

H. No. 5636  
S. No. 1592

Republic of the Philippines  
**Congress of the Philippines**  
Metro Manila  
Seventeenth Congress  
Second Regular Session

Begun and held in Metro Manila, on Monday, twenty-fourth day of July, two thousand seventeen.

[REPUBLIC ACT NO. 10963]

AN ACT AMENDING SECTIONS 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145, 148, 149, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, AND 288; CREATING NEW SECTIONS 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, AND 265-A; AND REPEALING SECTIONS 35, 62, AND 89; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

**SECTION 1. Title.** – This Act shall be known as the “Tax Reform for Acceleration and Inclusion (TRAIN)”.

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

(a) To enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth;

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

(c) To ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

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

**“SEC. 5. Power of the Commissioner to Obtain Information, and to Summon, Examine, and Take Testimony of Persons.** – In ascertaining the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, the Commissioner is authorized:

“(A) x x x

“(B) To obtain on a regular basis from any person other than the person whose internal revenue tax liability is subject to audit or investigation, or from any office or officer of the national and local governments, government agencies and instrumentalities, including the Bangko Sentral ng Pilipinas and government-owned or -controlled corporations, any information such as, but not limited to, costs and volume of production, receipts or sales and gross incomes of taxpayers, and the names,

addresses, and financial statements of corporations, mutual fund companies, insurance companies, regional operating headquarters of multinational companies, joint accounts, associations, joint ventures or consortia and registered partnerships, and their members: *Provided*, That the Cooperative Development Authority shall submit to the Bureau a tax incentive report, which shall include information on the income tax, value-added tax, and other tax incentives availed of by cooperatives registered and enjoying incentives under Republic Act No. 6938, as amended: *Provided, further*, That the information submitted by the Cooperative Development Authority to the Bureau shall be submitted to the Department of Finance and shall be included in the database created under Republic Act No. 10708, otherwise known as ‘The Tax Incentives Management and Transparency Act (TIMTA)’.

“x x x.”

**SEC. 4.** Section 6 of the NIRC, as amended, is hereby further amended to read as follows:

**“SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.** –

**“(A) Examination of Returns and Determination of Tax Due.** – After a return has been filed as required under the provisions of this Code, the Commissioner or his duly authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax, notwithstanding any law requiring the prior authorization of any government agency or instrumentality: *Provided, however*, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.

“x x x

"x x x

"(B) x x x

"(C) x x x

"(D) x x x

*"(E) Authority of the Commissioner to Prescribe Real Property Values.* – The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon mandatory consultation with competent appraisers both from the private and public sectors, and with prior notice to affected taxpayers, determine the fair market value of real properties located in each zone or area, subject to automatic adjustment once every three (3) years through rules and regulations issued by the Secretary of Finance based on the current Philippine valuation standards: *Provided*, That no adjustment in zonal valuation shall be valid unless published in a newspaper of general circulation in the province, city or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein: *Provided, further*, That the basis of any valuation, including the records of consultations done, shall be public records open to the inquiry of any taxpayer. For purposes of computing any internal revenue tax, the value of the property shall be, whichever is the higher of:

"(1) the fair market value as determined by the Commissioner; or

"(2) the fair market value as shown in the schedule of values of the Provincial and City Assessors."

SEC. 5. Section 24 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 24. Income Tax Rates. –*

*"(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines. –*

"(1) An income tax is hereby imposed:

"(a) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within and without the Philippines by every individual citizen of the Philippines residing therein;

"(b) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual citizen of the Philippines who is residing outside of the Philippines including overseas contract workers referred to in Subsection (C) of Section 23 hereof; and

"(c) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual alien who is a resident of the Philippines.

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

**"(a) Tax Schedule Effective January 1, 2018 until December 31, 2022:**

|  |  |
|--|--|
| "Not over P250,000 .....                     | 0%   |
| "Over P250,000 but not over P400,000 .....   | 20% of the excess over P250,000                |
| "Over P400,000 but not over P800,000 .....   | P30,000 + 25% of the excess over P400,000      |
| "Over P800,000 but not over P2,000,000 ..... | P130,000 + 30% of the excess over P800,000     |
| "Over P2,000,000 but not over P8,000,000.... | P490,000 + 32% of the excess over P2,000,000   |
| "Over P8,000,000 .....                       | P2,410,000 + 35% of the excess over P8,000,000 |

**"Tax Schedule Effective January 1, 2023 and onwards:**

|  |  |
|--|--|
| "Not over P250,000 .....                     | 0%   |
| "Over P250,000 but not over P400,000 .....   | 15% of the excess over P250,000                |
| "Over P400,000 but not over P800,000 .....   | P22,500 + 20% of the excess over P400,000      |
| "Over P800,000 but not over P2,000,000 ..... | P102,500 + 25% of the excess over P800,000     |
| "Over P2,000,000 but not over P8,000,000.... | P402,500 + 30% of the excess over P2,000,000   |
| "Over P8,000,000 .....                       | P2,202,500 + 35% of the excess over P8,000,000 |

**"For married individuals, the husband and wife, subject to the provision of Section 51(D) hereof, shall compute separately their individual income tax based on their respective total taxable income: Provided,** That if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

**"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) Rate of Tax on Income of Purely Self-employed Individuals and/or Professionals Whose Gross Sales or Gross Receipts and Other Non-operating Income Does Not Exceed the Value-added Tax (VAT) Threshold as Provided in Section 109(BB).** – Self-employed individuals and/or professionals shall have the option to avail of an eight percent (8%) tax on gross sales or gross receipts and other non-operating income in excess of Two hundred fifty thousand pesos (P250,000) in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.

**"(c) Rate of Tax for Mixed Income Earners.** – Taxpayers earning both compensation income and income from business or practice of profession shall be subject to the following taxes:

**"(1) All Income from Compensation** – The rates prescribed under Subsection (A)(2)(a) of this Section.

**"(2) All Income from Business or Practice of Profession** –

**"(a) If Total Gross Sales and/or Gross Receipts and Other Non-operating Income Do Not Exceed the VAT Threshold as Provided in Section 109(BB) of this Code.** – The rates prescribed under Subsection (A)(2)(a) of this Section on taxable income, or eight percent (8%) income tax based on gross sales or gross receipts and other non-operating income in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.

**(b) If Total Gross Sales and/or Gross Receipts and Other Non-operating Income Exceeds the VAT Threshold as Provided in Section 109(BB) of this Code.** – The rates prescribed under Subsection (A)(2)(a) of this Section.

***(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 winnings amounting to Ten thousand pesos (P10,000) or less from Philippine Charity Sweepstakes and Lotto which shall be exempt), derived from sources within the Philippines: *Provided, however,* That interest income received by an individual taxpayer (except a nonresident individual) from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of fifteen percent (15%) of such interest income: *Provided, further,* That interest income from long-term deposit or investment in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts and other investments evidenced by certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the tax imposed under this Subsection: *Provided, finally,* That should the holder of the certificate pre-terminate the deposit or investment before the fifth (5<sup>th</sup>) year, a final tax shall be imposed on the entire income and shall be deducted and withheld by the depository bank from the proceeds of

the long-term deposit or investment certificate based on the remaining maturity thereof.

“x x x.”

***(2) Cash and/or Property Dividends.*** – A final tax at the rate of ten percent (10%) shall be imposed upon the cash and/or property dividends actually or constructively received by an individual from a domestic corporation or from a joint stock company, insurance or mutual fund companies and regional operating headquarters of multinational companies, or on the share of an individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or on the share of an individual in the net income after tax of an association, a joint account, or a joint venture or consortium taxable as a corporation of which he is a member or co-venturer.

***(C) Capital Gains from Sale of Shares of Stock not Traded in the Stock Exchange.*** – The provisions of Section 39(B) notwithstanding, a final tax at the rate of fifteen percent (15%) is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold, or disposed of through the stock exchange.

“x x x.”

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

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

***(A) Nonresident Alien Engaged in Trade or Business Within the Philippines.*** –

“x x x”

*"(B) Nonresident Alien Individual Not Engaged in Trade or Business Within the Philippines. –*

"x x x

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

*"(D) Alien Individual Employed by Offshore Banking Units. –* There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by offshore banking units established in the Philippines as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such offshore banking units, a tax equal to fifteen percent (15%) of such gross income: *Provided, however,* That the same tax treatment shall apply to Filipinos employed and occupying the same position as those of aliens employed by these offshore banking units.

*"(E) Alien Individual Employed by Petroleum Service Contractor and Subcontractor. –* An alien individual who is a permanent resident of a foreign country but who is employed and assigned in the Philippines by a foreign service contractor or by a foreign service subcontractor engaged in petroleum operations in the Philippines shall be liable to a tax of fifteen percent (15%) of the salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, received from such contractor or subcontractor: *Provided, however,* That the same tax treatment shall apply to a Filipino employed and occupying the same position as an alien employed by petroleum service contractor and subcontractor.

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

*"(F) The preferential tax treatment provided in Subsections (C), (D), and (E) of this Section shall not be applicable to regional headquarters (RHQs), regional operating headquarters (ROHQs), offshore banking units (OBUs) or petroleum service contractors and subcontractors registering with the Securities and Exchange Commission (SEC) after January 1, 2018: *Provided, however,* That existing RHQs/ROHQs, OBUs or petroleum service contractors and subcontractors presently availing of preferential tax rates for qualified employees shall continue to be entitled to avail of the preferential tax rate for present and future qualified employees."*

SEC. 7. Section 27 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 27. Rates of Income Tax on Domestic Corporations. –*

"(A) *In General.* - x x x

"x x x

"(C) *Government-owned or -Controlled Corporations, Agencies or Instrumentalities.* – The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC), and the local water districts shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in a similar business, industry, or activity.

"(D) *Rates of Tax on Certain Passive Incomes.* –

"(1) *Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes and from Trust Funds and Similar Arrangements, and Royalties.* – A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of interest on currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements received by domestic corporations, and royalties, derived from sources within the Philippines: *Provided, however,* That interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of fifteen percent (15%) of such interest income.

"(2) *Capital Gains from the Sale of Shares of Stock Not Traded in the Stock Exchange.* – A final tax at the rate of fifteen percent (15%) shall be imposed on net capital gains realized during the taxable year from the sale, exchange or other disposition of shares

of stock in a domestic corporation except shares sold or disposed of through the stock exchange.

"x x x."

SEC. 8. Section 31 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 31. *Taxable Income Defined.* – The term 'taxable income' means the pertinent items of gross income specified in this Code, less deductions, if any, authorized for such types of income by this Code or other special laws."

SEC. 9. Section 32 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 32. *Gross Income.* –

"(A) *General Definition.* – x x x

"(B) *Exclusions from Gross Income.* – x x x

"(1) x x x

"(7) *Miscellaneous Items.* –

"(a) x x x

"(e) *13<sup>th</sup> Month Pay and Other Benefits.* – Gross benefits received by officials and employees of public and private entities: *Provided, however,* That the total exclusion under this subparagraph shall not exceed Ninety thousand pesos (P90,000) which shall cover:

"(i) Benefits received by officials and employees of the national and local government pursuant to Republic Act No. 6686;

"(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;

"(iii) Benefits received by officials and employees not covered by Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986; and

"(iv) Other benefits such as productivity incentives and Christmas bonus."

**SEC. 10.** Section 33 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 33. Special Treatment of Fringe Benefit. —*

*"(A) Imposition of Tax. — Effective January 1, 2018 and onwards, a final tax of thirty-five percent (35%) is hereby imposed on the grossed-up monetary value of fringe benefit furnished or granted to the employee (except rank and file employees as defined herein) by the employer, whether an individual or a corporation (unless the fringe benefit is required by the nature of, or necessary to the trade, business or profession of the employer, or when the fringe benefit is for the convenience or advantage of the employer). The tax herein imposed is payable by the employer which tax shall be paid in the same manner as provided for under Section 57(A) of this Code. The grossed-up monetary value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by sixty-five percent (65%) effective January 1, 2018 and onwards: Provided, however, That fringe benefit furnished to employees and taxable under Subsections (B), (C), (D), and (E) of Section 25 shall be taxed at the applicable rates imposed thereat: Provided, further, That the grossed-up value of the fringe benefit shall be determined by dividing the actual monetary*

value of the fringe benefit by the difference between one hundred percent (100%) and the applicable rates of income tax under Subsections (B), (C), (D), and (E) of Section 25.

"x x x."

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

*"SEC. 34. Deductions from Gross Income. — Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:*

*"(A) Expenses. —*

*"(1) Ordinary and Necessary Trade, Business or Professional Expenses. —*

*"(a) In General. — x x x*

"x x x

*"(L) Optional Standard Deduction (OSD). — In lieu of the deductions allowed under the preceding Subsections, an individual subject to tax under Section 24, other than a nonresident alien, may elect a standard deduction in an amount not exceeding forty percent (40%) of his gross sales or gross receipts, as the case may be. In the case of a corporation subject to tax under Sections 27(A) and 28(A)(1), it may elect a standard deduction in an amount not exceeding forty percent (40%) of its gross income as defined in Section 32 of this Code. Unless the taxpayer signifies in his return his intention to elect the optional standard*

deduction, he shall be considered as having availed himself of the deductions allowed in the preceding Subsections. Such election when made in the return shall be irrevocable for the taxable year for which the return is made: *Provided*, That an individual who is entitled to and claimed for the optional standard deduction shall not be required to submit with his tax return such financial statements otherwise required under this Code: *Provided, further*, That a general professional partnership and the partners comprising such partnership may avail of the optional standard deduction only once, either by the general professional partnership or the partners comprising the partnership: *Provided, finally*, That except when the Commissioner otherwise permits, the said individual shall keep such records pertaining to his gross sales or gross receipts, or the said corporation shall keep such records pertaining to his gross income as defined in Section 32 of this Code during the taxable year, as may be required by the rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

*"Notwithstanding the provisions of the preceding Subsections, x x x."*

SEC. 12. Section 35 of the NIRC, as amended, is hereby repealed.

SEC. 13. Section 51 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 51. Individual Returns. –*

*"(A) x x x*

*"(1) x x x*

*"x x x*

*"(2) The following individuals shall not be required to file an income tax return:*

*"(a) An individual whose taxable income does not exceed Two hundred fifty thousand pesos (P250,000) under Section 24(A)(2)(a): *Provided*, That a citizen of the Philippines and any alien individual engaged in business or practice of profession within the Philippines shall file an income tax return, regardless of the amount of gross income;*

*"x x x*

*"(5) The income tax return (ITR) shall consist of a maximum of four (4) pages in paper form or electronic form, and shall only contain the following information:*

*"(A) Personal profile and information;*

*"(B) Total gross sales, receipts or income from compensation for services rendered, conduct of trade or business or the exercise of a profession, except income subject to final tax as provided under this Code;*

*"(C) Allowable deductions under this Code;*

*"(D) Taxable income as defined in Section 31 of this Code; and*

*"(E) Income tax due and payable.*

*"x x x."*

SEC. 14. A new section designated as Section 51-A of the NIRC, as amended, is hereby inserted to read as follows:

*"SEC. 51-A. Substituted Filing of Income Tax Returns by Employees Receiving Purely Compensation Income. – Individual taxpayers receiving purely compensation income, regardless of amount, from only one employer in the Philippines*

for the calendar year, the income tax of which has been withheld correctly by the said employer (tax due equals tax withheld) shall not be required to file an annual income tax return. The certificate of withholding filed by the respective employers, duly stamped 'received' by the BIR, shall be tantamount to the substituted filing of income tax returns by said employees."

**SEC. 15.** Section 52 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 52. Corporation Returns. –**

"(A) *Requirements.* – Every corporation subject to the tax herein imposed, except foreign corporations not engaged in trade or business in the Philippines, shall render, in duplicate, a true and accurate quarterly income tax return and final or adjustment return in accordance with the provisions of Chapter XII of this Title. The income tax return shall consist of a maximum of four (4) pages in paper form or electronic form, be filed by the president, vice-president or other principal officer, shall be sworn to by such officer and by the treasurer or assistant treasurer, and shall only contain the following information:

"(1) Corporate profile and information;

"(2) Gross sales, receipts or income from services rendered, or conduct of trade or business, except income subject to final tax as provided under this Code;

"(3) Allowable deductions under this Code;

"(4) Taxable income as defined in Section 31 of this Code; and

"(5) Income tax due and payable.

*"Provided,* That the foregoing provisions shall not affect the implementation of Republic Act No. 10708 or TIMTA.

"x x x."

**SEC. 16.** Section 56 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 56. Payment and Assessment of Income Tax for Individuals and Corporations. –**

**"(A) Payment of Tax. –**

"(1) x x x

"(2) *Installment of Payment.* – When a tax due is in excess of Two thousand pesos (P2,000), the taxpayer other than a corporation, may elect to pay the tax in two (2) equal installments, in which case, the first installment shall be paid at the time the return is filed and the second installment on or before October 15 following the close of the calendar year, if any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid becomes due and payable together with the delinquency penalties."

**SEC. 17.** Section 57 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 57. Withholding of Tax at Source. –**

"(A) x x x

"(B) *Withholding of Creditable Tax at Source.* – The Secretary of Finance may, upon the recommendation of the Commissioner, require the withholding of a tax on the items of income payable to natural or juridical persons, residing in the Philippines, by payor-corporation/persons as provided for by law, at the rate of not less than

one percent (1%) but not more than thirty-two percent (32%) thereof, which shall be credited against the income tax liability of the taxpayer for the taxable year: *Provided*, That, beginning January 1, 2019, the rate of withholding shall not be less than one percent (1%) but not more than fifteen percent (15%) of the income payment.

"(C) x x x."

SEC. 18. Section 58 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 58. Return and Payment of Taxes Withheld at Source. —*

"(A) x x x

"x x x

"The return for final and creditable withholding taxes shall be filed and the payment made not later than the last day of the month following the close of the quarter during which withholding was made."

SEC. 19. Section 62 of the NIRC, as amended, is hereby repealed.

SEC. 20. Section 74 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 74. Declaration of Income Tax for Individuals. —*

"(A) *In General.* — Except as otherwise provided in this Section, every individual subject to income tax under Sections 24 and 25(A) of this Title, who is receiving self-employment income, whether it constitutes the sole source of his income or in combination with salaries, wages and other fixed or determinable income, shall make and file a declaration of his estimated income for the current

taxable year on or before May 15 of the same taxable year. x x x

"(B) *Return and Payment of Estimated Income Tax by Individuals.* — The amount of estimated income as defined in Subsection (C) with respect to which a declaration is required under Subsection (A) shall be paid in four (4) installments. The first installment shall be paid at the time of declaration and the second and third shall be paid on August 15 and November 15 of the current year, respectively. The fourth installment shall be paid on or before May 15 of the following calendar year when the final adjusted income tax return is due to be filed.

"(C) x x x."

SEC. 21. Section 79 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 79. Income Tax Collected at Source. —*

"x x x

"(C) *Refunds or Credits.* —

"(1) *Employer.* — x x x

"(2) *Employees.* — x x x

"x x x

"(D) *Withholding on Basis of Average Wages.* — x x x

"(1) x x x

"(2) x x x; and

"(3) x x x.

"(E) *Nonresident Aliens.* – x x x

"(F) *Year-end Adjustment.* – x x x."

SEC. 22. Section 84 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 84. *Rate of Estate Tax.* – There shall be levied, assessed, collected and paid upon the transfer of the net estate as determined in accordance with Sections 85 and 86 of every decedent, whether resident or nonresident of the Philippines, a tax at the rate of six percent (6%) based on the value of such net estate."

SEC. 23. Section 86 of the NIRC, as amended, is hereby further amended to read as follows:

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

"(A) *Deductions Allowed to the Estate of a Citizen or a Resident.* – In the case of a citizen or resident of the Philippines, by deducting from the value of the gross estate –

"(1) *Standard Deduction.* – An amount equivalent to Five million pesos (P5,000,000).

"(2) For claims against the estate: *Provided,* That at the time the indebtedness was incurred the debt instrument was duly notarized and, if the loan was contracted within three (3) years before the death of the decedent, the administrator or executor shall submit a statement showing the disposition of the proceeds of the loan.

"(3) For claims of the deceased against insolvent persons where the value of

decedent's interest therein is included in the value of the gross estate.

"(4) For unpaid mortgages upon, or any indebtedness in respect to, property where the value of decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate, but not including any income tax upon income received after the death of the decedent, or property taxes not accrued before his death, or any estate tax. The deduction herein allowed in the case of claims against the estate, unpaid mortgages or any indebtedness shall, when founded upon a promise or agreement, be limited to the extent that they were contracted *bona fide* and for an adequate and full consideration in money or money's worth. There shall also be deducted losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualties, or from robbery, theft or embezzlement, when such losses are not compensated for by insurance or otherwise, and if at the time of the filing of the return such losses have not been claimed as a deduction for the income tax purposes in an income tax return, and provided that such losses were incurred not later than the last day for the payment of the estate tax as prescribed in Subsection (A) of Section 91.

"(5) *Property Previously Taxed.* – An amount equal to the value specified below of any property forming part of the gross estate situated in the Philippines of any person who died within five (5) years prior to the death of the decedent, or transferred to the decedent by gift within five (5) years prior to his death, where such property can be identified as having been received by the decedent from the donor by gift, or from such prior decedent by gift, bequest, devise or inheritance, or which can be identified as having been acquired in exchange for property so received:

"One hundred percent (100%) of the value, if the prior decedent died within one (1) year prior to the death of the decedent, or if the property was transferred to him by gift, within the same period prior to his death;

"Eighty percent (80%) of the value, if the prior decedent died more than one (1) year but not more than two (2) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;

"Sixty percent (60%) of the value, if the prior decedent died more than two (2) years but not more than three (3) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;

"Forty percent (40%) of the value, if the prior decedent died more than three (3) years but not more than four (4) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death; and

"Twenty percent (20%) of the value, if the prior decedent died more than four (4) years but not more than five (5) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death.

"These deductions shall be allowed only where a donor's tax, or estate tax imposed under this Title was finally determined and paid by or on behalf of such donor, or the estate of such prior decedent, as the case may be, and only in the amount finally determined as the value of such property in determining the value of the gift, or the gross estate of such prior decedent, and only to the extent that the value of such property is included in the decedent's gross estate, and only if in determining the value of the estate of the prior decedent, no deduction was

allowable under paragraph (5) in respect of the property or properties given in exchange therefor. Where a deduction was allowed of any mortgage or other lien in determining the donor's tax, or the estate tax of the prior decedent, which was paid in whole or in part prior to the decedent's death, then the deduction allowable under said Subsection shall be reduced by the amount so paid. Such deduction allowable shall be reduced by an amount which bears the same ratio to the amounts allowed as deductions under paragraphs (2), (3), (4), and (6) of this Subsection as the amount otherwise deductible under said paragraph (5) bears to the value of the decedent's estate. Where the property referred to consists of two or more items, the aggregate value of such items shall be used for the purpose of computing the deduction.

*"(6) Transfers for Public Use.* — The amount of all bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines, or any political subdivision thereof, for exclusively public purposes.

*"(7) The Family Home.* — An amount equivalent to the current fair market value of the decedent's family home: *Provided, however,* That if the said current fair market value exceeds Ten million pesos (P10,000,000), the excess shall be subject to estate tax.

*"(8) Amount Received by Heirs Under Republic Act No. 4917.* — Any amount received by the heirs from the decedent's employee as a consequence of the death of the decedent-employee in accordance with Republic Act No. 4917: *Provided,* That such amount is included in the gross estate of the decedent.

*"(B) Deductions Allowed to Nonresident Estates.* — In the case of a nonresident not a citizen of the Philippines, by deducting from the value of

that part of his gross estate which at the time of his death is situated in the Philippines:

“(1) *Standard Deduction.* – An amount equivalent to Five hundred thousand pesos (P500,000);

“(2) That proportion of the deductions specified in paragraphs (2), (3), and (4) of Subsection (A) of this Section which the value of such part bears to the value of his entire gross estate wherever situated;

“(3) *Property Previously Taxed.* – x x x

“(4) *Transfers for Public Use.* – The amount of all bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines or any political subdivision thereof, for exclusively public purposes.

“(C) *Share in the Conjugal Property.* – The net share of the surviving spouse in the conjugal partnership property as diminished by the obligations properly chargeable to such property shall, for the purpose of this Section, be deducted from the net estate of the decedent.

“(D) *Tax Credit for Estate Taxes Paid to a Foreign Country.* –

“(1) *In General.* – The tax imposed by this Title shall be credited with the amounts of any estate tax imposed by the authority of a foreign country.

“(2) *Limitations on Credit.* – The amount of the credit taken under this Section shall be subject to each of the following limitations:

“(a) The amount of the credit in respect to the tax paid to any country shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated within such country taxable under this Title bears to his entire net estate; and

“(b) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated outside the Philippines taxable under this Title bears to his entire net estate.”

SEC. 24. Section 89 of the NIRC, as amended, is hereby repealed.

SEC. 25. Section 90 of the NIRC, as amended, is hereby further amended to read as follows:

“SEC. 90. *Estate Tax Returns.* –

“(A) *Requirements.* – In all cases of transfers subject to the tax imposed herein, or regardless of the gross value of the estate, where the said estate consists of registered or registrable property such as real property, motor vehicle, shares of stock or other similar property for which a clearance from the Bureau of Internal Revenue is required as a condition precedent for the transfer of ownership thereof in the name of the transferee, the executor, or the administrator, or any of the legal heirs, as the case may be, shall file a return under oath in duplicate, setting forth:

“(1) x x x

“(2) x x x

"(3) Such part of such information as may at the time be ascertainable and such supplemental data as may be necessary to establish the correct taxes.

*"Provided, however,* That estate tax returns showing a gross value exceeding Five million pesos (P5,000,000) shall be supported with a statement duly certified to by a Certified Public Accountant containing the following:

"x x x

"(B) *Time for Filing.* – For the purpose of determining the estate tax provided for in Section 84 of this Code, the estate tax return required under the preceding Subsection (A) shall be filed within one (1) year from the decedent's death.

"x x x."

SEC. 26. Section 91 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 91. *Payment of Tax.* –

"(A) *Time of Payment.* – x x x

"(B) *Extension of Time.* – x x x

"x x x

"(C) *Payment by Installment.* – In case the available cash of the estate is insufficient to pay the total estate tax due, payment by installment shall be allowed within two (2) years from the statutory date for its payment without civil penalty and interest.

"(D) *Liability for Payment.* – x x x

"x x x."

SEC. 27. Section 97 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 97. *Payment of Tax Antecedent to the Transfer of Shares, Bonds or Rights.* – x x x.

"If a bank has knowledge of the death of a person, who maintained a bank deposit account alone, or jointly with another, it shall allow any withdrawal from the said deposit account, subject to a final withholding tax of six percent (6%). For this purpose, all withdrawal slips shall contain a statement to the effect that all of the joint depositors are still living at the time of withdrawal by any one of the joint depositors and such statement shall be under oath by the said depositors."

SEC. 28. Section 99 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 99. *Rate of Tax Payable by Donor.* –

"(A) *In General.* – The tax for each calendar year shall be six percent (6%) computed on the basis of the total gifts in excess of Two hundred fifty thousand pesos (P250,000) exempt gift made during the calendar year.

"(B) Any contribution in cash or in kind to any candidate, political party or coalition of parties for campaign purposes shall be governed by the Election Code, as amended."

SEC. 29. Section 100 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 100. *Transfer for Less Than Adequate and Full Consideration.* – Where property, other than real property referred to in Section 24(D),

is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the fair market value of the property exceeded the value of the consideration shall, for the purpose of the tax imposed by this Chapter, be deemed a gift, and shall be included in computing the amount of gifts made during the calendar year: *Provided, however,* That a sale, exchange, or other transfer of property made in the ordinary course of business (a transaction which is a *bona fide*, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth."

SEC. 30. Section 101 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 101. *Exemption of Certain Gifts.* – The following gifts or donations shall be exempt from the tax provided for in this Chapter:

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

"(1) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government; and

"(2) Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization: *Provided, however,* That not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. For the purpose of this exemption, a 'non-profit educational and/or charitable corporation, institution, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization' is a school, college or university and/or

charitable corporation, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization, incorporated as a nonstock entity, paying no dividends, governed by trustees who receive no compensation, and devoting all its income, whether students' fees or gifts, donation, subsidies or other forms of philanthropy, to the accomplishment and promotion of the purposes enumerated in its Articles of Incorporation.

"x x x."

SEC. 31. Section 106 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 106. *Value-added Tax on Sale of Goods or Properties.* –

"(A) *Rate and Base of Tax.* – There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a value-added tax equivalent to twelve percent (12%) of the gross selling price or gross value in money of the goods or properties sold, bartered or exchanged, such tax to be paid by the seller or transferor.

"(1) x x x

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

"(a) *Export Sales.* – The term 'export sales' means:

"(1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods

or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

“(2) Sale and delivery of goods to:

“(i) Registered enterprises within a separate customs territory as provided under special laws; and

“(ii) Registered enterprises within tourism enterprise zones as declared by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) subject to the provisions under Republic Act No. 9593 or The Tourism Act of 2009.

“(3) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

“(4) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed seventy percent (70%) of total annual production;

“(5) Those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and other special laws; and

“(6) The sale of goods, supplies, equipment and fuel to persons engaged in international shipping or international air transport operations: *Provided*, That the goods, supplies, equipment and fuel shall be used for international shipping or air transport operations.

*“Provided*, That subparagraphs (3), (4), and (5) hereof shall be subject to the twelve percent (12%) value-added tax and no longer be considered export sales subject to zero percent (0%) VAT rate upon satisfaction of the following conditions:

“(1) The successful establishment and implementation of an enhanced VAT refund system that grants refunds of creditable input tax within ninety (90) days from the filing of the VAT refund application with the Bureau: *Provided*, That, to determine the effectivity of item no. 1, all applications filed from January 1, 2018 shall be processed and must be decided within ninety (90) days from the filing of the VAT refund application; and

“(2) All pending VAT refund claims as of December 31, 2017 shall be fully paid in cash by December 31, 2019.

*“Provided*, That the Department of Finance shall establish a VAT refund center in the Bureau of Internal Revenue (BIR) and in the Bureau of Customs (BOC) that will handle the processing and granting of cash refunds of creditable input tax.

“An amount equivalent to five percent (5%) of the total VAT collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the General Fund or as trust receipts for the purpose of funding claims for VAT refund: *Provided*, That any unused fund, at the end of the year shall revert to the General Fund.

*“Provided, further*, That the BIR and the BOC shall be required to submit to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COTCRP) a quarterly report of all pending claims for refund and any unused fund.

"(b) Sales to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate.

"x x x."

SEC. 32. Section 107 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 107. Value-added Tax on Importation of Goods. –*

"(A) *In General.* – There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to twelve percent (12%) based on the total value used by the Bureau of Customs in determining tariff and customs duties, plus customs duties, excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: *Provided*, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any.

*"(B) Transfer of Goods by Tax-exempt Persons. – x x x."*

SEC. 33. Section 108 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties. –*

"(A) *Rate and Base of Tax.* – There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of gross receipts derived from the sale or exchange of services, including the use or lease of properties.

"The phrase 'sale or exchange of services' means the performance of all kinds of services in the Philippines for others for a fee, remuneration or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors of cinematographic films; persons engaged in milling, processing, manufacturing or repacking goods for others; proprietors, operators or keepers of hotels, motels, resthouses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire and other domestic common carriers by land relative to their transport of goods or cargoes; common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines; sales of electricity by generation companies, transmission by any entity, and distribution companies, including electric cooperatives; services of franchise grantees of electric utilities, telephone and telegraph, radio and television broadcasting and all other franchise grantees except those under Section 119 of this Code and non-life insurance companies (except their crop insurances), including surety, fidelity, indemnity and bonding companies; and similar services regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties. The phrase 'sale or exchange of services' shall likewise include:

"(1) The lease or the use of or the right or privilege to use any copyright, patent, design or model, plan, secret formula or process, goodwill, trademark, trade brand or other like property or right;

"(2) The lease or the use of, or the right to use of any industrial, commercial or scientific equipment;

"(3) The supply of scientific, technical, industrial or commercial knowledge or information;

"(4) The supply of any assistance that is ancillary and subsidiary to and is furnished as a means of enabling the application or enjoyment of any such property, or right as is mentioned in subparagraph (2) or any such knowledge or information as is mentioned in subparagraph (3);

"(5) The supply of services by a nonresident person or his employee in connection with the use of property or rights belonging to, or the installation or operation of any brand, machinery or other apparatus purchased from such nonresident person;

"(6) The supply of technical advice, assistance or services rendered in connection with technical management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme;

"(7) The lease of motion picture films, films, tapes and discs; and

"(8) The lease or the use of or the right to use radio, television, satellite transmission and cable television time.

"Lease of properties shall be subject to the tax herein imposed irrespective of the place where the contract of lease or licensing agreement was executed if the property is leased or used in the Philippines.

"The term 'gross receipts' means the total amount of money or its equivalent representing the contract price, compensation, service fee,

rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.

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

"(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

"(2) Services other than those mentioned in the preceding paragraph, rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

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

"(4) Services rendered to persons engaged in international shipping or international air transport operations, including leases of property for use thereof: *Provided*, That these services shall be exclusive for international shipping or air transport operations;

"(5) Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of total annual production;

"(6) Transport of passengers and cargo by domestic air or sea vessels from the Philippines to a foreign country; and

"(7) Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels.

"(8) Services rendered to:

"(i) Registered enterprises within a separate customs territory as provided under special law; and

"(ii) Registered enterprises within tourism enterprise zones as declared by the TIEZA subject to the provisions under Republic Act No. 9593 or The Tourism Act of 2009.

*"Provided,* That subparagraphs (B)(1) and (B)(5) hereof shall be subject to the twelve percent (12%) value-added tax and no longer be subject to zero percent (0%) VAT rate upon satisfaction of the following conditions:

"(1) The successful establishment and implementation of an enhanced VAT refund system that grants refunds of creditable input tax within ninety (90) days from the filing of the VAT refund application with the Bureau: *Provided,* That, to determine the effectiveness of item no. 1, all applications filed from January 1, 2018 shall be processed and

must be decided within ninety (90) days from the filing of the VAT refund application; and

"(2) All pending VAT refund claims as of December 31, 2017 shall be fully paid in cash by December 31, 2019.

*"Provided,* That the Department of Finance shall establish a VAT refund center in the Bureau of Internal Revenue (BIR) and in the Bureau of Customs (BOC) that will handle the processing and granting of cash refunds of creditable input tax.

"An amount equivalent to five percent (5%) of the total value-added tax collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the General Fund or as trust receipts for the purpose of funding claims for VAT Refund: *Provided,* That any unused fund, at the end of the year shall revert to the General Fund.

*"Provided, further,* That the BIR and the BOC shall be required to submit to the COCCTR a quarterly report of all pending claims for refund and any unused fund."

SEC. 34. Section 109 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 109. *Exempt Transactions.* — (1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

"(A) x x x

"(B) x x x

"(C) x x x

(D) Importation of professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects belonging to persons coming to settle in the Philippines or Filipinos or their families and descendants who are now residents or citizens of other countries, such parties hereinafter referred to as overseas Filipinos, 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, accompanying such persons, or arriving within a reasonable time: *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;

(E) Services subject to percentage tax under Title V;

(F) Services by agricultural contract growers and milling for others of palay into rice, corn into grits and sugar cane into raw sugar;

(G) Medical, dental, hospital and veterinary services except those rendered by professionals;

(H) Educational services rendered by private educational institutions, duly accredited by the Department of Education (DepEd), the Commission on Higher Education (CHED), the Technical Education and Skills Development Authority (TESDA) and those rendered by government educational institutions;

(I) Services rendered by individuals pursuant to an employer-employee relationship;

(J) Services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region and do not earn or derive income from the Philippines;

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

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

(M) Gross receipts from lending activities by credit or multi-purpose cooperatives duly registered with the Cooperative Development Authority;

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

(O) Export sales by persons who are not VAT-registered;

"(P) Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business or real property utilized for low-cost and socialized housing as defined by Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and other related laws, residential lot valued at One million five hundred thousand pesos (P1,500,000) and below, house and lot, and other residential dwellings valued at Two million five hundred thousand pesos (P2,500,000) and below: *Provided*, That beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business, sale of real property utilized for socialized housing as defined by Republic Act No. 7279, sale of house and lot, and other residential dwellings with selling price of not more than Two million pesos (P2,000,000): *Provided, further*, That 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 Philippine Statistics Authority (PSA);

"(Q) Lease of a residential unit with a monthly rental not exceeding Fifteen thousand pesos (P15,000);

"(R) Sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices or subscription and sale and which is not devoted principally to the publication of paid advertisements;

"(S) Transport of passengers by international carriers;

"(T) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations;

"(U) Importation of fuel, goods and supplies by persons engaged in international shipping or air transport operations: *Provided*, That the fuel, goods, and supplies shall be used for international shipping or air transport operations;

"(V) Services of bank, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries;

"(W) Sale or lease of goods and services to senior citizens and persons with disability, as provided under Republic Act Nos. 9994 (Expanded Senior Citizens Act of 2010) and 10754 (An Act Expanding the Benefits and Privileges of Persons With Disability), respectively;

"(X) Transfer of property pursuant to Section 40(C)(2) of the NIRC, as amended;

"(Y) Association dues, membership fees, and other assessments and charges collected by homeowners associations and condominium corporations;

"(Z) Sale of gold to the Bangko Sentral ng Pilipinas (BSP);

"(AA) Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension beginning January 1, 2019; and

"(BB) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of Three million pesos (P3,000,000).

SEC. 35. Section 110 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 110. Tax Credits. –*

*"(A) Creditable Input Tax. –*

*"(1) x x x*

*"(2) x x x*

*"(a) x x x*

*"(b) x x x*

*"Provided,* That the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code shall be spread evenly over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (P1,000,000): *Provided, however,* That if the estimated useful life of the capital good is less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period: *Provided, further,* That the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: *Provided, finally,* That in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.

*"x x x."*

SEC. 36. Section 112 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 112. Refunds or Tax Credits of Input Tax. –*

*"(A) x x x*

*"(B) x x x*

*"(C) Period within which Refund of Input Taxes shall be Made. –* In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: *Provided,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

*"In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: *Provided, however,* That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.*

*"x x x."*

SEC. 37. Section 114 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 114. Return and Payment of Value-added Tax. –*

*"(A) In General. –* Every person liable to pay the value-added tax imposed under this Title shall

file a quarterly return of the amount of his gross sales or receipts within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: *Provided, however,* That VAT-registered persons shall pay the value-added tax on a monthly basis: *Provided, finally,* That beginning January 1, 2023, the filing and payment required under this Subsection shall be done within twenty-five (25) days following the close of each taxable quarter.

"x x x

(B) x x x

"(C) *Withholding of Value-added Tax.* – The Government or any of its political subdivisions, instrumentalities or agencies, including government-owned or -controlled corporations (GOCCs) shall, before making payment on account of each purchase of goods and services which are subject to the value-added tax imposed in Sections 106 and 108 of this Code, deduct and withhold the value-added tax imposed in Sections 106 and 108 of this Code, deduct and withhold a final value-added tax at the rate of five percent (5%) of the gross payment thereof: *Provided,* That beginning January 1, 2021, the VAT withholding system under this Subsection shall shift from final to a creditable system: *Provided, further,* That the payment for lease or use of properties or property rights to nonresident owners shall be subject to twelve percent (12%) withholding tax at the time of payment: *Provided, finally,* That payments for purchases of goods and services arising from projects funded by Official Development Assistance (ODA) as defined under Republic Act No. 8182, otherwise known as the 'Official Development Assistance Act of 1996', as amended, shall not be subject to the final withholding tax system as imposed in this Subsection. For purposes of this Section, the payor or person in control of the payment shall be considered as the withholding agent.

" " "

SEC. 38. Section 116 of the NIRC, as amended, 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 (BB) 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, and beginning January 1, 2019, self-employed and professionals with total annual gross sales and/or gross receipts not exceeding Five hundred thousand pesos (P500,000) shall be exempt from the three percent (3%) gross receipts tax herein imposed."

SEC. 39. Section 127 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 127. *Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange or through Initial Public Offering.* –

"(A) *Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange.* – There shall be levied, assessed and collected on every sale, barter, exchange or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed which shall be paid by the seller or transferor.

"x x x."

SEC. 40. Section 128 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 128. Returns and Payment of Percentage Taxes. –*

"(A) x x x

"(1) x x x

"(2) Persons Retiring from Business. – x x x

"(3) Determination of Correct Sales or Receipts. – x x x

"x x x."

SEC. 41. Section 129, Chapter 1 of Title VI of the NIRC, as amended, is hereby further amended to read as follows:

**TITLE VI – EXCISE TAXES ON CERTAIN GOODS AND SERVICES**

**CHAPTER 1 – GENERAL PROVISIONS**

*"SEC. 129. Goods and Services Subject to Excise Taxes. –* Excise taxes apply to goods manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition and to things imported as well as services performed in the Philippines. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV.

"For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit of measurement shall be referred to as 'specific tax' and an excise tax herein imposed and based on selling price or other specified value of the good or service performed shall be referred to as 'ad valorem tax.'"

SEC. 42. Section 145 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 145. Cigars and Cigarettes. –*

"(A) *Cigars.* – x x x

*"(B) Cigarettes Packed by Hand. –* There shall be levied, assessed and collected on cigarettes packed by hand an excise tax based on the following schedules:

"Effective on January 1, 2018 until June 30, 2018, Thirty-two pesos and fifty centavos (P32.50) per pack;

"Effective on July 1, 2018 until December 31, 2019, Thirty-five pesos (P35.00) per pack;

"Effective on January 1, 2020 until December 31, 2021, Thirty-seven pesos and fifty centavos (P37.50) per pack; and

"Effective on January 1, 2022 until December 31, 2023, Forty pesos (P40.00) per pack.

"The rates of tax imposed under this subsection shall be increased by four percent (4%) every year effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance.

"Duly registered cigarettes packed by hand shall only be packed in twenties and other packaging combinations of not more than twenty.

"'Cigarettes packed by hand' shall refer to the manner of packaging of cigarette sticks using an individual person's hands and not through any other means such as a mechanical device, machine or equipment.

*"(C) Cigarettes Packed by Machine.* – There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below:

"Effective on January 1, 2018 until June 30, 2018, the tax on all cigarettes packed by machine shall be Thirty-two pesos and fifty centavos (P32.50) per pack;

"Effective on July 1, 2018 until December 31, 2019, the tax on all cigarettes packed by machine shall be Thirty-five pesos (P35.00) per pack;

"Effective on January 1, 2020 until December 31, 2021, the tax on all cigarettes packed by machine shall be Thirty-seven pesos and fifty centavos (P37.50) per pack; and

"Effective on January 1, 2022 until December 31, 2023, the tax on all cigarettes packed by machine shall be Forty pesos (P40.00) per pack.

The rates of tax imposed under this Subsection shall be increased by four percent (4%) every year thereafter effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance."

SEC. 43. Section 148 of the NIRC, as amended, is hereby further amended to read as follows:

*"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 January 1, 2018

"(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, Eight pesos (P8.00): *Provided*, 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, further*, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Subsection;

"(b) Processed gas, per liter of volume capacity, Eight pesos (P8.00);

"(c) Waxes and petrolatum, per kilogram, Eight pesos (P8.00);

"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Eight pesos (P8.00): *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

"(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, Seven pesos (P7.00): *Provided, however*, That naphtha and

pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: *Provided, finally,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases, and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

"(f) Unleaded premium gasoline, per liter of volume capacity, Seven pesos (P7.00);

"(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);

"(h) Kerosene, per liter of volume capacity, Three pesos (P3.00): *Provided,* That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;

"(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power,

per liter of volume capacity, Two pesos and fifty centavos (P2.50);

"(j) Liquefied petroleum gas, per kilogram, One peso (P1.00): *Provided,* That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram:

*"Provided, finally,* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

"(k) Asphalts, per kilogram, Eight pesos (P8.00);

"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Two pesos and fifty centavos (P2.50): *Provided, however,* That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and

"(m) Petroleum coke, per metric ton, Two pesos and fifty centavos (P2.50): *Provided, however,* That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).

"Effective January 1, 2019

"(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, Nine pesos (P9.00): *Provided,* 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, further,* That locally produced or imported oils previously taxed as such but are subsequently reprocessed, rerefined or recycled shall likewise be subject to the tax imposed under this Subsection.

"(b) Processed gas, per liter of volume capacity, Nine pesos (P9.00);

"(c) Waxes and petrolatum, per kilogram, Nine pesos (P9.00);

"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Nine pesos (P9.00): *Provided,* That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

"(e) Naphtha, regular gasoline, pyrolysis gasoline, and other similar products of distillation, per liter of volume capacity, Nine pesos (P9.00): *Provided, however,* That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the

production of gasoline shall be exempt from excise tax: *Provided, finally,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

"(f) Unleaded premium gasoline, per liter of volume capacity, Nine pesos (P9.00);

"(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);

"(h) Kerosene, per liter of volume capacity, Four pesos (P4.00): *Provided,* That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;

"(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50);

"(j) Liquefied petroleum gas, per kilogram, Two pesos (P2.00): *Provided,* That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00): *Provided, finally,* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

"(k) Asphalts, per kilogram, Nine pesos (P9.00);

"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50): *Provided, however,* That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and

"(m) Petroleum coke, per metric ton, Four pesos and fifty centavos (P4.50): *Provided, however,* That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).

"Effective January 1, 2020

"(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, Ten pesos (P10.00): *Provided,* 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, further,* That locally produced or imported oils previously taxed as such but are subsequently reprocessed, rerefined or recycled shall likewise be subject to the tax imposed under this Subsection.

"(b) Processed gas, per liter of volume capacity, Ten pesos (P10.00);

"(c) Waxes and petrolatum, per kilogram, Ten pesos (P10.00);

"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Ten pesos (P10.00): *Provided,* That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

"(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, Ten pesos (P10.00): *Provided, however,* That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: *Provided, finally,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

"(f) Unleaded premium gasoline, per liter of volume capacity, Ten pesos (P10.00);

"(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);

"(h) Kerosene, per liter of volume capacity, Five pesos (P5.00): *Provided*, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;

"(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00);

"(j) Liquefied petroleum gas, per kilogram, Three pesos (P3.00): *Provided*, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00): *Provided, finally*, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

"(k) Asphalts, per kilogram, Ten pesos (P10.00);

"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00): *Provided, however*, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and

"(m) Petroleum coke, per metric ton, Six pesos (P6.00): *Provided, however*, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).

"Petroleum products, including naphtha, LPG, petroleum coke, refinery fuel and other products of distillation, when used as input, feedstock or as raw material in the manufacturing of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided*, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases, and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section.

"For the period covering 2018 to 2020, the scheduled increase in the excise tax on fuel as imposed in this Section shall be suspended when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds Eighty dollars (USD 80) per barrel.

*Provided*, That the Department of Finance shall perform an annual review of the implementation of the excise tax on fuel and shall, based on projections provided and recommendations of the Development Budget Coordination Committee, as reconciled from the conditions as provided above, recommend the implementation or suspension of the excise tax on fuel: *Provided, further*, That the recommendation shall be given on a yearly basis: *Provided, finally*, That any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension."

**SEC. 44.** A new section designated as Section 148-A under Chapter V of the NIRC, as amended, is hereby inserted to read as follows:

**"SEC. 148-A. Mandatory Marking of All Petroleum Products.** – In accordance with rules and regulations to be issued by the Secretary of Finance, in consultation with the Commissioner of Internal Revenue and Commissioner of Customs and in coordination with the Secretary of Energy, the Secretary of Finance shall require the use of an official fuel marking or similar technology on petroleum products that are refined, manufactured, or imported into the Philippines, and that are subject to the payment of taxes and duties, such as but not limited to, unleaded premium gasoline, kerosene, and diesel fuel oil after the taxes and duties thereon have been paid. The mandatory marking of all petroleum products shall be in accordance with the following:

"(a) *Official Markers.* – There shall be a list of chemical additives and corresponding quantitative ratio as identified by the Secretary of Finance as official fuel markers. The official fuel markers shall be distinct and, to the greatest degree possible, impossible to imitate or replicate: *Provided*, That the official fuel marker must be unique to the Philippines and that its chemical composition and quantitative ratio must persist for at least three (3) years from their application or administration to the unmarked fuel;

"(b) The person, entity, or taxpayer who owns or enters the petroleum products into the country, or the person to whom the petroleum products are consigned shall cause and accommodate the marking of the petroleum products with the official marking agent;

"(c) Internal revenue or customs officers shall be on site to administer the declaration of the tax and duties imposed on the petroleum products and to oversee the application of the fuel marking;

"(d) *Absence of Official or Dilution of the Official Marker; Presumptions.* – In the event that the petroleum products which do not contain the official marker or which contain the official marker but are diluted beyond the acceptable percentage approved by the Secretary of Finance are found in the domestic market or in the possession of anyone, or under any situation where said petroleum products are subject to duties and taxes, it shall be presumed that the same were withdrawn with the intention to evade the payment of the taxes and duties due thereon;

"(e) The use of fraudulent marker on the petroleum products shall be considered *prima facie* evidence that the same have been withdrawn or imported without the payment of taxes and duties due thereon;

"(f) *Engagement of Fuel Marking Provider.* – The government shall engage only one fuel marking provider who shall, under the supervision and direction of the Commissioners of Internal Revenue and Customs, be responsible for providing, monitoring, and administering the fuel markers, provide equipment and devices, conduct field and confirmatory tests, and perform such other acts incidental or necessary to the proper implementation of the provisions of this Act: *Provided*, That the fuel marking provider shall provide an end-to-end solution to the Government, including the establishment and operation of testing facilities that are certified to ISO 17025;

"(g) All costs pertaining to the procurement of the official fuel markers shall be borne by the refiner, manufacturer or importer, of petroleum products, as the case may be: *Provided*, That the government may subsidize the cost of official fuel markers in the first year of implementation;

*"(h) Fuel Marking Program Funds.* – In addition to any appropriation to implement this Section and the last paragraph of Section 171 of this Act, fees or charges collected in relation to the fuel marking program may be recorded as trust receipts of the implementing agencies, and shall be exclusively disbursed to defray the cost of services or equipment required to fully implement the said program, subject to rules and regulations to be issued by the DOF-DBM-COA permanent committee;

*"(i) The marking of petroleum products shall be mandatory within five (5) years from the effectivity of this Act; and*

*"(j) The term 'random field test' shall refer to periodic random inspections and tests performed to establish qualitative and quantitative positive result of fuel trafficking, which are conducted on fuels found in warehouses, storage tanks, gas stations and other retail outlets, and in such other properties or equipment, including mechanisms of transportation, of persons engaged in the sale, delivery, trading, transportation, distribution, or importation of fuel intended for domestic market.*

*"The term 'confirmatory tests' shall refer to the accurate and precise analytical test of the tested unmarked, adulterated, or diluted fuel using a device, tool or equipment which will validate and confirm the result of the field test, that is immediately conducted in an accredited testing facility that is certified to ISO 17025."*

SEC. 45. Section 149, Chapter 6 of Title VI of the NIRC, as amended, 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:

|  |                             |
|--|-----------------------------|
| <i>"Effective January 1, 2018</i>  |                             |
| <i>"Net manufacturer's price/<br/>importer's selling price</i>                               | <i>Rate</i>                 |
| <i>"Up to Six hundred thousand<br/>pesos (P600,000)</i>                                      | <i>Four percent (4%)</i>    |
| <i>"Over Six hundred thousand pesos<br/>(P600,000) to One million<br/>pesos (P1,000,000)</i> | <i>Ten percent (10%)</i>    |
| <i>"Over One million pesos (P1,000,000)<br/>to Four million pesos (P4,000,000)</i>           | <i>Twenty percent (20%)</i> |
| <i>"Over Four million pesos (P4,000,000)</i>   | <i>Fifty percent (50%)</i>  |

*"Provided,* That hybrid vehicles shall be subject to fifty percent (50%) of the applicable excise tax rates on automobiles under this Section: *Provided, further,* That purely electric vehicles and pick-ups shall be exempt from excise tax on automobiles.

*"As used in this Section –*

*"(a) Automobile* shall mean any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power: *Provided,* That for purposes of this Act, buses, trucks, cargo vans, jeepneys/jeepney substitutes, single cab chassis, and special-purpose vehicles shall not be considered as automobiles.

*"(b) Truck/cargo van* shall mean a motor vehicle of any configuration that is exclusively designed for the carriage of goods and with any number of wheels and axles: *Provided,* That pick-ups shall be considered as trucks.

"(c) Jeepney/jeepney substitutes shall mean as Philippine jeep or jeepney' which are of the jitney type locally designed and manufactured generally from surplus parts and components. It shall also include jeepney substitutes that are manufactured from brand-new single cab chassis or cowl chassis and locally customized rear body that has continuous sideway row seats with open rear door and without retractable glass windows.

"(d) Bus shall mean a motor vehicle of any configuration with gross vehicle weight of 4.0 tons or more with any number of wheels and axles, which is generally accepted and specially designed for mass or public transportation.

"(e) Single cab chassis shall mean a motor vehicle with complete engine power train and chassis equipped with a cab that has a maximum of two (2) doors and only one (1) row of seats.

"(f) Special purpose vehicle shall mean a motor vehicle designed for specific applications such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for recreational activities.

"(g) Hybrid electric vehicle shall mean a motor vehicle powered by electric energy, with or without provision for off-vehicle charging, in combination with gasoline, diesel or any other motive power: *Provided*, That, for purposes of this Act, a hybrid electric vehicle must be able to propel itself from a stationary condition using solely electric motor.

*Provided*, That in the case of imported automobiles not for sale, the tax imposed herein shall be based on the total landed value, including transaction value, customs duty and all other charges.

"Automobiles used exclusively within the freeport zone shall be exempt from excise tax."

SEC. 46. A new section designated as Section 150-A under Chapter VI, Title VI of the NIRC, as amended, is hereby inserted to read as follows:

"SEC. 150-A. *Non-essential Services*. – There shall be levied, assessed, and collected a tax equivalent to five percent (5%) based on the gross receipts derived from the performance of services, net of excise tax and value-added tax, on invasive cosmetic procedures, surgeries, and body enhancements directed solely towards improving, altering, or enhancing the patient's appearance and do not meaningfully promote the proper function of the body or prevent or treat illness or disease: *Provided*, That this tax shall not apply to procedures necessary to ameliorate a deformity arising from, or directly related to, a congenital or developmental defect or abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease, tumor, virus or infection: *Provided, further*, That cases or treatments covered by the National Health Insurance Program shall not be subject to this tax."

SEC. 47. A new section designated as Section 150-B under Chapter VI, Title VI of the NIRC, as amended, is hereby inserted to read as follows:

"SEC. 150-B. *Sweetened Beverages*. –

"(A) *Rate and Base of Tax*. – Effective January 1, 2018:

"(1) A tax of Six pesos (P6.00) per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners: *Provided*, That this tax rate shall not apply to sweetened beverages using high fructose corn syrup: *Provided, further*, That sweetened beverages using purely coconut sap sugar and purely steviol glycosides shall be exempt from this tax; and

"(2) A tax of Twelve pesos (P12.00) per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener.

"(B) *Definition of Terms.* – As used in this Act:

"(1) *Sweetened beverages (SBs)* refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following, as described in the Food Category System from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2017 or the latest) as adopted by the FDA:

- "(a) Sweetened juice drinks;
- "(b) Sweetened tea;
- "(c) All carbonated beverages;
- "(d) Flavored water;
- "(e) Energy and sports drinks;
- "(f) Other powdered drinks not classified as milk, juice, tea, and coffee;
- "(g) Cereal and grain beverages; and
- "(h) Other non-alcoholic beverages that contain added sugar.

"(2) *Caloric sweetener* refers to a substance that is sweet and includes sucrose, fructose, and glucose that produces a certain sweetness;

"(3) *High fructose corn syrup* refers to a sweet saccharide mixture containing fructose and glucose which is derived from corn and added to provide sweetness to beverages, and which includes other similar fructose syrup preparations; and

"(4) *Non-caloric sweetener* refers to a substance that are artificially or chemically processed that produces a certain sweetness. These are substances which can be directly added to beverages, such as aspartame, sucralose, saccharin, acesulfame potassium, neotame, cyclamates and other non-nutritive sweeteners approved by the Codex Alimentarius and adopted by the FDA.

"(C) *Exclusions.* – The following products, as described in the food category system from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2017 or the latest) as adopted by the FDA, are excluded from the scope of this Act:

"(1) All milk products, including plain milk, infant formula milk, follow-on milk, growing up milk, powdered milk, ready-to-drink milk and flavored milk, fermented milk, soymilk, and flavored soymilk;

"(2) One Hundred Percent (100%) Natural Fruit Juices – Original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of natural fruit juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural fruit juice that do not have added sugar or caloric sweetener;

"(3) One Hundred Percent (100%) Natural Vegetable Juices – Original liquid resulting from the pressing of vegetables, the liquid resulting from

the reconstitution of natural vegetable juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural vegetable juice that do not have added sugar or caloric sweetener;

*"(4) Meal Replacement and Medically Indicated Beverages – Any liquid or powder drink/product for oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or as a source of necessary nutrition used due to a medical condition and an oral electrolyte solution for infants and children formulated to prevent dehydration due to illness; and*

*"(5) Ground coffee, instant soluble coffee, and pre-packaged powdered coffee products.*

***(D) Filing of Return and Payment of Excise Tax and Penalty. –***

*"(1) Filing of Return and Payment of Excise Tax on Domestic and Imported Sweetened Beverages. – The provision of Sections 130 and 131 of the NIRC, as appropriate, shall apply to sweetened beverages.*

*"(2) Penalty. – Upon final findings by the Commissioner of Internal Revenue and/or Customs that any manufacturer or importer, in violation of this Section, misdeclares or misrepresents in the sworn statement provided in Section 130(c) of the NIRC, as amended, any pertinent data or information, the penalty of summary cancellation or withdrawal of the permit to engage in business as manufacturer or importer of sweetened beverages as provided under Section 268 of the NIRC, as amended, shall be imposed.*

*"Any corporation, association or partnership liable for any of the acts or omissions in violation of*

this Section shall be fined treble the amount of deficiency taxes, surcharges, and interest which may be assessed pursuant to this Section.

*"Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of the NIRC, as amended. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.*

*"If not a citizen of the Philippines, the offender shall be deported immediately after serving the sentence without further proceedings for deportation.*

***(E) Specific Responsibility of the Food and Drug Administration (FDA).** – Starting June 1, 2018, the FDA shall require all manufacturers and importers of sweetened beverages covered by this Act to indicate on the label the type of sweetener used, and on sweetened beverages in powder form to indicate on the label the equivalent of each serving per liter of volume capacity.*

*"The FDA shall also conduct post-marketing surveillance of the sweetened beverages on display in supermarkets, groceries or retail stores and/or inspection of manufacturing sites to determine compliance with the requirements of this Section. Violations of the provisions of this Act, including but not limited to, mislabeling or misbranding, shall, to the extent applicable, be punishable under existing laws.*

***(F) Duty of the Commissioner to Ensure Payment of Taxes.** – It shall be the duty of the Commissioner, among other things, to prescribe a materially unique, secure and nonremovable identification, such as codes, stamps or other markings, to be firmly and conspicuously affixed on and form part of the label of all excisable sweetened beverages.*

"For this purpose, the abovementioned control measure shall be caused by the Commissioner to be printed with adequate security features to ensure the payment of excise tax on sweetened beverages.

*"(G) Review of Implementation of the Sweetened Beverage Tax.* – At the start of the implementation of the sugar sweetened beverage tax and every year thereafter, the Department of Health, Department of Science and Technology, and Department of Finance shall review the impact of these provisions on its health objectives with the view to making recommendations on the tax rate on these beverages."

SEC. 48. Section 151 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 151. Mineral Products. –*

*"(A) Rates of Tax.* – There shall be levied, assessed and collected on minerals, mineral products and quarry resources, excise tax as follows:

"(1) On domestic or imported coal and coke, notwithstanding any incentives granted in any law or special law:

"Effective January 1, 2018, Fifty pesos (P50.00) per metric ton;

"Effective January 1, 2019, One hundred pesos (P100.00) per metric ton; and

"Effective January 1, 2020, One hundred fifty pesos (P150.00) per metric ton.

"(2) On all nonmetallic minerals and quarry resources, a tax of four percent (4%) based on the actual market value of the gross output thereof at

the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax in the case of importation.

"x x x:

"(a) Copper and other metallic minerals, four percent (4%); and

"(b) Gold and chromite, four percent (4%).

"(4) On indigenous petroleum, a tax of six percent (6%) of the fair international market price thereof, on the first taxable sale, barter, exchange or such similar transaction, such tax to be paid by the buyer or purchaser before removal from the place of production. x x x.

"x x x."

SEC. 49. Section 155 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 155. Manufacturers and/or Importers to Provide Themselves with Counting or Metering Devices to Determine Volume of Production and Importation.* – Manufacturers of cigarettes, alcoholic products, oil products, and other articles subject to excise tax that can be similarly measured shall provide themselves with such necessary number of suitable counting or metering devices to determine as accurately as possible the volume, quantity or number of the articles produced by them under rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner: *Provided*, That the Department of Finance shall maintain a registry of all petroleum manufacturers and/or importers and the articles being manufactured

and/or imported by them: *Provided, further,* That the Department of Finance shall mandate the creation of a real-time inventory of petroleum articles being manufactured, imported or found in storage depots of such petroleum manufacturers and/or importers: *Provided, finally,* That importers of finished petroleum products shall also provide themselves with Bureau-accredited metering devices to determine as accurately as possible the volume of petroleum products imported by them.

"This requirement shall be complied with before commencement of operations."

SEC. 50. Section 171 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 171. Authority of Internal Revenue Officer in Searching for and Testing Taxable Articles.* – Any internal revenue officer may, in the discharge of his official duties, enter any house, building or place where articles subject to tax under this Title are produced or kept, or are believed by him upon reasonable grounds to be produced or kept, so far as may be necessary to examine, test, discover or seize the same.

"He may also stop and search any vehicle or other means of transportation when upon reasonable grounds he believes that the same carries any article on which the excise tax has not been paid.

"Subject to rules and regulations to be issued by the Secretary of Finance, the Commissioner of Internal Revenue or his authorized representatives may conduct periodic random field tests and confirmatory tests on fuel required to be marked under Section 148-A found in warehouses, storage tanks, gas stations and other retail outlets, and in such other properties of persons engaged in the sale, delivery, trading, transportation, distribution, or importation of fuel intended for the domestic market: *Provided,* the following shall be complied with:

"(a) Random field testing shall be conducted in the presence of revenue or customs officers, fuel marking provider, and the authorized representative of the owner of the fuel to be tested: *Provided,* That an employee assigned or working at the place where the random field test is conducted shall be deemed an authorized representative of the owner;

"(b) All field tests shall be properly filmed or video-taped, and documented; and

"(c) A sample of the randomly tested fuel shall be immediately obtained by the revenue or customs officer upon discovering that the same is unmarked, adulterated, or diluted:

*"Provided, further,* That confirmatory fuel test certificates issued by fuel testing facilities shall be valid for any legal purpose from the date of issue, and shall constitute admissible and conclusive evidence before any court."

SEC. 51. Section 174 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 174. Stamp Tax on Original Issue of Shares of Stock.* – On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company, or corporation, there shall be collected a documentary stamp tax of Two pesos (P2.00) on each Two hundred pesos (P200), or fractional part thereof, of the par value, of such shares of stock: *Provided,* That in the case of the original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: *Provided, further,* That in the case of stock dividends, on the actual value represented by each share."

**SEC. 52.** Section 175 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 175. Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares or Certificates of Stock. – On all sales, or agreements to sell, or memoranda of sales, or deliveries, or transfer of shares or certificates of stock in any association, company, or corporation, or transfer of such securities by assignment in blank, or by delivery, or by any paper or agreement, or memorandum or other evidences of transfer or sale whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money, or for the future transfer of any stock, there shall be collected a documentary stamp tax of One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional part thereof, of the par value of such stock: Provided, That only one tax shall be collected on each sale or transfer of stock from one person to another, regardless of whether or not a certificate of stock is issued, indorsed, or delivered in pursuance of such sale or transfer: and Provided, further, That in the case of stock without par value the amount of the documentary stamp tax herein prescribed shall be equivalent to fifty percent (50%) of the documentary stamp tax paid upon the original issue of said stock."*

**SEC. 53.** Section 177 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 177. Stamp Tax on Certificates of Profits or Interest in Property or Accumulations. – On all certificates of profits, or any certificate or memorandum showing interest in the property or accumulations of any association, company or corporation, and on all transfers of such certificates or memoranda, there shall be collected a documentary*

stamp tax of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the face value of such certificates or memorandum."

**SEC. 54.** Section 178 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 178. Stamp Tax on Bank Checks, Drafts, Certificates of Deposit not Bearing Interest, and Other Instruments. – On each bank check, draft, or certificate of deposit not drawing interest, or order for the payment of any sum of money drawn upon or issued by any bank, trust company, or any person or persons, companies or corporations, at sight or on demand, there shall be collected a documentary stamp tax of Three pesos (P3.00)."*

**SEC. 55.** Section 179 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 179. Stamp Tax on All Debt Instruments. – On every original issue of debt instruments, there shall be collected a documentary stamp tax of One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instruments: Provided, That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days: Provided, further, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan."*

"x x x."

**SEC. 56.** Section 180 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 180. Stamp Tax on All Bills of Exchange or Drafts. – On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a documentary stamp tax of Sixty centavos (P0.60) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or draft."*

**SEC. 57.** Section 181 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and Others. – Upon any acceptance or payment of any bill of exchange or order for the payment of money purporting to be drawn in a foreign country but payable in the Philippines, there shall be collected a documentary stamp tax of Sixty centavos (P0.60) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange, or order, or the Philippine equivalent of such value, if expressed in foreign currency."*

**SEC. 58.** Section 182 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 182. Stamp Tax on Foreign Bills of Exchange and Letters of Credit. – On all foreign bills of exchange and letter of credit (including orders, by telegraph or otherwise, for the payment of money issued by express or steamship companies or by any person or persons) drawn in but payable out of the Philippines in a set of three (3) or more according to the custom of merchants and bankers, there shall be collected a documentary stamp tax of Sixty centavos (P0.60) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or letter of credit, or the Philippine equivalent of such face value, if expressed in foreign currency."*

**SEC. 59.** Section 183 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 183. Stamp Tax on Life Insurance Policies. – On all policies of insurance or other instruments by whatever name the same may be called, whereby any insurance shall be made or renewed upon any life or lives, there shall be collected a one-time documentary stamp tax at the following rates:*

|  |                 |
|--|-----------------|
| <i>"If the amount of insurance does not exceed P100,000</i>                        | <i>Exempt</i>   |
| <i>"If the amount of insurance exceeds P100,000 but does not exceed P300,000</i>   | <i>P20.00</i>   |
| <i>"If the amount of insurance exceeds P300,000 but does not exceed P500,000</i>   | <i>P50.00</i>   |
| <i>"If the amount of insurance exceeds P500,000 but does not exceed P750,000</i>   | <i>P100.00</i>  |
| <i>"If the amount of insurance exceeds P750,000 but does not exceed P1,000,000</i> | <i>P150.00</i>  |
| <i>"If the amount of insurance exceeds P1,000,000</i>                              | <i>P200.00"</i> |

**SEC. 60.** Section 186 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 186. Stamp Tax on Policies of Annuities and Pre-Need Plans. – On all policies of annuities, or other instruments by whatever name the same may be called, whereby an annuity may be made, transferred or redeemed, there shall be collected a documentary stamp tax of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the premium or installment payment on contract price collected. On pre-need plans, the documentary stamp tax shall be Forty centavos (P0.40) on each Two hundred pesos (P200), or fractional part thereof, of the premium or contribution collected."*

SEC. 61. Section 188 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 188. Stamp Tax on Certificates. – On each certificate of damage or otherwise, and on every other certificate or document issued by any customs officer, marine surveyor, or other person acting as such, and on each certificate issued by a notary public, and on each certificate of any description required by law or by rules or regulations of a public office, or which is issued for the purpose of giving information, or establishing proof of a fact, and not otherwise specified herein, there shall be collected a documentary stamp tax of Thirty pesos (P30.00)."*

SEC. 62. Section 189 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 189. Stamp Tax on Warehouse Receipts. – On each warehouse receipt for property held in storage in a public or private warehouse or yard for any person other than the proprietor of such warehouse or yard, there shall be collected a documentary stamp tax of Thirty pesos (P30.00): Provided, That no tax shall be collected on each warehouse receipt issued to any one person in any one calendar month covering property the value of which does not exceed Two hundred pesos (P200)."*

SEC. 63. Section 190 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 190. Stamp Tax on Jai-alai, Horse Race, Tickets, Lotto or Other Authorized Numbers Games. – On each jai-alai, horse race ticket, lotto, or other authorized numbers games, there shall be collected a documentary stamp tax of Twenty centavos (P0.20): Provided, That if the cost of the ticket exceed One peso (P1.00), an additional tax of Twenty centavos (P0.20) on every One peso (P1.00), or fractional part thereof, shall be collected."*

SEC. 64. Section 191 of the same Code, as amended, is hereby further amended to read as follows:

*"SEC. 191. Stamp Tax on Bills of Lading or Receipts. – On each set of bills of lading or receipts (except charter party) for any goods, merchandise or effects shipped from one port or place in the Philippines (except on ferries across rivers), or to any foreign port, there shall be collected a documentary stamp tax of Two pesos (P2.00), if the value of such goods exceeds One hundred pesos (P100) and does not exceed One thousand pesos (P1,000); Twenty pesos (P20.00), if the value exceeds One thousand pesos (P1,000): Provided, however, That freight tickets covering goods, merchandise or effects carried as accompanied baggage of passengers on land and water carriers primarily engaged in the transportation of passengers are hereby exempt."*

SEC. 65. Section 192 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 192. Stamp Tax on Proxies. – On each proxy for voting at any election of officers of any company or association, or for any other purpose, except proxies issued affecting the affairs of associations or corporations organized for religious, charitable or literary purposes, there shall be collected a documentary stamp tax of Thirty pesos (P30.00)."*

SEC. 66. Section 193 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 193. Stamp Tax on Powers of Attorney. – On each power of attorney to perform any act whatsoever, except acts connected with the collection of claims due from or accruing to the Government of the Republic of the Philippines, or the government of any province, city or municipality, there shall be collected a documentary stamp tax of Ten pesos (P10.00)."*

**SEC. 67.** Section 194 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 194. Stamp Tax on Leases and Other Hiring Agreements.* – On each lease, agreement, memorandum, or contract for hire, use or rent of any lands or tenements, or portions thereof, there shall be collected a documentary stamp tax of Six pesos (P6.00) for the first Two thousand pesos (P2,000), or fractional part thereof, and an additional Two pesos (P2.00) for every One thousand pesos (P1,000) or fractional part thereof, in excess of the first Two thousand pesos (P2,000) for each year of the term of said contract or agreement."

**SEC. 68.** Section 195 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust.* – On every mortgage or pledge of lands, estate, or property, real or personal, heritable or movable, whatsoever, where the same shall be made as a security for the payment of any definite and certain sum of money lent at the time or previously due and owing or forborne to be paid, being payable, and on any conveyance of land, estate, or property whatsoever, in trust or to be sold, or otherwise converted into money which shall be and intended only as security, either by express stipulation or otherwise, there shall be collected a documentary stamp tax at the following rates:

(a) When the amount secured does not exceed Five thousand pesos (P5,000), Forty pesos (P40.00).

(b) On each Five thousand pesos (P5,000), or fractional part thereof in excess of Five thousand pesos (P5,000), an additional tax of Twenty pesos (P20.00).

"x x x."

**SEC. 69.** Section 196 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 196. Stamp Tax on Deeds of Sale, Conveyances and Donation of Real Property.* – On all conveyances, donations, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement, or other realty sold shall be granted, assigned, transferred, donated or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, or donee, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: *Provided*, That when one of the contracting parties is the Government, the tax herein imposed shall be based on the actual consideration:

(a) When the consideration, or value received or contracted to be paid for such realty, after making proper allowance of any encumbrance, does not exceed One thousand pesos (P1,000), Fifteen pesos (P15.00).

(b) For each additional One thousand pesos (P1,000), or fractional part thereof in excess of One thousand pesos (P1,000) of such consideration or value, Fifteen pesos (P15.00).

"Transfers exempt from donor's tax under Section 101(a) and (b) of this Code shall be exempt from the tax imposed under this Section.

"When it appears that the amount of the documentary stamp tax payable hereunder has been reduced by an incorrect statement of the consideration in any conveyance, deed, instrument or writing subject to such tax the Commissioner, provincial or

city Treasurer, or other revenue officer shall, from the assessment rolls or other reliable source of information, assess the property of its true market value and collect the proper tax thereon."

**SEC. 70.** Section 197 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 197. Stamp Tax on Charter Parties and Similar Instruments. – On every charter party, contract or agreement for the charter of any ship, vessel or steamer, or any letter or memorandum or other writing between the captain, master or owner, or other person acting as agent of any ship, vessel or steamer, and any other person or persons for or relating to the charter of any such ship, vessel or steamer, and on any renewal or transfer of such charter, contract, agreement, letter or memorandum, there shall be collected a documentary stamp tax at the following rates:*

"(a) If the registered gross tonnage of the ship, vessel or steamer does not exceed one thousand (1,000) tons, and the duration of the charter or contract does not exceed six (6) months, One thousand pesos (P1,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of One hundred pesos (P100) shall be paid.

"(b) If the registered gross tonnage exceeds one thousand (1,000) tons and does not exceed ten thousand (10,000) tons, and the duration of the charter or contract does not exceed six (6) months, Two thousand pesos (P2,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of Two hundred pesos (P200) shall be paid.

"(c) If the registered gross tonnage exceeds ten thousand (10,000) tons and the duration of the charter or contract does not exceed six (6) months,

Three thousand pesos (P3,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of Three hundred pesos (P300) shall be paid."

**SEC. 71.** Section 232 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 232. Keeping of Books of Accounts. –*

*"(A) Corporations, Companies, Partnerships or Persons Required to Keep Books of Accounts. – All corporations, companies, partnerships or persons required by law to pay internal revenue taxes shall keep and use relevant and appropriate set of bookkeeping records duly authorized by the Secretary of Finance wherein all transactions and results of operations are shown and from which all taxes due the Government may readily and accurately be ascertained and determined any time of the year: Provided, That corporations, companies, partnerships or persons whose gross annual sales, earnings, receipts or output exceed Three million pesos (P3,000,000), shall have their books of accounts audited and examined yearly by independent Certified Public Accountants and their income tax returns accompanied with a duly accomplished Account Information Form (AIF) which shall contain, among others, information lifted from certified balance sheets, profit and loss statements, schedules listing income-producing properties and the corresponding income therefrom and other relevant statements.*

"x x x."

**SEC. 72.** Section 236 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 236. Registration Requirements. –*

*"(A) Requirements. – x x x*

"x x x"

"The registration shall contain the taxpayer's name, style, place of residence, business, and such other information as may be required by the Commissioner in the form prescribed therefor: *Provided*, That the Commissioner shall simplify the business registration and tax compliance requirements of self-employed individuals and/or professionals.

"x x x

*"(G) Persons Required to Register for Value-Added Tax. –*

"(1) x x x

"(a) His gross sales or receipts for the past twelve (12) months, other than those that are exempt under Section 109(A) to (BB), have exceeded Three million pesos (P3,000,000); or

"(b) There are reasonable grounds to believe that his gross sales or receipts for the next twelve (12) months, other than those that are exempt under Section 109(A) to (BB), will exceed Three million pesos (P3,000,000).

"x x x

*"(H) Optional Registration for Value-Added Tax of Exempt Person. –* (1) Any person who is not required to register for value-added tax under Subsection (G) hereof may elect to register for value-added tax by registering with the Revenue District Office that has jurisdiction over the head office of that person, and paying the annual registration fee in Subsection (B) hereof.

(2) Any person who elects to register under this Subsection shall not be entitled to cancel his registration under Subsection (F)(2) for the next three (3) years.

*"Provided*, That any person taxed under Section 24(A)(2)(b) and 24(A)(2)(c)(2)(a) of the NIRC who elected to pay the eight percent (8%) tax on gross sales or receipts shall not be allowed to avail of this option.

"For purposes of Title IV of this Code, any person who has registered value-added tax as a tax type in accordance with the provisions of Subsection (C) hereof shall be referred to as a 'VAT-registered person' who shall be assigned only one Taxpayer Identification Number (TIN).

"x x x."

SEC. 73. Section 237 of the NIRC, as amended, is hereby further amended to read as follows:

*"SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. –*

"(A) *Issuance*. – All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (P100) or more, issue duly registered receipts or sale or commercial invoices, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: *Provided, however*, That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client: *Provided, further*, That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser.

"Within five (5) years from the effectivity of this Act and upon the establishment of a system capable of storing and processing the required data, the Bureau shall require taxpayers engaged in the export of goods and services, taxpayers engaged in e-commerce, and taxpayers under the jurisdiction of the Large Taxpayers Service to issue electronic receipts or sales or commercial invoices in lieu of manual receipts or sales or commercial invoices, subject to rules and regulations to be issued by the Secretary of Finance upon recommendation of the Commissioner and after a public hearing shall have been held for this purpose: *Provided*, That taxpayers not covered by the mandate of this provision may issue electronic receipts or, sales or commercial invoices, in lieu of manual receipts, and sales and commercial invoices.

"The original of each receipt or invoice shall be issued to the purchaser, customer or client at the time the transaction is effected, who, if engaged in business or in the exercise of profession, shall keep and preserve the same in his place of business for a period of three (3) years from the close of the taxable year in which such invoice or receipt was issued, while the duplicate shall be kept and preserved by the issuer, also in his place of business, for a like period: *Provided*, That in case of electronic receipts or sales or commercial invoices, the digital records of the same shall be kept by the purchaser, customer or client and the issuer for the same period above stated.

"The Commissioner may, in meritorious cases, exempt any person subject to internal revenue tax from compliance with the provisions of this Section."

**SEC. 74.** A new section designated as Section 237-A under Chapter II, Title IX of the NIRC, as amended, is hereby inserted to read as follows:

**"SEC. 237-A. Electronic Sales Reporting System.** – Within five (5) years from the effectivity

of this Act and upon the establishment of a system capable of storing and processing the required data, the Bureau shall require taxpayers engaged in the export of goods and services, and taxpayers under the jurisdiction of the Large Taxpayers Service to electronically report their sales data to the Bureau through the use of electronic point of sales systems, subject to rules and regulations to be issued by the Secretary of Finance as recommended by the Commissioner of Internal Revenue: *Provided*, That the machines, fiscal devices, and fiscal memory devices shall be at the expense of the taxpayers.

"The data processing of sales and purchase data shall comply with the provisions of Republic Act No. 10173, otherwise known as the "Data Privacy Act" and Section 270 of the NIRC, as amended, on unlawful divulgence of taxpayer information and such other laws relating to the confidentiality of information.

"The Bureau shall also establish policies, risk management approaches, actions, trainings, and technologies to protect the cyber environment, organization, and data in compliance with Republic Act No. 10175 or the "Cybercrime Prevention Act of 2012."

**SEC. 75.** Section 249 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 249. Interest. –**

**"(A) In General.** – There shall be assessed and collected on any unpaid amount of tax, interest at the rate of double the legal interest rate for loans or forbearance of any money in the absence of an express stipulation as set by the Bangko Sentral ng Pilipinas from the date prescribed for payment until the amount is fully paid: *Provided*, That in no case shall the deficiency and the delinquency interest prescribed under Subsections (B) and (C) hereof, be imposed simultaneously.

*(B) Deficiency Interest.* – Any deficiency in the tax due, as the term is defined in this Code, shall be subject to the interest prescribed in Subsection (A) hereof, which interest shall be assessed and collected from the date prescribed for its payment until the full payment thereof, or upon issuance of a notice and demand by the Commissioner of Internal Revenue, whichever comes earlier.

*(C) Delinquency Interest.* – x x x

“x x x.”

SEC. 76. Section 254 of the NIRC, as amended, is hereby further amended to read as follows:

*“SEC. 254. Attempt to Evade or Defeat Tax.* – Any person who willfully attempts in any manner to evade or defeat any tax imposed under this Code or the payment thereof shall, in addition to other penalties provided by law, upon conviction thereof, be punished with a fine of not less than Five hundred thousand pesos (P500,000) but not more than Ten million pesos (P10,000,000), and imprisonment of not less than six (6) years but not more than ten (10) years: *Provided*, That the conviction or acquittal obtained under this Section shall not be a bar to the filing of a civil suit for the collection of taxes.”

SEC. 77. Section 264 of the NIRC, as amended, is hereby further amended to read as follows:

*“SEC. 264. Failure or Refusal to Issue Receipts or Sales or Commercial Invoices, Violations Related to the Printing of such Receipts or Invoices and Other Violations.* –

“(a) x x x

“(b) Any person who commits any of the acts enumerated hereunder shall be penalized with a fine

of not less than Five hundred thousand pesos (P500,000) but not more than Ten million pesos (P10,000,000), and imprisonment of not less than six (6) years but not more than ten (10) years:

“(1) x x x;

“(2) x x x;

“(3) x x x; or

“(4) Printing of other fraudulent receipts or sales or commercial invoices.”

SEC. 78. A new section designated as Section 264-A under Chapter II, Title X of the NIRC, as amended, is hereby inserted as follows:

*“SEC. 264-A. Failure to Transmit Sales Data Entered on Cash Register Machine (CRM)/Point of Sales System (POS) Machines to the BIR’s Electronic Sales Reporting System.* – Any taxpayer required to transmit sales data to the Bureau’s electronic sales reporting system but fails to do so, shall pay, for each day of violation, a penalty amounting to one-tenth of one percent (1/10 of 1%) of the annual net income as reflected in the taxpayer’s audited financial statement for the second year preceding the current taxable year for each day of violation or Ten thousand pesos (P10,000), whichever is higher: *Provided*, That should the aggregate number of days of violation exceed one hundred eighty (180) days within a taxable year, an additional penalty of permanent closure of the taxpayer shall be imposed: *Provided, further*, That if the failure to transmit is due to *force majeure* or any causes beyond the control of the taxpayer the penalty shall not apply.”

**SEC. 79.** A new section designated as Section 264-B under Chapter II, Title X of the NIRC, as amended, is hereby inserted to read as follows:

*"SEC. 264-B. Purchase, Use, Possession, Sale or Offer to Sell, Installment, Transfer, Update, Upgrade, Keeping or Maintaining of Sales Suppression Devices. – Any person who shall purchase, use, possess, sell or offer to sell, install, transfer, update, upgrade, keep, or maintain any software or device designed for, or is capable of: (a) suppressing the creation of electronic records of sale transactions that a taxpayer is required to keep under existing tax laws and/or regulations; or (b) modifying, hiding, or deleting electronic records of sales transactions and providing a ready means of access to them, shall be punished by a fine of not less than Five hundred thousand pesos (P500,000) but not more than Ten million pesos (P10,000,000), and suffer imprisonment of not less than two (2) years but not more than four (4) years: Provided, That a cumulative suppression of electronic sales record in excess of the amount of Fifty million pesos (P50,000,000) shall be considered as economic sabotage and shall be punished in the maximum penalty provided for under this provision."*

**SEC. 80.** A new section designated as Section 265-A under Chapter II, Title X of the NIRC, as amended, is hereby inserted to read as follows:

*"SEC. 265-A. Offenses Relating to Fuel Marking. – All offenses relating to fuel marking shall, in addition to the penalties imposed under Title X of the NIRC, as amended, Section 1401 of Republic Act No. 10863, otherwise known as the 'Customs Modernization and Tariff Act (CMTA)', and other relevant laws, be punishable as follows:*

*"(a) Any person who is found to be engaged in the sale, trade, delivery, distribution or transportation*

of unmarked fuel in commercial quantity held for domestic use or merchandise shall, upon conviction, suffer the penalties of:

*"(1) For the first offense, a fine of Two million five hundred thousand pesos (P2,500,000);*

*"(2) For the second offense, a fine of Five million pesos (P5,000,000); and*

*"(3) For the third offense, a fine of Ten million pesos (P10,000,000) and revocation of license to engage in any trade or business.*

*"(b) Any person who causes the removal of the official fuel marking agent from marked fuel, and the adulteration or dilution of fuel intended for sale to the domestic market, or the knowing possession, storage, transfer or offer for sale of fuel obtained as a result of such removal, adulteration or dilution shall be penalized in the same manner and extent as provided for in the preceding Subsection.*

*"(c) Any person who commits any of the acts enumerated hereunder shall, upon conviction, be punished by a fine of not less than One million pesos (P1,000,000) but not more than Five million pesos (P5,000,000), and suffer imprisonment of not less than four (4) years but not more than eight (8) years:*

*"(1) Making, importing, selling, using or possessing fuel markers without express authority;*

*"(2) Making, importing, selling, using or possessing counterfeit fuel markers;*

*"(3) Causing another person or entity to commit any of the two (2) preceding acts; or*

"(4) Causing the sale, distribution, supply or transport of legitimately imported, in-transit, manufactured or procured controlled precursors and essential chemicals, in diluted, mixtures or in concentrated form, to any person or entity penalized in Subsections (a), (b), or (c) hereof, including but not limited to, packaging, repackaging, labeling, relabeling or concealment of such transaction through fraud, destruction of documents, fraudulent use of permits, misdeclaration, use of front companies or mail fraud.

"(d) Any person who willfully inserts, places, adds or attaches directly or indirectly, through any overt or covert act, whatever quantity of any unmarked fuel, counterfeit additive or chemical in the person, house, effects, inventory, or in the immediate vicinity of an innocent individual for the purpose of implicating, incriminating or imputing the commission of any violation of this Act shall, upon conviction, be punished by a fine of not less than Five million pesos (P5,000,000) but not more than Ten million pesos (P10,000,000), and suffer imprisonment of not less than four (4) years but not more than eight (8) years.

"(e) Any person who is authorized, licensed or accredited under this Act and its implementing rules to conduct fuel tests, who issues false or fraudulent fuel test results knowingly, willfully or through gross negligence, shall suffer the additional penalty of imprisonment ranging from one (1) year and one (1) day to two (2) years and six (6) months.

"The additional penalties of revocation of the license to practice his profession in case of a practitioner, and the closure of the fuel testing facility, may also be imposed at the instance of the court."

**SEC. 81.** Section 269 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 269. Violations Committed by Government Enforcement Officers. – x x x**

"(a) x x x;

"x x x

"(h) Having knowledge or information of any violation of this Code or of any fraud committed on the revenues collectible by the Bureau of Internal Revenue, failure to report such knowledge or information to their superior officer, or failure to report as otherwise required by law;

"(i) x x x; and

"(j) Deliberate failure to act on the application for refunds within the prescribed period provided under Section 112 of this Act.

*Provided,* That the provisions of the foregoing paragraph notwithstanding, any internal revenue officer for which a *prima facie* case of grave misconduct has been established shall, after due notice and hearing of the administrative case and subject to Civil Service Laws, be dismissed from the revenue service: *Provided, further,* That the term 'grave misconduct', as defined in the Civil Service Law, shall include the issuance of fake letters of authority and receipts, forgery of signature, usurpation of authority and habitual issuance of unreasonable assessments."

**SEC. 82.** Section 288 of the NIRC, as amended, is hereby further amended to read as follows:

**"SEC. 288. Disposition of Incremental Revenue. –**

"(A) x x x

"(B) x x x

"(C) x x x

"(D) x x x

"(E) x x x

*"(F) Incremental Revenues from the Tax Reform for Acceleration and Inclusion (TRAIN). – For five (5) years from the effectivity of this Act, the yearly incremental revenues generated shall be automatically appropriated as follows:*

"(1) Not more than seventy percent (70%) to fund infrastructure projects such as, but not limited to, the Build, Build, Build Program and provide infrastructure programs to address congestion through mass transport and new road networks, military infrastructure, sports facilities for public schools, and potable drinking water supply in all public places; and

"(2) Not more than thirty percent (30%) to fund:

"(a) Programs under Republic Act No. 10659, otherwise known as 'Sugarcane Industry Development Act of 2015', to advance the self-reliance of sugar farmers that will increase productivity, provide livelihood opportunities, develop alternative farming systems and ultimately enhance farmers' income;

"(b) Social mitigating measures and investments in: (i) education, (ii) health, targeted nutrition, and anti-hunger programs for mothers, infants, and young children, (iii) social protection, (iv) employment, and (v) housing that prioritize and directly benefit both the poor and near-poor households;

"(c) A social welfare and benefits program where qualified beneficiaries shall be provided with a social benefits card to avail of the following social benefits:

"(i) Unconditional cash transfer to households in the first to seventh income deciles of the National Household Targeting System for Poverty Reduction (NHTS-PR), Pantawid Pamilyang Pilipino Program, and the social pension program for a period of three (3) years from the effectivity of this Act: *Provided*, That the unconditional cash transfer shall be Two hundred pesos (P200.00) per month for the first year and Three hundred pesos (P300.00) per month for the second year and third year, to be implemented by the Department of Social Welfare and Development (DSWD);

"(ii) Fuel vouchers to qualified franchise holders of Public Utility Jeepneys (PUJs);

"(iii) For minimum wage earners, unemployed, and the poorest fifty percent (50%) of the population:

"(1) Fare discount from all public utility vehicles (except trucks for hire and school transport service) in the amount equivalent to ten percent (10%) of the authorized fare;

"(2) Discounted purchase of National Food Authority (NFA) rice from accredited retail stores in the amount equivalent to ten percent (10%) of the net retail prices, up to a maximum of twenty (20) kilos per month; and

"(3) Free skills training under a program implemented by the Technical Skills and Development Authority (TESDA).

*"Provided*, That benefits or grants contained in this Subsection shall not be availed in addition to any other discounts.

"(iv) Other social benefits programs to be developed and implemented by the government.

"Notwithstanding any provisions herein to the contrary, the incremental revenues from the tobacco taxes under this Act shall be subject to Section 3 of Republic Act No. 7171, otherwise known as 'An Act to Promote the Development of the Farmer in the Virginia Tobacco Producing Provinces', and Section 8 of Republic Act No. 8240, otherwise known as 'An Act Amending Sections 138, 139, 140 and 142 of the National Internal Revenue Code, as Amended, and for Other Purposes'.

"An interagency committee, chaired by the Department of Budget and Management (DBM) and co-chaired by DOF and DSWD, and comprised of the National Economic and Development Authority (NEDA), Department of Transportation (DOTr), Department of Education (DepEd), Department of Health (DOH), Department of Labor and Employment (DOLE), National Housing Authority (NHA), Sugar Regulatory Administration (SRA), Department of the Interior and Local Government (DILG), Department of Energy (DOE), NFA, and TESDA, is hereby created to oversee the identification of qualified beneficiaries and the implementation of these projects and programs: *Provided*, That qualified beneficiaries under Subsection (c) hereof shall be identified using the National ID System which may be enacted by Congress.

"Within sixty (60) days from the end of the three (3)-year period from the effectivity of this Act, the interagency committee and respective implementing agencies for the above programs shall submit corresponding program assessments to the COCCTR. The National Expenditure Program from 2019 onwards shall provide line items that correspond to the allocations mandated in the provisions above.

"At the end of five (5) years from the effectivity of this Act, all earmarking provisions under Subsection (F), shall cease to exist and all incremental revenues derived under this Act shall accrue to the General Fund of the government."

**SEC. 83. Reportorial Requirements.** – The interagency committee created and the concerned departments/agencies/beneficiaries under Section 82 of this Act shall submit to the President of the Senate of the Philippines, the Speaker of the House of Representatives, the Senate Committee on Finance and the House Committee on Appropriations a detailed report on the expenditure of the amounts earmarked hereon copy furnished the Chairpersons of the Committee on Ways and Means of both Houses of Congress. The report shall likewise be posted on the official website of the agencies concerned.

**SEC. 84. Implementing Rules and Regulations.** – Within thirty (30) days from the effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for its effective implementation.

**SEC. 85. Separability Clause.** – If any provision of this Act is subsequently declared invalid or unconstitutional, the other provisions hereof which are not affected thereby shall remain in full force and effect.

**SEC. 86. Repealing Clause.** – The following laws or provisions of laws are hereby repealed and the persons and/or transactions affected herein are made subject to the VAT provision of Title IV of the NIRC, as amended:

(a) Section 3 of Presidential Decree (P.D.) 1972, s. 1985, as amended, Sections 4 and 5 of Executive Order No. (E.O.) 1057, s. 1985, and Section 4 of E.O. 1064, s. 1985, insofar as the VAT tax exemption and tax credit is concerned;

(b) Section 10, insofar as VAT exemption is concerned, of Republic Act No. (R.A.) 6807 or An Act Converting the Mati Community College into a State College to be known as the Davao Oriental State College of Science and Technology, Providing for a Charter for this Purpose, Expanding its Curricular Offerings, Redirecting its Objectives, and Appropriating Funds Therefor;

(c) Sections 18 and 19, insofar as VAT exemption is concerned, of R.A. 6847 or The Philippine Sports Commission Act;

(d) Section 8(d), last paragraph, insofar as VAT exemption is concerned, of R.A. 7278 or An Act Amending Commonwealth Act No. 111, as Amended by P.D. 460, entitled An Act to Create a Public Corporation to be Known as the Boy Scouts of the Philippines, and to Define its Powers and Purposes, by Strengthening the Volunteer and Democratic Character of the Boy Scouts of the Philippines and for Other Purposes;

(e) Section 1, insofar as VAT exemption is concerned, of R.A. 7291 or An Act Restoring the Tax and Duty Incentives Previously Enjoyed by the Veterans Federation of the Philippines under Republic Act Numbered Twenty-Six Hundred and Forty;

(f) Section 21, insofar as VAT exemption is concerned, of R.A. 7306 or the Charter of the People's Television Network, Inc.;

(g) Section 14, insofar as VAT exemption is concerned, of R.A. 7354 or the Postal Service Act of 1992;

(h) Section 9(c), insofar as VAT exemption is concerned, of R.A. 7355 or the Manlilikha ng Bayan Act;

(i) Section 21, insofar as VAT exemption is concerned, of R.A. 7356 or the Law Creating the National Commission for Culture and the Arts;

(j) Section 7(f), insofar as VAT exemption is concerned, of R.A. 7371 or An Act Converting the Aklan Agricultural College into Aklan State College of Agriculture, and Appropriating Funds Therefor;

(k) Section 12, second sentence, insofar as VAT exemption is concerned, of R.A. 7373 or An Act Establishing the Eastern Visayas Science High School;

(l) Section 11(j), insofar as VAT exemption is concerned, of R.A. 7605 or the Charter of the Philippine State College of Aeronautics;

(m) Section 126, insofar as VAT exemption is concerned, of R.A. 7653 or The New Central Bank Act;

(n) Section 14, insofar as VAT exemption is concerned, of R.A. 7875 or the National Health Insurance Act of 1995;

(o) Section 18, insofar as VAT exemption is concerned, and Section 18, last paragraph of R.A. 7884 or the National Dairy Development Act of 1995;

(p) Section 8, insofar as VAT exemption is concerned, R.A. 8160 or An Act Granting the University of the Philippines a Franchise to Construct, Install, Operate and Maintain for Educational and Other Related Purposes, Radio and Television Broadcasting Stations Within the University of the Philippines and in Such Other Areas Within the Scope of its Operation;

- (q) Sections 2 and 16, insofar as VAT exemption is concerned, of R.A. 8282 or The Social Security Act of 1997;
- (r) Section 39, insofar as VAT exemption is concerned, of R.A 8291 or The Government Service Insurance System Act of 1997;
- (s) Section 4(c) and (f), insofar as VAT exemption is concerned, of R.A. 8292 or the Higher Education Modernization Act of 1997;
- (t) Section 25, insofar as VAT exemption is concerned, of R.A. 8492 or the National Museum Act of 1998;
- (u) Section 3(h), insofar as VAT exemption is concerned, of R.A. 8502 or the Jewelry Industry Development Act of 1998;
- (v) Article 65, insofar as VAT exemption and zero rating is concerned, 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, insofar as VAT exemption is concerned, of R.A. 8756; *Provided*, That existing RHQs and ROHQs enjoying VAT exemption and zero-rating at the time of the effectivity of TRAIN shall not be affected;
- (w) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9045 or An Act Creating the Batangas State University;
- (x) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9055 or An Act Converting the Aklan State College of Agriculture into the Aklan State University;

- (y) Section 13, insofar as VAT exemption is concerned, of R.A. 9083 or An Act Establishing the Sta. Rosa Science and Technology High School in Sta. Rosa, Laguna;
- (z) Section 7(c) and (f), insofar as VAT exemption is concerned, of R.A. 9138 or An Act Establishing the Guimaras State College;
- (aa) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9141 or An Act Converting the Negros Occidental Agricultural College into State College to be known as the Negros Occidental Agricultural College;
- (bb) Section 16, insofar as VAT exemption is concerned, of R.A. 9497 or The Civil Aviation Authority Act of 2008;
- (cc) Section 25(b) and (c), insofar as VAT exemption is concerned, and (d), insofar as VAT zero-rating is concerned, of R.A. 9500 or the University of the Philippines Charter of 2008;
- (dd) Section 25(b) and (c), insofar as VAT exemption is concerned, and (d) insofar as VAT zero-rating is concerned, of R.A. 9519 or An Act Converting Mindanao Polytechnic State College into a State University to be Known as the Mindanao University of Science and Technology;
- (ee) Section 17(c), insofar as VAT exemption is concerned, of R.A. 3591, otherwise known as the PDIC Charter, as amended by Section 8 of R.A. 9576, otherwise known as 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 Republic Act

Numbered Three Thousand Five Hundred Ninety-One, as Amended, Otherwise Known as the PDIC Charter, and for Other Purposes;

(ff) Sections 2 and 19, insofar as VAT exemption is concerned, of R.A. 9679 or An Act Further Strengthening the Home Development Mutual Fund, and for Other Purposes;

(gg) Section 23, insofar as VAT exemption is concerned of the National Historical Commission of the Philippines, of R.A. 10086, or the Strengthening Peoples' Nationalism Through Philippine History Act;

(hh) Section 7(b) and (c), insofar as VAT exemption is concerned, and (d), insofar as VAT zero-rating is concerned, of R.A. 9647 or the Philippine Normal University Modernization Act of 2009;

(ii) Section 17, insofar as VAT exemption is concerned, of R.A. 7898, as amended by R.A. 10349, Establishing the Revised AFP Modernization Program and for Other Purposes;

(jj) Section 56, insofar as VAT exemption is concerned, of R.A. 10801 or the Overseas Workers Welfare Administration Act;

(kk) Section 9(e)(2) and (j), with respect to VAT, of R.A. 7900 or the High-Value Crops Development Act of 1995;

(ll) Section 24(e) of R.A. 10068 or the Organic Agriculture Act of 2010;

(mm) Section 14(b), with respect to VAT, R.A. 7308 or the Seed Industry Development Act of 1992;

(nn) Section 35(b)(c), with respect to VAT, of R.A. 8550 or The Philippine Fisheries Code of 1998;

(oo) Section 13, second paragraph, with respect to VAT, of R.A. 10817 or the Philippine Halal Export Development and Promotion Act of 2016;

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

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

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

(ss) Section 26(B)(3), with respect to VAT, of R.A. 9275 or the Philippine Clean Water Act of 2004;

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

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

(vv) Section 14, with respect to VAT, of R.A. 8423 or the Traditional and Alternative Medicine Act (TAMA) of 1997;

(ww) Section 22(b) of R.A. 10747 or the Rare Diseases of the Philippines;

(xx) Section 45(a), (b), and (c), with respect to VAT, of R.A. 9003 or the Ecological Solid Waste Management Act of 2000;

(yy) Section 5(b), with respect to VAT, of R.A. 10771 or the Philippine Green Jobs Act of 2016;

(zz) Section 6, with respect to VAT, of R.A. 7459 or the Investors and Inventions Incentives Act of the Philippines;

(aaa) Section 24, insofar as VAT exemption of foundations for scientific advancements is concerned, of R.A. 2067, as amended, or the Science Act of 1958; and

(bbb) Section 9, with respect to VAT, of R.A. 9511 or the National Grid Corporation of the Philippines Act.

*Provided*, That the VAT obligations of government-owned and -controlled corporations, state universities and colleges, and other government instrumentalities whose VAT exemption has been repealed under this Act shall be chargeable to the Tax Expenditure Fund (TEF) provided for in the annual General Appropriations Act: *Provided, further*, That VAT exemption, VAT zero-rating, and VAT credit granted to state universities and colleges on their purchases and importations are hereby repealed and the transactions affected herein are made subject to the VAT provisions of Title IV of the NIRC, as amended.

*Provided*, That, with respect to income tax, the following laws or provisions of laws are hereby repealed or amended:

(a) Section 33(A) of R.A. 7277, as amended by R.A. 10754 or the Magna Carta for Persons with Disability;

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

(c) Section 4 of R.A. 1169 or An Act Providing for Charity Sweepstakes, Horse Races and Lotteries:

“SEC. 4. Holding of sweepstakes. – The Office shall hold charity horse race sweepstakes under such regulations as shall be promulgated by the Board in accordance with Republic Act Numbered Three hundred and nine: Provided, however, That when the holding of a sweepstakes race to determine prizes is impossible due to war, public calamity, or other unforeseen or fortuitous event or when there is no sufficient number of horses to determine the major prizes, the Board of Directors may determine the procedure to be followed in the distribution of prizes in the most just, equitable and expeditious manner. The horse races and the sale of tickets in the said sweepstakes shall be exempt from all taxes, except that each ticket shall bear a twelve-centavo internal revenue stamp. The tickets shall be printed by the Government and shall be considered government securities for the purposes of penalizing forgery or alteration.”

(d) Section 5 of R.A. 8756 or An Act Providing for the Terms, Conditions and Licensing Requirements of Regional or Area Headquarters, Regional Operating Headquarters, and Regional Warehouses of Multinational Companies, Amending for the Purpose Certain Provisions of Executive Order No. 226 or The Omnibus Investments Code of 1987: *Provided*, That existing Regional or Area Headquarters, Regional Operating Headquarters, and Regional Warehouses of Multinational Companies enjoying the preferential income tax rate at the time of the effectivity of the TRAIN shall not be affected;

(e) Section 2 of P.D. 1354, s. 1978 or Imposing Final Income Tax on Subcontractors and Alien Employees of Service Contractors and Subcontractors Engaged in Petroleum Operations in the Philippines under Presidential Decree No. 87: *Provided*, That

service contractors and subcontractors enjoying the preferential income tax rate at the time of the effectivity of the TRAIN shall not be affected; and

(f) Section 7 of P.D. 1034, s. 1976, or Authorizing the Establishment of an Offshore Banking System in the Philippines: *Provided*, That service contractors and subcontractors enjoying the preferential income tax rate at the time of the effectivity of the TRAIN shall not be affected.

SEC. 87. *Effectivity.* — This Act shall take effect on January 1, 2018 following its complete publication in the *Official Gazette* or in at least one (1) newspaper of general circulation.

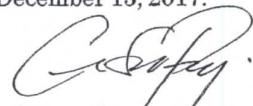
Approved,

  
AQUILINO "KOKO" PIMENTEL III  
*President of the Senate*

  
PANTALEON D. ALVAREZ  
*Speaker of the House  
of Representatives*

This Act which is a consolidation of House Bill No. 5636 and Senate Bill No. 1592 was passed by the House of Representatives and the Senate on December 13, 2017.

  
LUTGARDO B. BARBO  
*Secretary of the Senate*

  
CESAR STRAIT PAREJA  
*Secretary General  
House of Representatives*

Approved: DEC 19 2017

  
RODRIGO ROA DUTERTE  
*President of the Philippines*



O

