions has been satisfied.

6 (i) Value-added tax collection as a percentage of Gross
7 Domestic product (GDP) of the previous year exceeds two
8 and four-fifth percent (2 4/5%); or

9 (ii) National government deficit as a percentage of GDP of
10 the previous year exceeds one and one-half percent
11 (1 1/2%).]

12 XXX

13 (2) The following sales by VAT-registered persons shall be
14 subject to zero-percent (0%) rate:

15 (a) *Export Sales.* - The term 'export sales' means:

16 (1) The sale and actual shipment of goods from the
17 Philippines to a foreign country, irrespective of any shipping
18 arrangement that may be agreed upon which may influence
19 or determine the transfer of ownership of the goods so
20 exported and paid for in acceptable foreign currency or its
21 equivalent in goods or services, and accounted for in
22 accordance with the rules and regulations of the *Bangko*
23 *Sentral ng Pilipinas* (BSP);

24 [(2) Sale of raw materials or packaging materials to a
25 nonresident buyer for delivery to a resident local export-
26 oriented enterprise to be used in manufacturing, processing,
27 packing or repacking in the Philippines of the said buyer's
28 goods and paid for in acceptable foreign currency and
29 accounted for in accordance with the rules and regulations of
30 the *Bangko Sentral ng Pilipinas* (BSP);]

31 [(3) Sale of raw materials or packaging materials to export-
32 oriented enterprise whose export sales exceed seventy
33 percent (70%) of total annual production;]

34 [(4) Sale of gold to the *Bangko Sentral ng Pilipinas* (BSP);]

1
2 [5] Those considered export sales under Executive Order
3 No. 226, otherwise known as the Omnibus Investment Code
4 of 1987, and other special laws; and]

5
6 [6] (2) The sale of goods, supplies, equipment and fuel to
7 persons engaged in international shipping or international air
8 transport operations; **PROVIDED, THAT THE GOODS,
SUPPLIES, EQUIPMENT, AND FUEL SHALL BE
USED FOR INTERNATIONAL SHIPPING OR AIR
TRANSPORT OPERATIONS;**

9
10
11
12
13
14 [b] *Foreign Currency Denominated Sale.*- The phrase
15 "foreign currency denominated sale" means sale to a
16 nonresident of goods, except those mentioned in Sections 149
17 and 150, assembled or manufactured in the Philippines for
18 delivery to a resident in the Philippines, paid for in
19 acceptable foreign currency and accounted for in accordance
20 with the rules and regulations of the *Bangko Sentral ng
Pilipinas* (BSP);]

21
22
23 [c] **(B)** Sales to persons or entities whose exemption under
24 [special laws or] international agreements to which the
25 Philippines is a signatory [effectively subjects such sales to
26 zero rate]; **AND**

27
28 **(C) SALE OF GOLD TO THE *BANGKO SENTRAL NG
PILIPINAS* (BSP);**

29
30 **SEC. 21.** Section 107 of the NIRC is hereby further amended to read as
31 follows:

32
33 **SEC. 107. *Value-Added Tax on Importation of Goods.* -**

34
35
36 (A) *In General.*- There shall be levied, assessed and collected
37 on every importation of goods a value-added tax equivalent
38 to **TWELVE** [ten] percent (**12[10]%**) based on the total
39 value used by the Bureau of Customs in determining tariff
40 and customs duties plus customs duties, excise taxes, if any,
41 and other charges, such tax to be paid by the importer prior to
42 the release of such goods from customs custody[:]; Provided,
43 That where the customs duties are determined on the basis of

1 the quantity or volume of the goods, the value-added tax shall
2 be based on the landed cost plus excise taxes, if any.
3 [Provided, further, That the President, upon the
4 recommendation of the Secretary of Finance, shall, effective
5 January 1, 2006, raise the rate of value-added tax to twelve
6 percent (12%), after any of the following conditions has been
7 satisfied:

- 8
- 9 (i) Value-added tax collection as a percentage of Gross
10 Domestic Product (GDP) of the previous year exceeds two
11 and four-fifth percent (2 4/5%); or
- 12
- 13 (ii) National government deficit as a percentage of GDP of
14 the previous year exceeds one and one-half percent (1 1/2%)]

15

16 **SEC. 22.** Section 108 of the NIRC is hereby further amended to read as
17 follows:

18

19 **SEC. 108. Value-added Tax on Sale of Services and Use or**
20 *Lease of Properties.*—

21

22 (A) *Rate and Base of Tax.* - There shall be levied, assessed
23 and collected, a value-added tax equivalent to **TWELVE**
24 [ten] percent **(12%)** [(10%)] of gross receipts derived from
25 the sale or exchange of services, including the use or lease of
26 properties. [Provided, That the President, upon the
27 recommendation of the Secretary of Finance, shall, effective
28 January 1, 2006, raise the rate of value-added tax to twelve
29 percent (12%), after any of the following conditions has been
30 satisfied:

- 31
- 32 (i) Value-added tax collection as a percentage of Gross
33 Domestic Product (GDP) of the previous year exceeds two
34 and four-fifth percent (2 4/5%); or
- 35
- 36 (ii) National government deficit as a percentage of GDP of
37 the previous year exceeds one and one-half percent (1 1/2%)]

38

39 xxx

40

41 (B) *Transactions Subject to Zero Percent (0%) Rate.*-The
42 following services performed in the Philippines by VAT-
43 registered persons shall be subject to zero percent (0%) rate.

1
2 XXX
3

4 (3) Services rendered to persons or entities whose exemption
5 under [special laws or] international agreements to which the
6 Philippines is a signatory effectively subjects the supply of
7 such services to zero percent (0%) rate;

8
9 (4) Services rendered to persons engaged in international
10 shipping or international air transport operations, including
11 leases of property for use thereof; **PROVIDED, THAT**
12 **THESE SERVICES SHALL BE EXCLUSIVELY FOR**
13 **INTERNATIONAL SHIPPING OR AIR TRANSPORT**
14 **OPERATIONS;**

15
16 [(5) Services performed by subcontractors and/or contractors
17 in processing, converting, or manufacturing goods for an
18 enterprise whose export sales exceed seventy percent (70%)
19 of total annual production;]
20

21 [6] (5) Transport of passengers and cargo by **DOMESTIC**
22 air or sea vessels from the Philippines to a foreign country;
23

24 [(7) Sale of power or fuel generated through renewable
25 sources of energy such as, but not limited to, biomass, solar,
26 wind, hydropower, geothermal, ocean energy, and other
27 emerging energy sources using technologies such as fuel
28 cells and hydrogen fuels.]
29

30 XXX
31

32 **SEC. 23.** Section 109 of the NIRC is hereby further amended to read as
33 follows:
34

35 **SEC. 109. Exempt Transactions. -**
36

37 (1) *Subject to the provisions of subsection (2) hereof, the*
38 *following transactions shall be exempt from the value-added*
39 *tax:*
40

41 XXX
42

1 [(D) Importation of professional instruments and
2 implements, wearing apparel, domestic animals, and personal
3 household effects (except any vehicle, vessel, aircraft,
4 machinery other goods for use in the manufacture and
5 merchandise of any kind in commercial quantity) belonging
6 to persons coming to settle in the Philippines, for their own
7 use and not for sale, barter or exchange, accompanying such
8 persons, or arriving within ninety (90) days before or after
9 their arrival, upon the production of evidence satisfactory to
10 the Commissioner, that such persons are actually coming to
11 settle in the Philippines and that the change of residence is
12 *bona fide*;]

13
14
**(D) IMPORTATION OF PROFESSIONAL
INSTRUMENTS AND IMPLEMENTS, TOOLS OF
TRADE, OCCUPATION OR EMPLOYMENT,
WEARING APPAREL, DOMESTIC ANIMALS, AND
PERSONAL AND HOUSEHOLD EFFECTS
BELONGING TO OVERSEAS FILIPINOS AND
THEIR FAMILIES OR PERSONS COMING TO
SETTLE IN THE PHILIPPINES, ACCOMPANYING
SUCH PERSONS, OR ARRIVING WITHIN A
REASONABLE TIME, IN QUANTITIES AND OF THE
CLASS SUITABLE TO THE PROFESSION, RANK, OR
POSITION OF THE PERSONS IMPORTING SAID
ITEMS, FOR THEIR OWN USE AND NOT FOR
BARTER OR SALE; PROVIDED, THAT THE BUREAU
OF CUSTOMS MAY, UPON THE PRODUCTION OF
SATISFACTORY EVIDENCE THAT SUCH PERSONS
ARE ACTUALLY COMING TO SETTLE IN THE
PHILIPPINES AND THAT THE GOODS ARE
BROUGHT FROM THEIR FORMER PLACE OF
ABODE, EXEMPT SUCH GOODS FROM PAYMENT
OF DUTIES AND TAXES; PROVIDED, FURTHER,
THAT VEHICLES, VESSELS, AIRCRAFTS,
MACHINERIES AND OTHER SIMILAR GOODS FOR
USE IN MANUFACTURE, SHALL NOT FALL
WITHIN THIS CLASSIFICATION AND SHALL
THEREFORE BE SUBJECT TO DUTIES, TAXES AND
OTHER CHARGES;**

1
2 (K) Transactions which are exempt under international
3 agreements to which the Philippines is a signatory [or under
4 special laws, except those under Presidential Decree No.
5 529];

6
7 [L) Sales by agricultural cooperatives duly registered with
8 the Cooperative Development Authority to their members as
9 well as sale of their produce, whether in its original state or
10 processed form, to non-members; their importation of direct
11 farm inputs, machineries and equipment, including spare
12 parts thereof, to be used directly and exclusively in the
13 production and/or processing of their produce;]

14
15 [(M) Gross receipts from lending activities by credit or multi-
16 purpose cooperatives duly registered with the Cooperative
17 Development Authority;]

18
19 [(N) Sales by non-agricultural, non-electric and non-credit
20 cooperatives duly registered with the Cooperative
21 Development Authority: Provided, That the share capital
22 contribution of each member does not exceed Fifteen
23 thousand pesos (P15, 000) and regardless of the aggregate
24 capital and net surplus ratably distributed among the
25 members;]

26
27 [(O)](L) Export sales by persons who are not VAT-
28 registered;

29
30 [(P)] (M) Sale of real properties not primarily held for sale to
31 customers nor held for lease in the ordinary course of trade or
32 business [or real property utilized for low-cost and socialized
33 housing as defined by Republic Act No. 7279, otherwise
34 known as the Urban Development and Housing Act of 1992,
35 and other related laws, residential lot valued at One million
36 pesos (P1,000,000) and below, house and lot, and other
37 residential dwellings valued at Two million five hundred
38 thousand pesos (P2, 500, 000) and below: Provided, That not
39 later than January 31, 2009 and every three (3) years
40 thereafter, the amount herein stated shall be adjusted to their
41 present values using the Consumer Price Index, as published
42 by the National Statistics Office (NSO)];

1 I(Q) Lease of a residential unit with a monthly rental not
2 exceeding Ten thousand pesos (P10, 000): Provided, That not
3 later than January 31, 2009 and every three (3) years
4 thereafter, the amount herein stated shall be adjusted to its
5 present value using the Consumer Price Index as published
6 by the National Statistics Office (NSO);]
7

8 ([R] (N) Sale, importation, printing or publication of books
9 and any newspaper, magazine review or bulletin which
10 appears at regular intervals with fixed prices for subscription
11 and sale and which is not devoted principally to the
12 publication of paid advertisements;

13 [S] (O) Transport of passengers by international carriers;

14 [(T)] (P) Sale, importation or lease of passenger or cargo
15 vessels and aircraft, including engine, equipment and spare
16 parts thereof for domestic or international transport
17 operations;

18 [(U)] (Q) Importation of fuel, goods and supplies by persons
19 engaged in international shipping or air transport operations;
20 **PROVIDED, THAT THE FUEL, GOODS, AND**
21 **SUPPLIES, SHALL BE USED FOR INTERNATIONAL**
22 **SHIPPING OR AIR TRANSPORT OPERATIONS;**

23 [(V)] (R) Services of bank, non-bank financial intermediaries
24 performing quasi-banking functions, and other non-bank
25 financial intermediaries; [and]

26 (S) **SALE OF POWER OR FUEL GENERATED**
27 **THROUGH RENEWABLE SOURCES OF ENERGY**
28 **SUCH AS, BUT NOT LIMITED TO, BIOMASS,**
29 **SOLAR, WIND, HYDROPOWER, GEOTHERMAL,**
30 **OCEAN ENERGY, AND OTHER EMERGING**
31 **ENERGY SOURCES USING TECHNOLOGIES SUCH**
32 **AS FUEL CELLS AND HYDROGEN FUELS; AND**

33 [(W)] (T) Sale or lease of goods or properties or the
34 performance of services other than the transactions
35 mentioned in the preceding paragraphs, the gross annual sales
36 and/or receipts do not exceed the amount of **THREE**
37 **MILLION** [One million five hundred thousand] pesos

(P3,000,000.00 [P1,500,000]): Provided, That not later than January 31, 2018 and every three (3) years thereafter, the amount herein stated shall be adjusted to its present value using the Consumer Price Index, as published by the [National Statistics-Office (NSO)] PSA.

SEC. 24. Section 113 of the NIRC is hereby further amended to read as follows:

SEC. 113. Invoicing and Accounting Requirements for VAT Registered Persons.-

Invoicing Requirements.- A VAT-registered person shall issue:

XXX

FOR THIS PURPOSE, ELECTRONICALLY-GENERATED VAT INVOICES AND RECEIPTS, DULY REGISTERED IN ACCORDANCE WITH THE REQUIREMENTS PRESCRIBED BY THE COMMISSIONER OF INTERNAL REVENUE, AS APPROVED BY THE SECRETARY OF FINANCE, SHALL BE RECOGNIZED FOR INPUT TAX PURPOSES.

XXX

SEC. 25. Section 116 of the NIRC is hereby further amended to read as follows:

SEC. 116. Tax on Persons Exempt from Value-added Tax (VAT).- Any person whose sales or receipts are exempt under Section 109 [V] (T) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay a tax equivalent to three percent (3%) of his gross quarterly sales or receipts: *Provided*, That cooperatives shall be exempt from the three percent (3%) gross receipts tax herein imposed.

SEC. 26. Chapter 5 of Title V of NIRC is hereby further amended to read as follows:

CHAPTER V

EXCISE TAX ON PETROLEUM PRODUCTS

SEC. 148. Manufactured Oils and Other Fuels.- There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such,

EFFECTIVE ON JULY 1, 2017:

- (a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, [Four pesos and fifty centavos (P4.50)] **SEVEN PESOS (P7.00)**; *Provided, however*, That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: *Provided, further*, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: *Provided, finally*, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, re-refined, or recycled shall likewise be subject to the tax imposed under this Section.

(b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)] **THREE PESOS (P3.00)**;

(c) Waxes and petrolatum, per kilogram, [Three pesos and fifty centavos (P3.50)] **SEVEN PESOS (P7.00)**;

(d) On denatured alcohol to be used for motive power, per liter of volume capacity, [Five centavos (P0.05)] **THREE PESOS (P3.00)**: *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with

1 gasoline, the excise tax on which has already been paid, only
2 the alcohol content shall be subject to the tax herein
3 prescribed. For purposes of this Subsection, the removal of
4 denatured alcohol of not less than one hundred eighty degrees
5 (180°) proof (ninety percent (90%) absolute alcohol) shall be
6 deemed to have been removed for motive power, unless
7 shown otherwise;

8 (e) Naphtha, regular gasoline and other similar products of
9 distillation, per liter of volume capacity, [Four pesos and
10 thirty five centavos (P4.35)] **SEVEN PESOS (P7.00)**;
11 *Provided, however,* That naphtha, when used as a raw
12 material in the production of petrochemical products or as
13 replacement fuel for natural-gas-fired-combined cycle power
14 plant, in lieu of locally-extracted natural gas during the non-
15 availability thereof, subject to the rules and regulations to be
16 promulgated by the Secretary of Energy, in consultation with
17 the Secretary of Finance, per liter of volume capacity, Zero
18 (P0.00); *Provided, further,* That the by-product including fuel
19 oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied
20 petroleum gases and similar oils having more or less the
21 same generating power, which are produced in the processing
22 of naphtha into petrochemical products shall be subject to the
23 applicable excise tax specified in this Section, except when
24 such by-products are transferred to any of the local oil
25 refineries through sale, barter or exchange, for the purpose of
26 further processing or blending into finished products which
27 are subject to excise tax under this Section;

28 (f) Leaded premium gasoline, per liter of volume capacity,
29 [Five pesos and thirty-five centavos (P5.35)] **SEVEN**
30 **PESOS (P7.00)**; unleaded premium gasoline, per liter of
31 volume capacity, [Four pesos and thirty-five centavos
32 (P4.35)] **SEVEN PESOS (P7.00)**;

33 (g) Aviation turbo jet fuel, per liter of volume capacity,
34 [Three pesos and sixty-seven centavos (P3.67)] **SEVEN**
35 **PESOS (P7.00)**;

36 (h) Kerosene, per liter of volume capacity, [Zero(P0.00)]
37 **THREE PESOS (P3.00)**; *Provided,* That kerosene, when
38 used as aviation fuel, shall be subject to the same tax on

1 aviation turbo jet fuel under the preceding paragraph (g),
2 such tax to be assessed on the user thereof;

3
4 (i) Diesel fuel oil, and on similar fuel oils having more or less
5 the same generating power, per liter of volume capacity,
6 [zero (P0.00)] **THREE PESOS (P3.00)**;

7
8 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] **THREE**
9 **PESOS (P3.00)**: *Provided*, That liquefied petroleum gas used
10 for motive power shall be taxed at the equivalent rate as the
11 excise tax on diesel fuel oil;

12
13 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)]
14 **THREE PESOS (P3.00)**; and

15
16 (l) Bunker fuel oil, and on similar fuel oils having more or
17 less the same generating power, per liter of volume capacity,
18 [zero (P0.00)] **THREE PESOS (P3.00)**.

19
20 **EFFECTIVE JANUARY 1, 2018:**

21
22 (a) Lubricating oils and greases, including but not limited to,
23 basestock for lube oils and greases, high vacuum distillates,
24 aromatic extracts, and other similar preparations, and additives
25 for lubricating oils and greases, whether such additives are
26 petroleum bases or not, per liter and kilogram respectively, of
27 volume capacity or weight, [Four pesos and fifty centavos
28 (P4.50)] **NINE PESOS (P9.00)** *Provided*, however, That the
29 excise taxes paid on the purchased feedstock (bunker) used in
30 the manufacture of excisable articles and forming part thereof
31 shall be credited against the excise tax due therefrom:
32 *Provided, further*, That lubricating oils and greases produced
33 from basestocks and additives on which the excise tax has
34 already been paid shall no longer be subject to excise tax:
35 *Provided, finally*, That locally produced or imported oils
36 previously taxes as such but are subsequently reprocessed, re-
37 refined, or recycled shall likewise be subject to the tax
38 imposed under this Section.

39
40 (b) Processed gas, per liter of volume capacity, [Five
41 centavos (P0.05)] **FIVE PESOS (P5.00)**;

1 (c) Waxes and petrolatum, per kilogram, [Three pesos and
2 fifty centavos (P3.50)] **NINE PESOS (P9.00);**

3
4 (d) On denatured alcohol to be used for motive power, per
5 liter of volume capacity, [Five centavos (P0.05)] **FIVE**
6 **PESOS (P5.00)**: *Provided*, That unless otherwise provided
7 by special laws, if the denatured alcohol is mixed with
8 gasoline, the excise tax on which has already been paid, only
9 the alcohol content shall be subject to the tax herein
10 prescribed. For purposes of this Subsection, the removal of
11 denatured alcohol of not less than one hundred eighty degrees
12 (180°) proof (ninety percent (90%) absolute alcohol) shall be
13 deemed to have been removed for motive power, unless
14 shown otherwise;

15
16 (e) Naphtha, regular gasoline and other similar products of
17 distillation, per liter of volume capacity, [Four pesos and
18 thirty five centavos] **(P4.35) NINE PESOS (P9.00)**:
19 *Provided, however*, That naphtha, when used as a raw
20 material in the production of petrochemical products or as
21 replacement fuel for natural-gas-fired-combined cycle power
22 plant, in lieu of locally-extracted natural gas during the non-
23 availability thereof, subject to the rules and regulations to be
24 promulgated by the Secretary of Energy, in consultation with
25 the Secretary of Finance, per liter of volume capacity, Zero
26 (P0.00): *Provided, further*, That the by-product including fuel
27 oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied
28 petroleum gases and similar oils having more or less the
29 same generating power, which are produced in the processing
30 of naphtha into petrochemical products shall be subject to the
31 applicable excise tax specified in this Section, except when
32 such by-products are transferred to any of the local oil
33 refineries through sale, barter or exchange, for the purpose of
34 further processing or blending into finished products which
35 are subject to excise tax under this Section.

36
37 (f) Leaded premium gasoline, per liter of volume capacity,
38 [Five pesos and thirty-five centavos (P5.35)] **NINE PESOS**
39 **(P9.00)**; unleaded premium gasoline, per liter of volume
40 capacity, [Four pesos and thirty-five centavos (P4.35)] **NINE**
41 **PESOS (P9.00)**;

1 (g) Aviation turbo jet fuel, per liter of volume capacity,
2 [Three pesos and sixty-seven centavos (P3.67)] **NINE**
3 **PESOS (P9.00);**

4
5 (h) Kerosene, per liter of volume capacity, [Zero(P0.00)]
6 **FIVE PESOS (P5.00):** *Provided*, That kerosene, when used
7 as aviation fuel, shall be subject to the same tax on aviation
8 turbo jet fuel under the preceding paragraph (g), such tax to
9 be assessed on the user thereof;

10
11 (i) Diesel fuel oil, and on similar fuel oils having more or less
12 the same generating power, per liter of volume capacity,
13 [zero (P0.00)] **FIVE PESOS (P5.00);**

14
15 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] **FIVE**
16 **PESOS (P5.00):** *Provided*, That liquefied petroleum gas used
17 for motive power shall be taxed at the equivalent rate as the
18 excise tax on diesel fuel oil;

19
20 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)]
21 **FIVE PESOS (P5.00);** and

22
23 (l) Bunker fuel oil, and on similar fuel oils having more or
24 less the same generating power, per liter of volume capacity,
25 [zero (P0.00)] **FIVE PESOS (P5.00).**

26
27 **EFFECTIVE JANUARY 1, 2019:**

28
29 (a) Lubricating oils and greases, including but not limited to,
30 basestock for lube oils and greases, high vacuum distillates,
31 aromatic extracts, and other similar preparations, and additives
32 for lubricating oils and greases, whether such additives are
33 petroleum bases or not, per liter and kilogram respectively, of
34 volume capacity or weight, [Four pesos and fifty centavos
35 (P4.50)] **TEN PESOS (P10.00):** *Provided*, however, That the
36 excise taxes paid on the purchased feedstock (bunker) used in
37 the manufacture of excisable articles and forming part thereof
38 shall be credited against the excise tax due therefrom:
39 *Provided, further*, That lubricating oils and greases produced
40 from basestocks and additives on which the excise tax has
41 already been paid shall no longer be subject to excise tax:
42 *Provided, finally*, That locally produced or imported oils
43 previously taxes as such but are subsequently reprocessed, re-

1 refined, or recycled shall likewise be subject to the tax
2 imposed under this Section.

3
4 (b) Processed gas, per liter of volume capacity, [Five
5 centavos (P0.05)] **SIX PESOS (P6.00)**;

6
7 (c) Waxes and petrolatum, per kilogram, [Three pesos and
8 fifty centavos (P3.50)] **TEN PESOS (P10.00)**;

9
10 (d) On denatured alcohol to be used for motive power, per
11 liter of volume capacity, [Five centavos (P0.05)] **SIX**
12 **PESOS (P6.00)**: *Provided*, That unless otherwise provided
13 by special laws, if the denatured alcohol is mixed with
14 gasoline, the excise tax on which has already been paid, only
15 the alcohol content shall be subject to the tax herein
16 prescribed. For purposes of this Subsection, the removal of
17 denatured alcohol of not less than one hundred eighty degrees
18 (180°) proof (ninety percent (90%) absolute alcohol) shall be
19 deemed to have been removed for motive power, unless
20 shown otherwise;

21
22 (e) Naphtha, regular gasoline and other similar products of
23 distillation, per liter of volume capacity, [Four pesos and
24 thirty five centavos (P4.35)] **TEN PESOS (P10.00)**:
25 *Provided, however*, That naphtha, when used as a raw
26 material in the production of petrochemical products or as
27 replacement fuel for natural-gas-fired-combined cycle power
28 plant, in lieu of locally-extracted natural gas during the non-
29 availability thereof, subject to the rules and regulations to be
30 promulgated by the Secretary of Energy, in consultation with
31 the Secretary of Finance, per liter of volume capacity, Zero
32 (P0.00): *Provided, further*, That the by-product including fuel
33 oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied
34 petroleum gases and similar oils having more or less the
35 same generating power, which are produced in the processing
36 of naphtha into petrochemical products shall be subject to the
37 applicable excise tax specified in this Section, except when
38 such by-products are transferred to any of the local oil
39 refineries through sale, barter or exchange, for the purpose of
40 further processing or blending into finished products which
41 are subject to excise tax under this Section.

1 (f) Leaded premium gasoline, per liter of volume capacity,
2 [Five pesos and thirty-five centavos (P5.35)] **TEN PESOS**
3 (**P10.00**); unleaded premium gasoline, per liter of volume
4 capacity, [Four pesos and thirty-five centavos (P4.35)] **TEN**
5 **PESOS (P10.00)**;

6
7 (g) Aviation turbo jet fuel, per liter of volume capacity,
8 [Three pesos and sixty-seven centavos (P3.67)] **TEN PESOS**
9 (**P10.00**);

10
11 (h) Kerosene, per liter of volume capacity, [Zero(P0.00)] **SIX**
12 **PESOS (P6.00)**: *Provided*, That kerosene, when used as
13 aviation fuel, shall be subject to the same tax on aviation
14 turbo jet fuel under the preceding paragraph (g), such tax to
15 be assessed on the user thereof;

16
17 (i) Diesel fuel oil, and on similar fuel oils having more or less
18 the same generating power, per liter of volume capacity,
19 [zero (P0.00)] **SIX PESOS (P6.00)**;

20
21 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] **SIX**
22 **PESOS (P6.00)**: *Provided*, That liquefied petroleum gas used
23 for motive power shall be taxed at the equivalent rate as the
24 excise tax on diesel fuel oil;

25
26 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] **SIX**
27 **PESOS (P6.00)**; and

28
29 (l) Bunker fuel oil, and on similar fuel oils having more or
30 less the same generating power, per liter of volume capacity,
31 [zero (P0.00)] **SIX PESOS (P6.00)**.

32
33 **PROVIDED, HOWEVER, THAT THE EXCISE TAXES**
34 **PAID ON THE PURCHASED FEEDSTOCK (BUNKER)**
35 **USED IN THE MANUFACTURE OF EXCISABLE**
36 **ARTICLES AND FORMING PART THEREOF SHALL**
37 **BE CREDITED AGAINST THE EXCISE TAX DUE**
38 **THEREFROM,**

39
40 **PROVIDED, FURTHER, THAT LUBRICATING OILS**
41 **AND GREASES PRODUCED FROM BASESTOCKS**
42 **AND ADDITIVES ON WHICH THE EXCISE TAX HAS**

1 ALREADY BEEN PAID SHALL NO LONGER BE
2 SUBJECT TO EXCISE TAX,

3
4 *PROVIDED, FINALLY, THAT LOCALLY PRODUCED*
5 OR IMPORTED OILS PREVIOUSLY TAXED AS
6 SUCH BUT ARE SUBSEQUENTLY REPROCESSED,
7 REREFINED OR RECYCLED SHALL LIKEWISE BE
8 SUBJECT TO THE TAX IMPOSED UNDER THIS
9 SUBSECTION.

10
11 THE TAX RATES IMPOSED UNDER THIS
12 SUBSECTION SHALL BE INCREASED BY FOUR
13 PERCENT (4%) EVERY YEAR THEREAFTER
14 EFFECTIVE ON JANUARY 1, 2020 THROUGH
15 REVENUE REGULATIONS ISSUED BY THE
16 SECRETARY OF FINANCE, UNLESS THE AVERAGE
17 DUBAI CRUDE OIL PRICE IN THE MONTH
18 PRECEEDING THE SCHEDULED INDEXATION
19 EXCEEDS ONE HUNDRED U.S. DOLLARS (USD 100)
20 PER BARREL.

21
22 **SEC. 27.** A new section designated as Section 148-A under Chapter V
23 of the NIRC is hereby inserted to read as follows:

24
25 **SECTION 148-A. MANDATORY MARKING OF ALL**
26 **PETROLEUM PRODUCTS.** – ALL PETROLEUM
27 PRODUCTS, (MANUFACTURED OIL AND OTHER
28 FUEL) REFINED, MANUFACTURED AND/OR
29 IMPORTED INTO THE PHILIPPINES, WHETHER
30 THE SAME WERE EXEMPT FROM THE PAYMENT
31 OF TAXES AND DUTIES, OR ENTERED INTO A
32 FREE ZONE SHALL BE MARKED WITH THE
33 OFFICIAL MARKING AGENT DESIGNATED BY
34 THE DEPARTMENT OF FINANCE (DOF) IN
35 ACCORDANCE WITH EXISTING RULES:

36
37 THE PERSON, ENTITY OR TAXPAYER WHO OWNS
38 OR ENTERS THE PETROLEUM PRODUCTS TO
39 WHOM THE SAID PETROLEUM PRODUCTS ARE
40 CONSIGNIED, OR WHOEVER BRINGS THE SAME
41 INTO THE COUNTRY SHALL CAUSE THE
42 MARKING OF SAID PETROLEUM PRODUCTS
43 WITH THE OFFICIAL MARKING AGENT.

1
2 **A. ABSENCE OF MARKER; PRESUMPTION.** IN THE
3 EVENT THAT THE PETROLEUM PRODUCTS
4 WHICH DO NOT CONTAIN THE OFFICIAL
5 MARKER ARE FOUND IN THE DOMESTIC
6 MARKET OR IN POSSESSION OF ANYONE OR
7 UNDER ANY SITUATION WHERE SAID
8 PETROLEUM PRODUCTS ARE SUBJECT TO
9 DUTIES AND TAXES, IT SHALL BE PRESUMED
10 THAT THE SAME WERE REFINED,
11 MANUFACTURED, AND/OR IMPORTED OR
12 WITHDRAWN WITH THE INTENTION TO EVADE
13 THE PAYMENT OF THE TAXES AND DUTIES DUE
14 THEREON AND SHALL BE PROCEEDED AGAINST
15 PURSUANT TO LAW, UNLESS THE CONTRARY BE
16 PROVEN THROUGH THE PRESENTATION OF
17 VALID DOCUMENTS AND/OR OTHER EVIDENCE
18 TO THE CONTRARY.
19

20 THE ABSENCE OF THE MARKER OR THE USE OF
21 FRAUDULENT MARKER ON THE PETROLEUM
22 PRODUCTS SHALL BE CONSIDERED PRIMA FACIE
23 EVIDENCE THAT THE SAME HAVE BEEN
24 WITHDRAWN OR IMPORTED WITHOUT THE
25 PAYMENT OF THE EXCISE TAX.
26

27 THE FAILURE OF THE PERSON, ENTITY OR
28 TAXPAYER RESPONSIBLE FOR THE MARKING OF
29 THE PETROLEUM PRODUCTS AS HEREIN
30 REQUIRED WITHIN FIFTEEN (15) DAYS FROM DUE
31 NOTICE SHALL SUBJECT SUCH OWNER,
32 CONSIGNEE OR IMPORTER AND THE ARTICLES
33 TO SUCH SANCTIONS AS MAY BE IMPOSED IN
34 ACCORDANCE WITH THE NATIONAL INTERNAL
35 REVENUE CODE OF 1997, AS AMENDED AND THE
36 TARIFF AND CUSTOMS CODE OF THE
37 PHILIPPINES, AS AMENDED, AND OTHER
38 RELEVANT EXISITNG LAWS AND RULES AND
39 REGULATIONS IN PURSUANCE OF LAW.
40

41 **B. PROGRAM IMPLEMENTATION OFFICE (PIO).**-
42 A PIO, HEADED BY A DOF SENIOR OFFICER TO BE
43 DESIGNATED BY THE SECRETARY OF FINANCE,

1 AND WITH THE COMMISSIONER OF THE BOC
2 AND THE COMMISSIONER OF BUREAU OF
3 INTERNAL REVENUE (BIR) OR THEIR DULY
4 AUTHORIZED REPRESENTATIVES WITH THE
5 RANK OF DEPUTY COMMISSIONER AS MEMBERS,
6 IS HEREBY CREATED. IT SHALL DIRECTLY
7 COORDINATE AND SUPERVISE THE PROPER AND
8 EFFECTIVE IMPLEMENTATION OF THIS ACT.
9 THE PIO SHALL BE SUPPORTED BY PERSONNEL
10 OF THE DOF OR OF AGENCIES ATTACHED TO
11 THE DOF.

12
13 THE PIO, WHICH IS HEREBY AUTHORIZED TO
14 CALL ON ANY OFFICIAL OF THE DEPARTMENT
15 OF ENERGY AND ITS ATTACHED AGENCIES FOR
16 SUCH ASSISTANCE AS MAY BE NECESSARY, AS
17 WELL AS TO REQUIRE THE PARTICIPATION OF
18 EXPERTS TO HELP ACHIEVE THE OBJECTIVES
19 OF THIS ACT, SHALL HAVE THE FOLLOWING
20 DUTIES AND RESPONSIBILITIES:

- 21
22 (A) TO ISSUE THE TERMS OF REFERENCE AND
23 ENGAGEMENT OF THE MARKING SERVICE
24 PROVIDER;
- 25
26 (B) TO ENSURE THAT ALL OPERATIONAL AND
27 TECHNICAL WRITTEN INSTRUCTIONS ARE IN
28 PLACE AND PROPERLY DISSEMINATED TO ALL
29 CONCERNED TO ENSURE THE EFFECTIVENESS
30 OF THE MARKING SYSTEM;
- 31
32 (C) TO IDENTIFY AND RESOLVE OPERATIONAL
33 AND TECHNICAL DIFFICULTIES IDENTIFIED IN
34 THE COURSE OF IMPLEMENTATION; AND
- 35
36 (D) SUBMIT MONTHLY PROGRESS REPORT TO
37 THE SECRETARY OF FINANCE ON THE
38 IMPLEMENTATION OF THIS ACT.

39
40 THE PIO, IN LAUNCHING THE NATIONWIDE
41 ROLL-OUT OF THE PROGRAM, IN
42 CONSULTATION WITH THE BOC AND THE BIR
43 SHALL SUBMIT TO THE SECRETARY OF

FINANCE, THE FOLLOWING: (A) SPECIFICATIONS OF THE NATIONAL MARKER; (B) THE MARKER TO BE USED AND THE MARKING SERVICE PROVIDER; (C) TERMS OF REFERENCE AND ENGAGEMENT OF THE PROVIDER; (D) PERFORMANCE MEASURES OF THE PROGRAM; (E) PORTS/PLACES WHERE THE FUEL MARKING PROGRAM WILL BE ROLLED-OUT, AMONG OTHERS.

SEC. 28. Chapter 5 of Title VI of the NIRC is hereby further amended to read as follows:

CHAPTER VI

EXCISE TAX ON MISCELLANEOUS ARTICLES

SEC. 149. *Automobiles.* There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer's or importer's selling price, net of excise and value-added tax, in accordance with the following schedule:

| Net manufacturer's price/importer's selling price | Rate |
|---|---|
| Up to P600 Thousand | [2%] 4% |
| Over P600 Thousand to P1.1 Million | [P12,000 + 20%] P24,000 + 40% of value in excess of P600 Thousand |
| Over P1.1 Million to P2.1 Million | [P112,000 + 40%] P224,000 + 100% of value in excess of P1.1 Million |
| Over P2.1 Million | [512,000 + 60%] P1,224,000 + 200% of value in excess of P2.1 Million |

[Provided, That the brackets reflecting the manufacturer's price or importer's selling price, net of excise and value-added taxes, will be indexed by the Secretary of Finance once every two (2) years if the change in the

1 exchange rate of the Philippine peso against the United States
2 (U.S.) dollar is more than ten percent (10%) from the date of
3 effectivity of this Act, in the case of initial adjustment and
4 from the last revision date in the case of subsequent
5 adjustments.

6
7 The manufacturer's price or importer's selling price, net
8 of excise and value-added taxes, shall be indexed by the full
9 rate of the peso depreciation or appreciation, as the case may
10 be.

11
12 *Provided, further,* That in case the change in the
13 exchange rate of the Philippine peso against the U.S. dollar is
14 at least twenty percent (20%) at anytime within the two-year
15 period referred to above, the Secretary of Finance shall index
16 the brackets reflecting the manufacturer's price or importer's
17 selling price, net of excise and value-added taxes, by the full
18 rate of the peso depreciation or appreciation, as the case may
19 be.]

20
21 As used in this Section –
22

23 (a) Automobile shall mean any four (4) or more wheeled
24 motor vehicle regardless of seating capacity, which is
25 propelled by gasoline, diesel, **OR ANY OTHER MOTIVE**
POWER EXCEPT PURELY POWERED BY electricity
26 [or any other motive power]: Provided, That for purposes of
27 this Act, buses, trucks, cargo vans, jeeps/jeepneys/jeepney
28 substitutes, [single cab chassis,] and special-purpose vehicles
29 shall not be considered automobiles. xxx
30

31
32 **SEC. 29.** Section 155 of the NIRC is hereby further amended to read as
33 follows:

34
35 **SEC. 155. Manufacturers AND IMPORTER'S [to Provide**
36 *Themselves with]* Counting or Metering Devices to Determine
37 Production. - Manufacturers **AND IMPORTERS** of
38 cigarettes, alcoholic products, oil products and other
39 articles subject to excise tax that can be similarly measured
40 [shall provide themselves] **SHALL HAVE** [with such]THE
41 necessary number of suitable counting or metering devices,
42 **INCLUDING FUEL MARKING IN THE CASE OF**
43 **PETROLEUM PRODUCTS**, to determine as accurately as

1 possible the volume, quantity or number of the articles
2 produced by them under rules and regulations promulgated
3 by the Secretary of Finance, upon recommendation of the
4 Commissioner.

5
6 This requirement shall be complied with before
7 commencement of operations.
8

9 **SEC. 30.** Section 232 of the NIRC is hereby further amended to read as
10 follows:

11
12 **SEC. 232. Keeping of Books of Accounts. –**

13
14 (A) *Corporations, Companies, Partnerships or Persons Required to Keep Books of Accounts.* - All corporations,
15 companies, partnerships or persons required by law to pay internal revenue taxes shall keep a journal and a ledger or
16 their equivalents: *Provided, however,* That those whose quarterly sales, earnings, receipts, or output do not exceed
17 [Fifty] **TWO HUNDRED FIFTY** thousand pesos [P50,000]
18 (P250,000) shall keep and use simplified set of bookkeeping
19 records duly authorized by the Secretary of Finance where in all transactions and results of operations are shown and from
20 which all taxes due the Government may readily and accurately be ascertained and determined any time of the year:
21 *Provided, further,* That corporations, companies, partnerships or persons whose gross quarterly sales, earnings,
22 receipts or output exceed [One] **SEVEN** hundred fifty thousand pesos (P750,000 [P150,000]), shall have their books
23 of accounts audited and examined yearly by independent Certified Public Accountants and their income tax returns
24 accompanied with a duly accomplished Account Information Form (AIF) which shall contain, among others, information
25 lifted from certified balance sheets, profit and loss statements, schedules listing income-producing properties
26 and the corresponding income therefrom and other relevant statements; **PROVIDED FURTHER, THAT THE**
27 **SECRETARY OF FINANCE UPON RECOMMENDATION OF THE COMMISSIONER,**
28 **SHALL REQUIRE THE MANDATORY INTERCONNECTION OF CERTAIN BOOKS OF**
29 **ACCOUNTS TO THE BIR ELECTRONIC SALES REPORTING SYSTEM.**

1
2 **SEC. 31.** Section 237 of the NIRC is hereby further amended to read as
3 follows:

4

5 **SEC. 237. [Issuance of Receipts or Sales or Commercial
6 Invoices.] ELECTRONIC RECEIPTS OR
7 ELECTRONIC SALES OR COMMERCIAL
8 INVOICES.–**

9

10 **(A) ISSUANCE.-** All persons subject to an internal revenue
11 tax shall, for each sale or transfer of merchandise or for
12 services rendered valued at Twenty-five pesos (P25.00) or
13 more, issue duly registered **ELECTRONIC** receipts or
14 **ELECTRONIC** sales or commercial invoices, [prepared at
15 least in duplicate,] showing the date of transaction, quantity,
16 unit cost and description of merchandise or nature of
17 service: *Provided, however,* That in the case of sales, receipts
18 or transfers in the amount of One hundred pesos (P100.00) or
19 more, or regardless of the amount, where the sale or transfer
20 is made by a person liable to value-added tax to another
21 person also liable to value-added tax; or where the
22 **ELECTRONIC** receipt is issued to cover payment made as
23 rentals, commissions, compensations or fees,
24 **ELECTRONIC** receipts or **ELECTRONIC** invoices shall
25 be issued which shall show the name, business style, if any,
26 and address of the purchaser, customer or client: *Provided,*
27 *further,* That where the purchaser is a VAT-registered
28 person, in addition to the information herein required, the
29 **ELECTRONIC** invoice or **ELECTRONIC** receipt shall
30 further show the Taxpayer Identification Number (TIN) of
31 the purchaser: **PROVIDED, FURTHER, THAT, THE
32 ISSUANCE TO THE BUYER OF AN ELECTRONIC
33 RECEIPT OR ELECTRONIC INVOICES SHALL BE
34 ACCOMPLISHED EITHER ELECTRONICALLY OR
35 BY TENDERING A PRINTED COPY THEREOF.**

36

37 **(B) TRANSMISSION. – THE PRECEDING
38 PARAGRAPH NOTWITHSTANDING, AN
39 ELECTRONIC RECEIPT OR ELECTRONIC
40 INVOICE, AS THE CASE MAY BE, SHALL BE
41 TRANSMITTED DIRECTLY TO THE BIR AT THE
42 SAME TIME AND DATE OF EACH SALE
43 TRANSACTION.**

1
2 SEC. 32. A new section designated as Section 237-A under Chapter II
3 Title IX of the NIRC is inserted to read as follows:

4

5 **SEC. 237-A. *ELECTRONIC SALES REPORTING***
6 ***SYSTEM.*-**

7

8 **(A). CREATION. – THE BIR SHALL CREATE AN**
9 **ELECTRONIC SALES REPORTING SYSTEM THAT**
10 **WILL LINK SALES AND PURCHASE DATA**
11 **ENTERED ON CASH REGISTER/POINT-OF-SALES**
12 **MACHINES (CRM/POS MACHINES) OF VAT-**
13 **REGISTERED TAXPAYERS TO THE BIR'S**
14 **SERVERS FOR SIMULTANEOUS REPORTING OF**
15 **SALES AND PURCHASE DATA.**

16

17 **VAT-REGISTERED TAXPAYERS SHALL ACQUIRE**
18 **CRM/POS MACHINES AND SECURE SAID**
19 **MACHINES' LINKAGE TO THE BIR'S SERVERS AT**
20 **THEIR EXPENSE. THEY SHALL LIKEWISE ENSURE**
21 **THAT THE CRM/POS MACHINES HAVE THE**
22 **CAPACITY TO SIMULTANEOUSLY TRANSMIT**
23 **DATA ENTERED ON THE MACHINES TO THE**
24 **SERVERS OF THE BIR.**

25

26 **THE ESTABLISHMENT BY THE BIR OF THE**
27 **ELECTRONIC SYSTEM AND LINKAGE THERETO**
28 **BY VAT-REGISTERED TAXPAYERS OF THEIR**
29 **CRM/POS MACHINES SHALL BE DONE WITHIN**
30 **ONE (1) YEAR AND SIX (6) MONTHS FROM THE**
31 **EFFECTIVITY OF THIS ACT.**

32

33 **(B). ELECTRONIC INTERCONNECTIVITY WITH**
34 **THE BOC, LAND TRANSPORTATION OFFICE**
35 **(LTO), DEPARTMENT OF TRADE AND INDUSTRY**
36 **(DTI), DEPARTMENT OF AGRICULTURE (DA),**
37 **SECURITIES AND EXCHANGE COMMISSION (SEC)**
38 **AND OTHER APPROPRIATE GOVERNMENT**
39 **AGENCIES. – WITHIN ONE (1) YEAR AND SIX (6)**
40 **MONTHS FROM THE EFFECTIVITY OF THIS ACT,**
41 **THE BIR SHALL ESTABLISH ELECTRONIC**
42 **INTERCONNECTIVITY WITH THE BOC, LTO, DTI,**
43 **DA, SEC, AND OTHER APPROPRIATE**

1 GOVERNMENT AGENCIES TO FURTHER
2 ENHANCE THE REVENUE COLLECTION EFFORT
3 OF GOVERNMENT.

4

5 (C) CONFIDENTIALITY OF TAXPAYER
6 INFORMATION AND COMPLIANCE WITH THE
7 'DATA PRIVACY ACT'. – THE PROVISIONS OF
8 SECTION 270 OF THE NATIONAL INTERNAL
9 REVENUE CODE OF 1997, AS AMENDED, ON
10 UNLAWFUL DIVULGENCE OF TAXPAYER
11 INFORMATION SHALL BE STRICTLY COMPLIED
12 WITH.

13

14 THE DATA PROCESSING OF SALES AND
15 PURCHASE DATA SHALL ALSO COMPLY WITH
16 THE PROVISIONS OF REPUBLIC ACT NO. 10173 OR
17 THE "DATA PRIVACY ACT."

18

19 SEC. 33. Section 249(A) of the NIRC is hereby amended as follows:

20

21 **SEC. 249. Interest. -**

22

23 (A) *In General.* – There shall be assessed and collected on
24 any unpaid amount of tax, interest at the rate of twenty
25 percent (20%) per annum, or such higher rate as may be
26 prescribed by rules and regulations, from the date prescribed
27 for payment until the amount is fully paid **BUT IN NO**
28 **CASE TO EXCEED THE AMOUNT**
29 **CORRESPONDING TO A PERIOD OF THREE (3)**
30 **YEARS OR 60% OF THE BASIC DEFICIENCY TAX**
31 **BEING ASSESSED.**

32

33 **Sec. 34.** A new section designated as Section 264-A under Chapter II
34 Title X of the NIRC is inserted as follows:

35

36 **SEC. 264-A. FAILURE TO LINK SALES AND**
37 **PURCHASE DATA ENTERED ON CRM/POS**
38 **MACHINES TO THE BIR'S ELECTRONIC SALES**
39 **REPORTING SYSTEM DUE TO GROSS**
40 **NEGLIGENCE OR INTENT TO DEFRAUD THE**
41 **GOVERNMENT. –**

1 ANY VAT-REGISTERED TAXPAYER WHO FAILS
2 TO UTILIZE CRM/POS MACHINES CONNECTED
3 TO THE BIR'S ELECTRONIC SALES REPORTING
4 SYSTEM IN THE TAXPAYER'S BUSINESS
5 OPERATIONS/TRANSACTIONS DUE TO GROSS
6 NEGLIGENCE OR WITH INTENT TO DEFRAUD
7 THE GOVERNMENT SHALL PAY A PENALTY
8 AMOUNTING TO ONE-HALF OF ONE PERCENT (1/2
9 OF 1%) OF THE ANNUAL NET INCOME AS
10 REFLECTED IN THE VAT-REGISTERED
11 TAXPAYER'S AUDITED FINANCIAL STATEMENT
12 FOR THE SECOND YEAR PRECEDING THE
13 CURRENT TAXABLE YEAR FOR EACH DAY OF
14 VIOLATION; PROVIDED, THAT PAYMENT OF THE
15 PENALTY SHALL BE MADE SIMULTANEOUSLY
16 WITH THE PAYMENT FOR VAT ON A MONTHLY
17 BASIS AS PROVIDED IN SECTION 114 (A) OF THIS
18 CODE; PROVIDED, FURTHER, THAT SHOULD THE
19 AGGREGATE NUMBER OF DAYS OF VIOLATION
20 EXCEED ONE-HUNDRED EIGHTY (180) DAYS
21 WITHIN A TAXABLE YEAR, AN ADDITIONAL
22 PENALTY OF PERMANENT CLOSURE OF THE
23 VAT-REGISTERED TAXPAYER SHALL BE
24 IMPOSED.

25
26 SEC. 35. A new section designated as Section 264-B under Chapter II
27 Title X of the NIRC is inserted to read as follows:

28
29 **SEC. 264-B. AUTOMATED SALES SUPPRESSION**
30 **DEVICES.-**

31
32 CRIMINAL LIABILITY SHALL BE INCURRED BY
33 ANY PERSON WHO SHALL PURCHASE, USE,
34 POSSESS, SELL OR OFFER TO SELL, UPDATE,
35 UPGRADE, KEEP OR MAINTAIN ANY SOFTWARE
36 OR DEVISE DESIGNATED FOR, OR IS CAPABLE
37 OF:

38
39 (A)SUPPRESSING THE CREATION OF
40 ELECTRONIC RECORDS OF SALE TRANSACTIONS
41 THAT A TAXPAYER IS REQUIRED TO KEEP
42 UNDER EXISTING TAX LAWS AND/OR
43 REGULATIONS; OR

1
2 **(B) MODIFYING, HIDING, OR DELETING**
3 **ELECTRONIC RECORDS OF SALES**
4 **TRANSACTIONS AND PROVIDING A READY**
5 **MEANS OF ACCESS TO THEM.**

6
7 **ANY PERSON CONVICTED OF A VIOLATION OF**
8 **THIS SECTION SHALL BE PUNISHED BY A FINE OF**
9 **NOT LESS THAN TWO HUNDRED THOUSAND**
10 **PESOS (P200,000.00) BUT NOT MORE THAN FIVE**
11 **HUNDRED THOUSAND PESOS (P500,000.00) AND**
12 **SUFFER IMPRISONMENT OF NOT LESS THAN**
13 **TWO (2) YEARS BUT NOT MORE THAN (4) YEARS.**

14
15 **SEC. 36.** Section 288 of the NIRC is hereby further amended to read as
16 follows:

17
18 XXX

19
20 **F. EARMARKING OF INCREMENTAL REVENUES**
21 **FROM THE TAX REFORM FOR ACCELERATION**
22 **AND INCLUSION ACT. – FORTY PERCENT (40%)**
23 **OF THE FIRST YEAR'S INCREMENTAL REVENUES**
24 **GENERATED FROM THE EXCISE TAX ON**
25 **PETROLEUM PRODUCTS OF THIS ACT SHALL BE**
26 **ALLOCATED TO FUND HIGHLY TARGETED CASH**
27 **TRANSFER PROGRAMS AND SUBSIDIES FOR THE**
28 **PUBLIC UTILITY VEHICLES SECTOR FOR A**
29 **PERIOD OF ONE YEAR FROM THE EFFECTIVITY**
30 **OF THIS ACT. AN INTER-AGENCY COMMITTEE,**
31 **LED BY THE DOF, COMPRISING THE**
32 **DEPARTMENT OF SOCIAL WELFARE AND**
33 **DEVELOPMENT (“DSWD”), DEPARTMENT OF**
34 **TRANSPORTATION, DEPARTMENT OF BUDGET**
35 **AND MANAGEMENT, AND THE NATIONAL**
36 **ECONOMIC DEVELOPMENT AUTHORITY SHALL**
37 **PREPARE THE HIGHLY TARGETED CASH**
38 **TRANSFER PROGRAMS, USING THE NATIONAL**
39 **HOUSEHOLD TARGETING SYSTEM FOR POVERTY**
40 **REDUCTION AS THE BASIS, AS WELL AS THE**
41 **SUBSIDIES FOR THE PUBLIC UTILITY VEHICLES**
42 **SECTOR. THE DSWD IS HEREBY MANDATED TO**

1 **ADMINISTER AND IMPLEMENT THE TARGETED**
2 **CASH TRANSFER PROGRAM.**

3
4 **THE REMAINING SIXTY PERCENT (60%) OF THE**
5 **FIRST YEAR'S REVENUE, AND INCREMENTAL**
6 **REVENUES IN SUCCEEDING YEARS SHALL BE**
7 **ALLOCATED FOR INFRASTRUCTURE, HEALTH,**
8 **EDUCATION, AND SOCIAL PROTECTION**
9 **EXPENDITURES.**

10
11 **SEC. 37. Implementing Rules and Regulations.**— The Secretary of
12 Finance shall, upon the recommendation of the Commissioner of
13 Internal Revenue, promulgate upon the effectivity of this Act the
14 necessary Rules and Regulations for its effective implementation.

15
16 **SEC. 38. Separability Clause.** – Should any provision of this Act be
17 declared invalid or unconstitutional, other provisions hereof which are
18 not affected shall remain in full force and effect.

19
20 **SEC. 39. Repealing Clause.**— The following laws or provisions of laws
21 are hereby repealed and the persons and/or transactions affected herein
22 are made subject to the VAT provision of Title IV of the National
23 Internal Revenue Code of 1997, as amended:

- 24
25 (a) Section 9, with respect to VAT, of R.A. 9511 or The National
26 Grid Corporation of the Philippines Act;
27
28 (b) Articles 60 and 61(l) with respect to VAT, and Article 61(2)(b)
29 of R.A. 9520 or The Philippine Cooperative Code of 2008;
30
31 (c) Section 9 of R.A. 10744 or The Credit Surety Fund
32 Cooperative Act of 2015;
33
34 (d) Section 4(a) and (b) and Section 19(a) of R.A. 9295 or The
35 Domestic Shipping Development Act of 2004;
36
37 (e) Section 11(a) and (b) of R.A. 10073 or The Girl Scout of the
38 Philippines Charter of 2009;
39
40 (f) Section 22(b) of R.A. 10747 or The Rare Diseases Act of the
41 Philippines;

- 1 (g) Section 13 (1) and (2), with respect to VAT, or P.D. 1869 s.
2 1983 or The Franchise and Powers of the Philippine Amusement
3 and Gaming Corporation;
- 4
- 5 (h) Section 15(g) of R.A. 9513 or The Renewable Energy Act of
6 2008;
- 7
- 8 (i) Last paragraph of Section 8, with respect to VAT, of R.A. 7278
9 or The Boy Scout of the Philippines;
- 10
- 11 (j) Section 16(a) and (b), and Section 17 (a), with respect to VAT
12 and excise tax, of P.D. 972 s. 1976 or The Coal Development Act
13 of 1976;
- 14
- 15 (k) Section 66, with respect to VAT, of R.A. 6657, as amended by
16 R.A. 9700, or The Comprehensive Agrarian Reform Law;
- 17
- 18 (l) Section 9 (e)(2) and (j), with respect to VAT, of R.A. 7900 or
19 The High Value Crops Development Act of 1995;
- 20
- 21 (m) Section 24 (e) of R.A. 10068 or The Organic Agriculture Act
22 of 2010;
- 23
- 24 (n) Section 10, with respect to VAT, of R.A. No. 6807 or An Act
25 Converting the Mati Community College to Davao Oriental State
26 College of Science and Technology;
- 27
- 28 (o) Section 7(f), with respect to VAT, of R.A. 7371 or An Act
29 Converting the Aklan Agricultural College into Aklan State
30 College of Agriculture;
- 31
- 32 (p) Section 12, with respect to VAT, of R.A. 7373 or An Act
33 Establishing the Eastern Visayas Science High School;
- 34
- 35 (q) Section 1, with respect to VAT, R.A. 7605 or The Philippine
36 State College of Aeronautics;
- 37
- 38 (r) Section 8, with respect to VAT, of R.A. 8160 or the Act
39 Granting the University of the Philippines a Franchise to
40 Construct, Install, Operate and Maintain for Educational and Other
41 Related Purposes, Radio and Television Broadcasting Stations;
- 42

- (s) Section 4(f), with respect to VAT, of R.A. 8292 or The Higher Education Modernization Act of 1997;
 - (t) Section 18 (f), with respect to VAT, of R.A. 9029 or The Creation of the Partido State University;
 - (u) Section 7(c), with respect to VAT, of R.A. 9055 or An Act Converting the Aklan State College of Agriculture into the Aklan State University;
 - (v) Section 7(c) , with respect to VAT, of R.A. 9045 or The Creation of the Batangas State University;
 - (w) Section 13, with respect to VAT, of R.A. 9083 or The Creation of the Sta. Rosa Science and Technology High School;
 - (x) Section 7 (c)(f), with respect to VAT, of R.A. 9138 or The Establishment of the Guimaras State College;
 - (y) Section 7 (c), with respect to VAT, of R.A. 9141 or The Creation of the Negros Occidental Agricultural College;
 - (z) Section 25 (a), with respect to VAT, and (d) of R.A. 9500 or The University of the Philippines Charter of 2008;
 - (aa) Section 20 (a), with respect to VAT, and (d) of R.A. 9519 or An Act Converting Mindanao Polytechnic State College to Mindanao University of Science and Technology;
 - (bb) Section 7 (a), with respect to VAT, and (d) of R.A. 9647 or The Philippine Normal University Modernization Act of 2009;
 - (cc) Section 35 (b)(c) , with respect to VAT, of R.A. 8550 or The Philippine Fisheries Code of 1998;
 - (dd) Article 65, with respect to VAT exemption of regional or area headquarters and zero- rating of the sale or lease of goods and property and the rendition of services to regional or area headquarters, and Article 67, with respect to VAT, of R.A. 8756 or The Law Providing for the Terms, Conditions and Licensing Requirements of Regional or Area Headquarters, Regional Operating Headquarters and Regional Warehouses of

1 Multinational Companies, Amending for the Purpose Certain
2 Provisions of EO No. 226;

3
4 (ee) Section 86 (c), (d) (e) (1), (e) (2), with respect to the tax credit
5 on VAT, of R.A. 9593 or The Tourism Act of 2009;

6
7 (ff) Section 3, with respect to VAT, of R.A. 6810 or The Magna
8 Carta for Countryside and Barangay Business Enterprises;

9
10 (gg) Article 60, with respect to VAT, and Article 61 (1), with
11 respect to VAT except on importations, and Article 61 (2)(b) of
12 R.A. 9520 or The Philippine Cooperative Code of 2008;

13
14 (hh) Sections 18 and 19, with respect to VAT, of R.A. 6847 or the
15 Philippine Sports Commission Act;

16
17 (ii) Section 126, with respect to VAT, of R.A. 7653 or The New
18 Central Bank Act;

19
20 (jj) Section 21, with respect to VAT, of R.A. 7306 or The Charter
21 of the People's Television Network, Inc.;

22
23 (kk) Section 14, with respect to VAT, of R.A. 7354 or The Postal
24 Service Act of 1992;

25
26 (ll) Section 21, with respect to VAT, of R.A. 7356 or The Law
27 Creating the National Commission for Culture and the Arts;

28
29 (mm) Section 15, with respect to VAT, of R.A. 7875 or The
30 National Health Insurance Act of 1995;

31
32 (nn) Section 18, with respect to VAT, of R.A. 7884 or The
33 National Dairy Development Act of 1995;

34
35 (oo) Section 16, with respect to VAT, of R.A. 8282 or The Social
36 Security Act of 1997;

37
38 (pp) Section 39, with respect to VAT, of R.A. 8291 or The
39 Government Service Insurance System Act of 1997;

40
41 (qq) Section 16, with respect to VAT, of R.A. 9497 or The Civil
42 Aviation Authority Act of 2008;

(rr) Section 8, with respect to VAT, of R.A. 9576 or An Act Increasing the Maximum Deposit Insurance Coverage, and in Connection Therewith, to Strengthen the Regulatory and Administrative Authority, and Financial Capability of the Philippine Deposit Insurance Corporation (PDIC), Amending for this Purpose R.A. 3591, as amended, otherwise known as the PDIC Charter, and for other purposes;

(ss) Section 19, with respect to VAT, of R.A. 9679 or An Act Further Strengthening the Home Development Mutual Fund, and for Other Purposes;

(tt) Section 56, with respect to VAT, of R.A. 10801 or the Overseas Workers Welfare Administration Act;

(uu) Section 6 (c)(d), with respect to VAT, of R.A. 7103 or the Iron and Steel Industry Act;

(vv) Section 10, with respect to VAT, of R.A. 7718, An Act Amending RA No. 6957;

(xx) Section 10 (2) (3), with respect to VAT, and (5) of R.A. 7156 or The Mini-Hydro Electric Power Incentives Act;

(yy) Section 9 (3) (4) (8), with respect to VAT, of R.A. 8479 or The Downstream Oil Industry Deregulation Act of 1998;

(zz) Section 9 of R.A. 9511 - An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone Systems of Interconnected Transmission Lines, Substations and Related Facilities:

(aaa) Section 15 (g) and (j) of R.A. 9513 of the Renewable Energy Act of 2008;

(bbb) Section 20 (d)(3) of R.A. 7279 or The Urban Development and Housing Act of 1992;

(ccc) Section 20 (d)(3) of R.A. 10884 - An Act Strengthening the Balanced Housing Development Program, Amending for the Purpose R.A. 7279, as Amended, Otherwise Known as the Urban and Development Housing Act Of 1992;

1
2 (ddd) Section 4 (a) (b) of R.A. 9295 or The Domestic Shipping
3 Development Act of 2004;

4
5 (eee) Section 1, with respect to VAT, of R.A. 7291- Restoring the
6 tax and Duty Incentives Previously Enjoyed by the Veterans
7 Federation of the Philippines under R.A. 2640;

8
9 (fff) Section 14(b), with respect to VAT, R.A. 7308 or The Seed
10 Industry Development Act of 1992;

11
12 (ggg) Section 9 (c), with respect to VAT, of R.A. 7355 or The
13 Manlilikha ng Bayan Act;

14
15 (hhh) Section 6, with respect to VAT, of R.A. 7459 or The
16 Investors and Inventions Incentives Act of the Philippines;

17
18 (iii) Section 10, with respect to VAT, of R.A. 7719 or The National
19 Blood Services Act of 1994;

20
21 (jjj) Section 13, with respect to VAT, of R.A. 7820 or The Partido
22 Development Administration Act of 1994;

23
24 (kkk) Section 14, with respect to VAT, of R.A. 8423 or The
25 Traditional and Alternative Medicines Act (TAMA) of 1997;

26
27 (lll) Section 25, with respect to VAT, of R.A. 8492 or The
28 National Museum Act of 1998;

29
30 (mmm) Section 3(h) , with respect to VAT, of R.A. 8502 or The
31 Jewelry Industry Development Act of 1998;

32
33 (nnn) Section 45 (a) (b) (c), with respect to VAT, of R.A. 9003 or
34 The Ecological Solid Waste Management Act of 2000;

35
36 (ooo) Section 26 (B) (3), with respect to VAT, of R.A. 9275 or The
37 Philippine Clean Water Act of 2004;

38
39 (ppp) Section 2 (d), with respect to VAT, of R.A. 9343 or An Act
40 Amending R.A. 9182, otherwise known as the Special Purpose
41 Vehicle Act of 2002;

1 (qqq) Section 5 (c), with respect to VAT, of R.A. 10072 or The
2 Philippine Red Cross Act of 2009;

3
4 (rrr) Section 11 (a)(b)(c), with respect to VAT, of R.A. 10073 or
5 The Girl Scouts of the Philippines Charter of 2009;

6
7 (sss) Section 10, with respect to VAT, of R.A. 10349 or An Act
8 Amending R.A. 7898, Establishing The Revised AFP
9 Modernization Program And For Other Purposes;

10
11 (ttt) Section 5(b), with respect to VAT, of R.A. 10771 or The
12 Philippine Green Jobs Act of 2016;

13
14 (uuu) Section 8, 3rd paragraph, with respect to VAT, of R.A.
15 10816 or The Farm Tourism Development Act;

16
17 (vvv) Section 13, 2nd paragraph, with respect to VAT, of R.A.
18 10817 or The Philippine Halal Export Development And
19 Promotion Act of 2016;

20
21 (xxx) Section 9(10), with respect to VAT, of R.A. 9501 or the
22 Amendments to R.A. 6977, Magna Carta for Small Enterprises;

23
24 *Provided, further,* the following special provisions under specific
25 laws are hereby repealed:

26
27 (a) Section 33(A) of R.A. 7277, as amended by R.A. 10754 or The
28 Magna Carta for Persons with Disabilities;

29
30 (b) Section 22(B) of R.A. 10165 or The Foster Care Act of 2012;

31
32 (c) Section 4 or R.A. 1169 or An Act Providing For Charity
33 Sweepstakes, Horse Races and Lotteries, particularly the following
34 phrase thereof:

35
36 ...and that from the total prize fund as provided herein from
37 the proceeds of the sale of tickets there shall be deducted an
38 amount equivalent to five per centum of such total prize fund,
39 which shall be paid to the Bureau of Internal Revenue not
40 later than ten days after each sweepstakes in lieu of the
41 income tax heretofore collected from sweepstakes prize
42 winners. Provided, however, That any prizes that may be
43 paid out from the resulting prize fund, after said five per

1 centum has been deducted, shall be exempted from income
2 tax;
3

4 (d) Section 5 of R.A. 9999 or The Free Legal Assistance Act of
5 2010;

6 (e) 1st paragraph of Section 19 of R.A. 10028 or The Expanded
7 Breastfeeding Promotion Act of 2009;

8 (f) Articles 52 and 71 of Presidential Decree No. 442, as amended
9 or The Labor Code of the Philippines;

10 (g) Section 3 (d) of R.A. 8502 or The Jewelry Industry
11 Development Act of 1988;

12 (h) Section 3 (b) of R.A. 9290 of The Footwear, Leather Goods
13 and Tannery Industries Development Act;

14 (i) Article 60, Chapter II of Executive Order No. 226, or The
15 Omnibus Investments Code of 1987; and

16 (j) Section 3, Article 61 of RA No. 9520 or The Cooperative Code
17 of the Philippines, particularly the last sentence thereof:

18 (3) All cooperatives, regardless of the amount of accumulated
19 reserves and undivided net savings shall be exempt from
20 payment of local taxes and taxes on transactions with banks
21 and insurance companies: Provided, That all sales or services
22 rendered for non-members shall be subject to the applicable
23 percentage taxes sales made by producers, marketing or
24 service cooperatives: Provided further, That nothing in this
25 article shall preclude the examination of the books of
26 accounts or other accounting records of the cooperative by
27 duly authorized internal revenue officers for internal revenue
28 tax purposes only.

29 All other laws, acts, presidential decrees, executive orders,
30 issuances, presidential proclamations, rules and regulations or parts
31 thereof, which are contrary to and inconsistent with any provision of
32 this Act are hereby repealed, amended or modified accordingly.
33

1 **SECTION 35.** *Effectivity Clause.*— This Act shall take effect fifteen (15)
2 days after its complete publication in the Official Gazette or in at least
3 two (2) newspapers of general circulation.

4

5 *Approved,*