



Republic of the Philippines
House of Representatives
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO. **4774**



Introduced by **Representative Dakila Carlo E. Cua**

"Tunay na pagbabago" or real positive change is the promise and commitment of President Rodrigo Duterte to the Filipino people. This includes, among others, more inclusive growth manifested by a comfortable life for all, improved public services, more and better jobs, and more money in the people's pockets; and safe, healthy, and peaceful communities.

All these can significantly reduce poverty incidence from 21.6 to 14 percent by 2022, or lifting some six million Filipinos out of poverty, and achieving upper middle income country status by 2022. Sustaining real positive change for one generation can eradicate extreme poverty and allow our country to join the ranks of advanced nations by 2040. This is a dream that all Filipinos share and aspire for.

To realize these aspirations, the Duterte Administration recognizes the need to sustain high growth of at least seven percent every year for one generation, shift the source of growth from consumption to investment, and heavily invest in our people through improved social services, such as public health and education systems, and in better infrastructure to improve connectivity and raise productivity. These necessary investments require an additional one trillion pesos annually over the long-term, of which some 400 billion pesos (2% of GDP) is targeted by 2019. To sustainably finance these investments, a Tax Reform for Acceleration and Inclusion is proposed.

The Tax Reform for Acceleration and Inclusion envisions to create a tax system that is simpler, fairer, and more efficient, characterized by low rates and a broad base that promotes investment, job creation and poverty reduction. This will be complemented by major tax administration reforms in both the Bureau of Internal Revenue and Bureau of Customs. In addition

to tax policy and administration reforms, budget reforms are being pursued to promote spending transparency and efficiency.

The tax reform program consists of several packages, with each package balancing trade-offs (e.g., lowering of some tax rates while broadening the base of other taxes) and helping to ensure timely enactment. The first package, which is the subject of this bill, seeks to lower personal income taxes, broadening the VAT base, adjusting excise taxes on petroleum and automobiles, and reducing the estate and donor's tax. In addition, the following tax administration measures are being pursued under this package: i) mandatory use of fuel marking; ii) mandatory issuance of e-receipts; iii) mandatory interconnection of large and medium firms point of sale machines and accounting system with BIR; iv) mandatory use of GPS locks when transporting cargo from ports to economic zones and free ports; and v) relaxation of bank secrecy for fraud cases.

The key features of this bill are the following: adjustment of the personal income tax brackets to correct for "income bracket creeping", reduction of the maximum rate to 25% over time, except for the highest income earners to maintain progressivity, and shift to a modified gross system to simplify the PIT system. Revenue losses from the PIT reform will be compensated by i) expanding the VAT base by limiting exemptions to raw food and other necessities (e.g., education and health), ii) increasing excise tax rates on all petroleum products to address negative externalities brought about by congestion and pollution, iii) restructuring and increasing the excise tax on automobiles, and iv) reducing the estate and donors tax to six percent.

To properly determine the correct taxes to be paid on the part of the taxpayer and the correct taxes to be collected on the part of the BIR, it has been mandated that all establishments shall issue an electronic receipt or invoice, as the case maybe, which shall be directly generated and transmitted to the BIR upon sale.

As regards putting up a fuel marking and monitoring system, the intended results are increased revenue from fuel taxes and high-quality petroleum sold in the market. This step will certainly plug the leakage of duties and taxes due on this commodity and protect both the consumers and the environment.

To mitigate the impact of the tax increases on the poor and vulnerable households, earmarking for social protection programs is proposed.

Effective partnership between Congress and the Executive has always been crucial in moving the country's development agenda forward. Today, a

window of opportunity exists to take the country to the next level of development. This window of opportunity, characterized by strong macroeconomic fundamentals, global recognition for the success of the country, and a popular new government, provides the necessary condition to realize the President's vision for the country. This bill is the author's humble contribution to this call to become partner for real positive change.

Given all these, the timely passage of this bill is earnestly sought.



DAKILA CARLO E. CUA
Representative
Lone District, Quirino



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House Bill No. **4774**

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AN ACT AMENDING SECTIONS 6, 22, 24, 25, 31, 33, 34, 79, 84, 86, 99, 106, 107, 108, 109, 113, 116, 148, 149, 155, 232, 237 AND 288; CREATING NEW SECTIONS 148-A, 237-A, 264-A AND 264-B; AND REPEALING SECTIONS 35 AND 62 ALL UNDER REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS "THE NATIONAL INTERNAL REVENUE CODE OF 1997"

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

1 SECTION 1. *Title.* This Act shall be known as the "Tax Reform for
2 Acceleration and Inclusion"

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

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7 1. To enhance the progressivity of the tax system through the
8 rationalization of the Philippine internal revenue tax system, thereby
9 promoting sustainable economic growth;
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11 2. To provide, as much as possible, an equitable relief to a greater
12 number of taxpayers in order to improve levels of disposable income
13 and increase economic activity; and
- 14
15 3. To ensure that the government is able to provide for the needs of those
16 under its jurisdiction and care through the provision of better
17 infrastructure, health, education and social protection for the people.
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20 SEC. 3. Section 6 of the National Internal Revenue Code of 1997, as
21 amended, is hereby further amended to read as follows:

1 **"SEC. 6. Power of the Commissioner to Make Assessments and**
2 **Prescribe Additional Requirements for Tax Administration and**
3 **Enforcement. -**

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5 (A) Xxx

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7 (B) Xxx

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9 (C) Xxx

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11 (D) Xxx

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13 (E) xxx

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

24 (1) A decedent to determine his gross estate.

25 (2) Any taxpayer who has filed an application for compromise of his
26 tax liability under Sec. 204 (A)(2) reason of financial incapacity to pay
27 his tax liability.

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

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

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

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

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

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

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

20 (d) Grounds for believing that the information requested is held in the
21 Philippines or is in the possession or control of a person within the
22 jurisdiction of the Philippines;

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

25 (f) A Statement that the request is in conformity with the law and
26 administrative practices of the said foreign tax authority, such that if
27 the requested information was within the jurisdiction of the said
28 foreign tax authority then it would be able to obtain the information
29 under its law or in the normal course of administrative practice and
30 that it is conformity with a convention or international agreement; and

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

35 The Commissioner shall forward the information as promptly as
36 possible to the requesting foreign tax authority. To ensure a prompt
37 response, the Commissioner shall confirm receipt of a request in
38 writing to the requesting tax authority and shall notify the latter of
39 deficiencies in the request, if any, within sixty (60) days from the
40 receipt of the request.

1 If the Commissioner is unable to obtain and provide the information
2 within ninety (90) days from the receipt of the request, due to
3 obstacles encountered in furnishing the information or when the bank
4 or financial institution refuses to furnish the information, he shall
5 immediately inform the requesting tax authority of the same,
6 explaining the nature of the obstacles encountered or the reasons of
7 refusal.

8 The term 'foreign tax authority', as used herein, shall refer to the tax
9 authority or tax administration of the requesting State under the tax
10 treaty or convention to which the Philippines is a signatory or a party
11 of.

12 IN CASE THE EXCHANGE OF INFORMATION IS AUTOMATIC OR
13 SPONTANEOUS, THE COMMISSIONER SHALL PROVIDE TAX
14 INFORMATION OBTAINED FROM BANKS AND FINANCIAL
15 INSTITUTIONS IN ACCORDANCE WITH INTERNATIONAL COMMON
16 REPORTING STANDARDS.

17 (4) ANY TAXPAYER AGAINST WHOM A CRIMINAL CASE IS INITIATED
18 FOR OFFENSES COVERED UNDER SECTIONS 254 AND 255 OF R.A.
19 8424, AS AMENDED, SUBJECT TO RULES AND REGULATIONS
20 PRESCRIBED BY THE SECRETARY OF FINANCE UPON
21 RECOMMENDATION OF THE COMMISSIONER OF INTERNAL
22 REVENUE."

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25 SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
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29 **"SEC. 22. Definitions.** - When used in this Title:
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32 xxx xxx xxx
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35 [(GG) The term "*statutory minimum wage*" shall refer to the rate
36 fixed by the Regional Tripartite Wage and Productivity Board, as
37 defined by the Bureau of Labor and Employment Statistics (BLES) of
38 the Department of Labor and Employment (DOLE).
39

40 (HH) The term "*statutory minimum wage earner*" shall refer to a
41 worker in the private sector paid the statutory minimum wage, or to
42 an employee in the public sector with compensation income of not
43 more than the statutory minimum wage in the non-agricultural sector
44 where he/she is assigned.]"
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47 SEC. 5. Section 24 of the National Internal Revenue Code of 1997, as
48 amended, is hereby further amended to read as follows:

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Over P500,000.....P125,000+32%of the
excess over P500,000]

(A) ON COMPENSATION INCOME EARNERS. -

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

NOT OVER P250,000	0%
OVER P250,000 BUT NOT OVER P400,000	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 P5,000,000	P490,000 + 32% OF THE EXCESS OVER P2,000,000
OVER P5,000,000	P1,450,000 + 35% OF THE EXCESS OVER P5,000,000

TAX SCHEDULE EFFECTIVE JANUARY 1, 2020 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

1 OVER P2,000,000 BUT NOT OVER P5,000,000P402,500 + 30%
2 OF THE EXCESS
3 OVER P2,000,000
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5 OVER P5,000,000P1,302,500 + 35% OF
6 THE EXCESS OVER
7 P5,000,000
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10 *PROVIDED*, THAT AFTER 2020, THE TAXABLE INCOME LEVELS IN
11 THE ABOVE SCHEDULES SHALL BE ADJUSTED ONCE EVERY FIVE
12 (5) YEARS THROUGH RULES AND REGULATIONS ISSUED BY THE
13 SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE
14 COMMISSIONER, AFTER CONSIDERING AMONG OTHERS, THE
15 EFFECT ON THE SAME OF THE FIVE-YEAR CUMULATIVE
16 INFLATION RATE.
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19 For married individuals, the husband and wife, subject to the
20 provision of Section 51 (D) hereof, shall compute separately their
21 individual income tax based on their respective total taxable income:
22 *Provided*, That if any income cannot be definitely attributed to or
23 identified as income exclusively earned or realized by either of the
24 spouses, the same shall be divided equally between the spouses for
25 the purpose of determining their respective taxable income.
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27 *[Provided*, That minimum wage earners as defined in Section 22 (HH)
28 of this Code shall be exempt from the payment of income tax on their
29 taxable income: *Provided*, further, That the holiday pay, overtime pay,
30 night shift differential pay and hazard pay received by such minimum
31 wage earners shall likewise be exempt from income tax.]
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33 (B) RATE OF TAX FOR SELF-EMPLOYED AND/OR PROFESSIONALS
34 WHOSE GROSS SALES OR GROSS RECEIPTS IS BELOW THE VAT
35 THRESHOLD AS PROVIDED IN SECTION 109. - AN EIGHT PERCENT
36 (8%) INCOME TAX ON GROSS SALES OR GROSS REVENUES SHALL
37 BE IMPOSED IN LIEU OF VAT AND PERCENTAGE TAX.
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39 (C) RATE OF TAX FOR SELF-EMPLOYED AND/OR PROFESSIONALS
40 WHOSE GROSS SALES OR GROSS RECEIPTS IS ABOVE THE VAT
41 THRESHOLD AS PROVIDED IN SECTION 109. -
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43 SELF-EMPLOYED AND/OR PROFESSIONALS SHALL BE TAXED IN
44 THE SAME MANNER AS CORPORATIONS AS TO APPLICABLE TAX
45 RATE, MINIMUM INCOME TAX AND ALLOWABLE DEDUCTIONS, AS
46 PROVIDED IN SECTIONS 27 (A), 27 (E) AND 34, RESPECTIVELY, OF
47 THIS CODE.
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50 **(B) Rate of Tax on Certain Passive Income: -**

1 (1) **Interests, Royalties, Prizes and Other Winnings.** – A final tax at
2 the rate of twenty percent (20%) is hereby imposed upon the
3 amount of interest from any currency bank deposit and yield or
4 any other monetary benefit from deposit substitutes and from trust
5 funds and similar arrangements; royalties, except on books, as well
6 as other literary works and musical compositions, which shall be
7 imposed a final tax of ten percent (10%); prizes (except prizes
8 amounting to Ten thousand pesos (P10,000) or less which shall be
9 subject to tax under Subsection (A) of section 24; and other
10 winnings [(except Philippine Charity Sweepstakes and Lotto
11 winnings)] derived from sources within the Philippines: *Provided,*
12 *however,* That interest income received by an individual taxpayer
13 (except a nonresident individual) from a depository bank under the
14 expanded foreign currency deposit system shall be subject to a
15 final income tax at the rate of seven and on-half percent (7 ½%) of
16 such interest income: *Provided, further,* That interest income from
17 long-term deposit or investment in the form of savings, common or
18 individual trust funds, deposit substitutes, investment
19 management accounts and other investments evidenced by
20 certificates in such form prescribed by the *Bangko Sentral ng*
21 *Pilipinas* (BSP) shall be exempt from the tax imposed under this
22 Subsection: *Provided, finally,* That should the holder of the
23 certificate pre-terminate the deposit or investment before the fifth
24 (5th) year, a final tax shall be imposed on the entire income and
25 shall be deducted and withheld by the depository bank from the
26 proceeds of the long-term deposit or investment certificate based
27 on the remaining maturity thereof:
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35 SEC. 6. Section 25 of the National Internal Revenue Code of 1997, as
36 amended, is hereby further amended to read as follows:
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39 **“SEC. 25. Tax on Nonresident Alien Individual. –**

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42 **(A) Nonresident Alien Engaged in Trade or Business Within the**
43 **Philippines. –**
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1 **(B) Nonresident Alien Not Engaged in Trade or Business Within**
2 **the Philippines.-**
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9 **[(C) Alien Individual Employed by Regional or Area Headquarters**
10 **and Regional Operating Headquarters of Multinational**
11 **Companies.-** There shall be levied, collected and paid for each taxable
12 year upon the gross income received by every alien individual
13 employed by regional or area headquarters and regional operating
14 headquarters established in the Philippines by multinational
15 companies as salaries, wages, annuities, compensation, remuneration
16 and other emoluments, such as honoraria and allowances, from such
17 regional or area headquarters and regional operating headquarters, a
18 tax equal to fifteen percent (15%) of such gross income: Provided,
19 however, That the same tax treatment shall apply to Filipinos
20 employed and occupying the same position as those of aliens
21 employed by these multinational companies. For purposes of this
22 Chapter, the term 'multinational company' means a foreign firm or
23 entity engaged in international trade with affiliates or subsidiaries or
24 branch offices in the Asia-Pacific Region and other foreign markets.]
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28 **[(D) Alien Individual Employed by Offshore Banking Units. -** There
29 shall be levied, collected and paid for each taxable year upon the gross
30 income received by every alien individual employed by offshore
31 banking units established in the Philippines as salaries, wages,
32 annuities, compensation, remuneration and other emoluments, such
33 as honoraria and allowances, from such off-shore banking units, a tax
34 equal to fifteen percent (15%) of such gross income: Provided,
35 however, That the same tax treatment shall apply to Filipinos
36 employed and occupying the same positions as those of aliens
37 employed by these offshore banking units.]
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41 **[(E) Alien Individual Employed by Petroleum Service Contractor**
42 **and Subcontractor. -** An Alien individual who is a permanent
43 resident of a foreign country but who is employed and assigned in the
44 Philippines by a foreign service contractor or by a foreign service
45 subcontractor engaged in petroleum operations in the Philippines
46 shall be liable to a tax of fifteen percent (15%) of the salaries, wages,
47 annuities, compensation, remuneration and other emoluments, such
48 as honoraria and allowances, received from such contractor or
49 subcontractor: Provided, however, That the same tax treatment shall

1 apply to a Filipino employed and occupying the same position as an
2 alien employed by petroleum service contractor and subcontractor.]
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5 [Any income earned from all other sources within the Philippines by
6 the alien employees referred to under Subsections (C), (D) and (E)
7 hereof shall be subject to the pertinent income tax, as the case may
8 be, imposed under this Code.]”
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11 SEC. 7. Section 31 of the National Internal Revenue Code of 1997, as
12 amended, is hereby further amended to read as follows:
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15 “**SEC. 31. Taxable Income, Defined.** – The term ‘taxable income’
16 means the pertinent items of gross income specified in this Code less
17 [the] deductions [and/or personal and additional exemptions], if any,
18 authorized for such types of income by this Code [or other special
19 laws].”
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23 SEC. 8. Section 33 of the National Internal Revenue Code of 1997, as
24 amended, is hereby further amended to read as follows:
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28 “**SEC. 33. Special Treatment of Fringe Benefit.** –
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31 **(A) Imposition of Tax.** - A final tax of THIRTY PERCENT (30%)
32 EFFECTIVE JULY 1, 2017, JANUARY 1, 2018 AND 2019 [thirty-
33 four percent (34%) effective January 1, 1998; thirty-three percent
34 (33%) effective January 1, 1999; and thirty-two percent (32%)
35 effective January 1, 2000 and thereafter], is hereby imposed on the
36 grossed-up monetary value of fringe benefit furnished or granted to
37 the employee (except rank and file employees as defined herein) by
38 the employer, whether an individual or a corporation (unless the
39 fringe benefit is required by the nature of, or necessary to the
40 trade, business or profession of the employer, or when the fringe
41 benefit is for the convenience or advantage of the employer). The
42 tax herein imposed is payable by the employer which tax shall be
43 paid in the same manner as provided for under Section 57 (A) of
44 this Code]. The grossed-up monetary value of the fringe benefit
45 shall be determined by dividing the actual monetary value of the
46 fringe benefit by sixty-six percent (66%) effective January 1, 1998;
47 sixty-seven percent (67%) effective January 1, 1999; and sixty-
48 eight percent (68%) effective January 1, 2000 and thereafter:];
49 *Provided, however,* That fringe benefit furnished to employees and
50 taxable under Subsection[s] (B)[, (C), (D) and (E)] of Section 25

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

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12 SEC.9. Section 34 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:
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16 **"SEC. 34. Deductions from Gross Income.-** Except for taxpayers
17 earning compensation income arising from personal services rendered
18 under an employer-employee relationship where no deductions shall
19 be allowed under this Section [other than under subsection (M)
20 hereof,] in computing taxable income subject to income tax under
21 Sections [24(A)] **24(C)**; 25(A); 26; 27(A), (B) and (C); and 28(A)(1), there
22 shall be allowed the following deductions from gross income;
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28 **(L) Optional Standard Deduction (OSD).** - In lieu of the
29 deductions allowed under the preceding Subsections, an
30 individual subject to tax under Section 24(C), other than a
31 nonresident alien, may elect a standard deduction in an amount
32 not exceeding TWENTY PERCENT (20%) OF HIS GROSS SALES
33 OR GROSS RECEIPTS [forty percent (40%) of his gross sales or
34 gross receipts, as the case maybe.] In the case of a corporation
35 subject to tax under Sections 27 (A) and 28 (A) (1), it may elect a
36 standard deduction in an amount not exceeding forty percent
37 (40%) of its gross income as defined in Section 32 of this Code.
38 Unless the taxpayer signifies in his return his intention to elect
39 the optional standard deduction, he shall be considered as
40 having availed himself of the deductions allowed in the
41 preceding Subsections. Such election when made in the return
42 shall be irrevocable for the taxable year for which the return is
43 made: *Provided,* That an individual who is entitled to and
44 claimed for the optional standard deduction shall not be
45 required to submit with his tax return such financial
46 statements otherwise required under this Code: *Provided,*
47 *further,* That except when the Commissioner otherwise permits,
48 the said individual shall keep such records pertaining to his
49 gross sales or gross receipts, or the said corporation shall keep
50 such records pertaining to his gross income as defined in

1 Section 32 of this Code during the taxable year, as may be
2 required by the rules and regulations promulgated by the
3 Secretary of Finance, upon recommendation of the
4 Commissioner.
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7 **[(M) Premium Payments on Health and/or Hospitalization**
8 **Insurance of an Individual Taxpayer.**— The amount of
9 premiums not to exceed Two thousand four hundred pesos
10 (P2,400) per family or Two hundred pesos (P200) a month paid
11 during the taxable year for health and/or hospitalization
12 insurance taken by the taxpayer for himself, including his
13 family, shall be allowed as a deduction from his gross income:
14 *Provided*, That said family has a gross income of not more than
15 Two hundred fifty thousand pesos (P250,000) for the taxable
16 year: *Provided, finally*, That in the case of married taxpayers,
17 only the spouse claiming the additional exemption for
18 dependents shall be entitled to this deduction.]
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24 SEC. 10. Section 35 of the National Internal Revenue Code of 1997, as
25 amended, is hereby repealed.
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28 SEC. 11. Section 62 of the National Internal Revenue Code of 1997, as
29 amended, is hereby repealed.
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32 SEC. 12. Section 79 of the National Internal Revenue Code of 1997, as
33 amended, is hereby further amended to read as follows:
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36 **"SEC. 79. Income Tax Collected at Source.-**
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42 **[(D) Personal Exemptions.-**
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45 **(1) In General.** - Unless otherwise provided by this
46 Chapter, the personal and additional exemptions
47 applicable under this Chapter shall be determined in
48 accordance with the main provisions of this Title.
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(2) Exemption Certificate. -

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

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

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

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

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[(F) Husband and Wife. - When a husband and wife each are recipients of wages, whether from the same or from different employers, taxes to be withheld shall be determined on the following bases:

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

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

SEC. 13. Section 84 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 84. Rates 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 SIX PERCENT (6%) TAX based on the value of such net estate. [as computed in accordance with the following schedule:

If the net estate is:

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

SEC. 14. Section 86 of the National Internal Revenue Code of 1997, as amended, are 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 - - In the case of a citizen or resident of the Philippines, by deducting from the value of the gross estate -

[(1) Expenses, Losses, Indebtedness, and taxes. - Such amounts:

- (a) For actual funeral expenses or in an amount equal to five percent (5%) of the gross estate, whichever is lower, but in no case to exceed Two hundred thousand pesos (P200,000);
- (b) For judicial expenses of the testamentary or intestate proceedings;

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

7 (d) For claims of the deceased against insolvent persons where
8 the value of decedent's interest therein is included in the value
9 of the gross estate; and

10 (e) For unpaid mortgages upon, or any indebtedness in respect
11 to, property where the value of decedent's interest therein,
12 undiminished by such mortgage or indebtedness, is included in
13 the value of the gross estate, but not including any income tax
14 upon income received after the death of the decedent, or
15 property taxes not accrued before his death, or any estate tax.
16 The deduction herein allowed in the case of claims against the
17 estate, unpaid mortgages or any indebtedness shall, when
18 founded upon a promise or agreement, be limited to the extent
19 that they were contracted bona fide and for an adequate and
20 full consideration in money or money's worth. There shall also
21 be deducted losses incurred during the settlement of the estate
22 arising from fires, storms, shipwreck, or other casualties, or
23 from robbery, theft or embezzlement, when such losses are not
24 compensated for by insurance or otherwise, and if at the time
25 of the filing of the return such losses have not been claimed as
26 a deduction for the income tax purposes in an income tax
27 return, and provided that such losses were incurred not later
28 than the last day for the payment of the estate tax as
29 prescribed in Subsection (A) of Section 91.]
30

31
32 [(2)] (1) *Property Previously Taxed.* - An amount equal to the value
33 specified below of any property forming a part of the gross estate
34 situated in the Philippines of any person who died within five (5)
35 years prior to the death of the decedent, or transferred to the
36 decedent by gift within five (5) years prior to his death, where such
37 property can be identified as having been received by the decedent
38 from the donor by gift, or from such prior decedent by gift, bequest,
39 devise or inheritance, or which can be identified as having been
40 acquired in exchange for property so received:
41

42
43 One hundred percent (100%) of the value, if the prior decedent
44 died within one (1) year prior to the death of the decedent, or if
45 the property was transferred to him by gift within the same
46 period prior to his death;

47
48 Eighty percent (80%) of the value, if the prior decedent died
49 more than one (1) year but not more than two (2) years prior to

1 the death of the decedent, or if the property was transferred to
2 him by gift within the same period prior to his death;

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

8
9 Forty percent (40%) of the value, if the prior decedent died
10 more than three (3) years but not more than four (4) years prior
11 to the death of the decedent, or if the property was transferred
12 to him by gift within the same period prior to his death;

13
14 Twenty percent (20%) of the value, if the prior decedent died
15 more than four (4) years but not more than five (5) years prior
16 to the death of the decedent, or if the property was transferred
17 to him by gift within the same period prior to his death;

18
19 These deductions shall be allowed only where a donor's tax or
20 estate tax imposed under this Title was finally determined and
21 paid by or on behalf of such donor, or the estate of such prior
22 decedent, as the case may be, and only in the amount finally
23 determined as the value of such property in determining the
24 value of the gift, or the gross estate of such prior decedent, and
25 only to the extent that the value of such property is included in
26 the decedent's gross estate, and only if in determining the value
27 of the estate of the prior decedent, no deduction was allowable
28 under paragraph (2) in respect of the property or properties
29 given in exchange therefor. Where a deduction was allowed of
30 any mortgage or other lien in determining the donor's tax, or
31 the estate tax of the prior decedent, which was paid in whole or
32 in part prior to the decedent's death, then the deduction
33 allowable under said Subsection shall be reduced by the
34 amount so paid. Such deduction allowable shall be reduced by
35 an amount which bears the same ratio to the amounts allowed
36 as deductions under paragraphs (1) and (3) of this Subsection
37 as the amount otherwise deductible under said paragraph (2)
38 bears to the value of the decedent's estate. Where the property
39 referred to consists of two or more items, the aggregate value of
40 such items shall be used for the purpose of computing the
41 deduction.]

42
43 ~~[(3)]~~ (2) *Transfers for Public Use.* - The amount of all the bequests,
44 legacies, devises or transfers to or for the use of the Government of
45 the Republic of the Philippines, or any political subdivision thereof,
46 for exclusively public purposes.

47
48 ~~[(4)]~~(3) *The Family Home.* - An amount equivalent to the current
49 fair market value of the decedent's family home: Provided, however,
50 That if the said current fair market value exceeds [One] THREE

1 million pesos (P[1] 3,000,000), the excess shall be subject to estate
2 tax. As a *sine qua non* condition for the exemption or deduction,
3 said family home must have been the decedent's family home as
4 certified by the barangay captain of the locality.
5

6 [[5]] (4) *Standard Deduction.* - An amount equivalent to One million
7 pesos (P1,000,000).
8

9 [[6] *Medical Expenses.* - Medical Expenses incurred by the decedent
10 within one (1) year prior to his death which shall be duly
11 substantiated with receipts: *Provided*, That in no case shall the
12 deductible medical expenses exceed Five Hundred Thousand Pesos
13 (P500,000).]
14

15 [[7] Amount Received by Heirs Under Republic Act No. 4917. - Any
16 amount received by the heirs from the decedent - employee as a
17 consequence of the death of the decedent-employee in accordance
18 with Republic Act No. 4917: *Provided*, That such amount is
19 included in the gross estate of the decedent.]
20
21

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

27
28 [[1] *Expenses, Losses, Indebtedness and Taxes.* - That proportion of
29 the deductions specified in paragraph (1) of Subsection (A) of this
30 Section which the value of such part bears to the value of his
31 entire gross estate wherever situated;]
32

33
34 [[2]](1) *Property Previously Taxed.* - An amount equal to the value
35 specified below of any property forming part of the gross estate
36 situated in the Philippines of any person who died within five (5)
37 years prior to the death of the decedent, or transferred to the
38 decedent by gift within five (5) years prior to his death, where such
39 property can be identified as having been received by the decedent
40 from the donor by gift, or from such prior decedent by gift,
41 bequest, devise or inheritance, or which can be identified as
42 having been acquired in exchange for property so received:
43
44

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

1 Eighty percent (80%) of the value, if the prior decedent died more than
2 one (1) year but not more than two (2) years prior to the death of the
3 decedent, or if the property was transferred to him by gift within the
4 same period prior to his death;
5

6
7
8 Sixty percent (60%) of the value, if the prior decedent died more than
9 two (2) years but not more than three (3) years prior to the death of
10 the decedent, or if the property was transferred to him by gift within
11 the same period prior to his death;
12

13
14
15 Forty percent (40%) of the value, if the prior decedent died more than
16 three (3) years but not more than four (4) years prior to the death of
17 the decedent, or if the property was transferred to him by gift within
18 the same period prior to his death; and
19

20
21
22 Twenty percent (20%) of the value, if the prior decedent died more
23 than four (4) years but not more than five (5) years prior to the death
24 of the decedent, or if the property was transferred to him by gift within
25 the same period prior to his death.
26

27
28
29 These deductions shall be allowed only where a donor's tax, or estate
30 tax imposed under this Title is finally determined and paid by or on
31 behalf of such donor, or the estate of such prior decedent, as the case
32 may be, and only in the amount finally determined as the value of
33 such property in determining the value of the gift, or the gross estate
34 of such prior decedent, and only to the extent that the value of such
35 property is included in that part of the decedent's gross estate which
36 at the time of his death is situated in the Philippines; and only if, in
37 determining the value of the net estate of the prior decedent, no
38 deduction is allowable under paragraph (2) of Subsection (B) of this
39 Section, in respect of the property or properties given in exchange
40 therefore. Where a deduction was allowed of any mortgage or other
41 lien in determining the donor's tax, or the estate tax of the prior
42 decedent, which was paid in whole or in part prior to the decedent's
43 death, then the deduction allowable under said paragraph shall be
44 reduced by the amount so paid. Such deduction allowable shall be
45 reduced by an amount which bears the same ratio to the amounts
46 allowed as deductions under paragraphs (1) and (3) of this Subsection
47 as the amount otherwise deductible under paragraph (2) bears to the
48 value of that part of the decedent's gross estate which at the time of
49 his death is situated in the Philippines. Where the property referred to

1 consists of two (2) or more items, the aggregate value of such items
2 shall be used for the purpose of computing the deduction.
3

4
5 ~~[(3)]~~ (2) *Transfers for Public Use.* - The amount of all bequests, legacies,
6 devises or transfers to or for the use of the Government of the
7 Republic of the Philippines or any political subdivision thereof, for
8 exclusively public purposes.]
9

10
11 **(C) Share in the Conjugal Property.** - The net share of the surviving
12 spouse in the conjugal partnership property as diminished by the
13 obligations properly chargeable to such property shall, for the purpose
14 of this Section, be deducted from the net estate of the decedent.
15

16
17 **[(D) Miscellaneous Provisions.** - No deduction shall be allowed in the
18 case of a nonresident not a citizen of the Philippines, unless the
19 executor, administrator, or anyone of the heirs, as the case may be,
20 includes in the return required to be filed under Section 90 the value
21 at the time of his death of that part of the gross estate of the
22 nonresident not situated in the Philippines.]
23

24
25 **[(E)] (D) Tax Credit for Estate Taxes paid to a Foreign Country. -**
26

27 (1) *In General.* - The tax imposed by this Title shall be credited with
28 the amounts of any estate tax imposed by the authority of a foreign
29 country.
30

31
32 (2) *Limitations on Credit.* - The amount of the credit taken under this
33 Section shall be subject to each of the following limitations:
34

35
36 (a) The amount of the credit in respect to the tax paid to any country
37 shall not exceed the same proportion of the tax against which such
38 credit is taken, which the decedent's net estate situated within
39 such country taxable under this Title bears to his entire net estate;
40 and
41

42
43 (b) The total amount of the credit shall not exceed the same proportion
44 of the tax against which such credit is taken, which the decedent's
45 net estate situated outside the Philippines taxable under this Title
46 bears to his entire net estate."
47
48

49 SEC. 15. Section 99 of the National Internal Revenue Code of 1997, as
50 amended, is hereby further amended to read as follows:

1 **"SEC. 99. Rates of Tax Payable by Donor.-**
2
3

4 (A) *In General.* – The tax for each calendar year SHALL BE 6% AND
5 shall be computed on the basis of the total net gifts made during
6 the calendar year, PROVIDED THAT ANNUAL NET GIFTS NOT
7 EXCEEDING P100,000 SHALL BE EXEMPT. [in accordance with
8 the following schedule:]
9

10
11 [If the net gift is:

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

26
27 [[B) *Tax Payable by Donor if Donee is a Stranger.* – When the donee or
28 beneficiary is a stranger, the tax payable by the donor shall be thirty
29 percent (30%) of the net gifts. For the purpose of this tax, a 'stranger'
30 is a person who is not a:

- 31
32 (1) Brother, sister (whether by whole or half-blood), spouse,
33 ancestor and lineal descendant; or
34
35 (2) Relative by consanguinity in the collateral line within the
36 fourth degree of relationship.]
37

38 [[C)] (B) Any contribution in cash or in kind to any candidate, political
39 party or coalition of parties for campaign purposes shall be governed
40 by the Election Code, as amended."
41

42
43 SEC. 16. Section 106 of the National Internal Revenue Code of 1997, as
44 amended, is hereby further amended to read as follows:
45

46
47 **"SEC. 106. Value-Added Tax on Sale of Goods or Properties.-**
48
49

1 **(A) Rate and Base of Tax.** - There shall be levied, assessed and
2 collected on every sale, barter or exchange of goods or
3 properties, a value-added tax equivalent to TWELVE [ten]
4 percent (12%) [(10%)] of the gross selling price or gross value
5 in money of the goods or properties sold, bartered or
6 exchanged, such tax to be paid by the seller or transferor:
7 [Provided, That the President, upon the recommendation of
8 the Secretary of Finance, shall, effective January 1, 2006,
9 raise the rate of value-added tax to twelve percent (12%),
10 after any of the following conditions has been satisfied.
11

12
13 (i) Value-added tax collection as a percentage of
14 Gross Domestic product (GDP) of the previous year
15 exceeds two and four-fifth percent (2 4/5%); or
16

17 (ii) National government deficit as a percentage of
18 GDP of the previous year exceeds one
19 and one-half percent (1 1/2%).]
20

21
22 xxx xxx xxx
23

24
25 (2) The following sales by VAT-registered persons shall be
26 subject to zero-percent (0%) rate:
27

28 **(a) Export Sales.** - The term '**export sales**' means:
29

30 (1) The sale and actual shipment of goods
31 from the Philippines to a foreign country,
32 irrespective of any shipping arrangement that
33 may be agreed upon which may influence or
34 determine the transfer of ownership of the
35 goods so exported and paid for in acceptable
36 foreign currency or its equivalent in goods or
37 services, and accounted for in accordance
38 with the rules and regulations of the *Bangko*
39 *Sentral ng Pilipinas* (BSP);
40

41 [(2) Sale of raw materials or packaging
42 materials to a nonresident buyer for delivery
43 to a resident local export-oriented enterprise
44 to be used in manufacturing, processing,
45 packing or repacking in the Philippines of the
46 said buyer's goods and paid for in acceptable
47 foreign currency and accounted for in
48 accordance with the rules and regulations of
49 the *Bangko Sentral ng Pilipinas* (BSP);]
50

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

5
6 [(4) Sale of gold to the Bangko Sentral ng
7 Pilipinas (BSP)];

8
9 [(5) Those considered export sales under
10 Executive Order No. 226, otherwise known as
11 the Omnibus Investment Code of 1987, and
12 other special laws; and]

13
14 [6] (2) The sale of goods, supplies, equipment
15 and fuel to persons engaged in international
16 shipping or international air transport
17 operations; PROVIDED, THAT THE GOODS,
18 SUPPLIES, EQUIPMENT AND FUEL SHALL
19 BE USED FOR INTERNATIONAL SHIPPING
20 AND AIR TRANSPORT OPERATIONS;

21
22
23 (3) DIRECT EXPORTS BY A REGISTERED
24 EXPORT PRODUCER OF EXPORTS
25 PRODUCTS, OR THE SALES OF EXPORT
26 PRODUCTS TO ANOTHER EXPORT
27 PRODUCER OR TO AN EXPORT TRADER, AS
28 DEFINED UNDER EXECUTIVE ORDER NO.
29 226 AND OTHER SPECIAL LAWS;
30 PROVIDED, THAT THE EXPORTS OF
31 EXPORT TRADERS SHALL ONLY BE
32 DEEMED EXPORT SALES WHEN ACTUALLY
33 EXPORTED BY THE EXPORT TRADER, AS
34 EVIDENCED BY LANDING CERTIFICATES
35 OR SIMILAR COMMERCIAL DOCUMENTS.

36
37 [(b) *Foreign Currency Denominated Sale.* - The
38 phrase "foreign currency denominated sale" means
39 sale to a nonresident of goods, except those
40 mentioned in Sections 149 and 150, assembled or
41 manufactured in the Philippines for delivery to a
42 resident in the Philippines, paid for in acceptable
43 foreign currency and accounted for in accordance
44 with the rules and regulations of the *Bangko Sentral*
45 *ng Pilipinas* (BSP);]

46
47 [c] (B) Sales to persons or entities whose exemption
48 under [special laws or] international agreements to
49 which the Philippines is a signatory. [effectively
50 subjects such sales to zero rate]; AND

1 (C) SALE OF GOLD TO THE BANGKO SENTRAL NG
2 PILIPINAS (BSP)."
3
4

5 SEC. 17. Section 107 of the National Internal Revenue Code of 1997, as
6 amended, is hereby further amended to read as follows:
7
8
9

10 **"SEC. 107. Value-Added Tax on Importation of Goods. -**
11
12

13 **(A) In General.**- There shall be levied, assessed and collected on
14 every importation of goods a value-added tax equivalent to
15 TWELVE [ten] percent (12[10]%) based on the total value used
16 by the Bureau of Customs in determining tariff and customs
17 duties plus customs duties, excise taxes, if any, and other
18 charges, such tax to be paid by the importer prior to the release
19 of such goods from customs custody: Provided, That where the
20 customs duties are determined on the basis of the quantity or
21 volume of the goods, the value-added tax shall be based on the
22 landed cost plus excise taxes, if any. [Provided, further, That the
23 President, upon the recommendation of the Secretary of
24 Finance, shall, effective January 1, 2006, raise the rate of value-
25 added tax to twelve percent (12%), after any of the following
26 conditions has been satisfied:

27 (i) Value-added tax collection as a percentage of Gross
28 Domestic Product (GDP) of the previous year exceeds two
29 and four-fifth percent (2 4/5%); or
30

31 (ii) National government deficit as a percentage of GDP of
32 the previous year exceeds one and one-half percent (1
33 1/2%)]
34
35

36 **(B) Transfer of Goods by Tax-exempt Persons. -**
37
38

39 xxx xxx xxx"
40
41

42 SEC. 18. Section 108 of the National Internal Revenue Code of 1997, as
43 amended, is hereby further amended to read as follows:
44
45

46 **"SEC. 108. Value-added Tax on Sale of Services and Use or Lease**
47 **of Properties.-**
48

49 **(A) Rate and Base of Tax.** - There shall be levied, assessed and
50 collected, a value-added tax equivalent to TWELVE [ten] percent

1 (12%) [(10%)] of gross receipts derived from the sale or exchange
2 of services, including the use or lease of properties. [Provided,
3 That the President, upon the recommendation of the Secretary
4 of Finance, shall, effective January 1, 2006, raise the rate of
5 value-added tax to twelve percent (12%), after any of the
6 following conditions has been satisfied:
7

8 (i) Value-added tax collection as a percentage of Gross
9 Domestic Product (GDP) of the previous year exceeds two
10 and four-fifth percent (2 4/5%); or
11

12 (ii) National government deficit as a percentage of GDP of
13 the previous year exceeds one and one-half percent (1
14 1/2%)

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

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

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

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

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

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

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

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

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

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

24 The term '**gross receipts**' means the total amount of money or
25 its equivalent representing the contract price, compensation,
26 service fee, rental or royalty, including the amount charged for
27 materials supplied with the services and deposits and advanced
28 payments actually or constructively received during the taxable
29 quarter for the services performed or to be performed for
30 another person, excluding value-added tax.

31
32 **(B) Transactions Subject to Zero Percent (0%) Rate.**-The
33 following services performed in the Philippines by VAT-
34 registered persons shall be subject to zero percent (0%) rate.
35

36
37 xxx xxx xxx
38

39
40 (3) Services rendered to persons or entities whose exemption
41 under [special laws or] international agreements to which the

1 Philippines is a signatory effectively subjects the supply of such
2 services to zero percent (0%) rate;

3
4 (4) Services rendered to persons engaged in international
5 shipping or international air transport operations, including
6 leases of property for use thereof; PROVIDED, THAT THESE
7 SERVICES SHALL BE EXCLUSIVELY FOR INTERNATIONAL
8 SHIPPING AND AIR TRANSPORT OPERATIONS;

9
10 [(5) Services performed by subcontractors and/or contractors in
11 processing, converting, or manufacturing goods for an
12 enterprise whose export sales exceed seventy percent (70%) of
13 total annual production;]

14
15 (5[6]) Transport of passengers and cargo by DOMESTIC air or
16 sea vessels from the Philippines to a foreign country;

17
18 [(7) Sale of power or fuel generated through renewable sources
19 of energy such as, but not limited to, biomass, solar, wind,
20 hydropower, geothermal, ocean energy, and other emerging
21 energy sources using technologies such as fuel cells and
22 hydrogen fuels.]

23
24
25
26 xxx xxx xxx"

27
28
29
30 SEC. 19. Section 109 of the National Internal Revenue Code of 1997, as
31 amended, is hereby further amended to read as follows:

32
33
34
35 **"SEC. 109. Exempt Transactions. -**

36
37
38 **(1) Subject to the provisions of subsection (2) hereof, the**
39 **following transactions shall be exempt from the value-added**
40 **tax:**

41
42
43 (A) Xxx;

44
45 (B) Xxx;

46
47 (C) Xxx;

48
49 [(D) Importation of professional instruments and implements,
50 wearing apparel, domestic animals, and personal household

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

10
11
12 (D) IMPORTATION OF PROFESSIONAL INSTRUMENTS AND
13 IMPLEMENTS, TOOLS OF TRADE, OCCUPATION OR
14 EMPLOYMENT, WEARING APPAREL, DOMESTIC ANIMALS,
15 AND PERSONAL AND HOUSEHOLD EFFECTS BELONGING TO
16 PERSONS COMING TO SETTLE IN THE PHILIPPINES OR
17 FILIPINOS OR THEIR FAMILIES AND DESCENDANTS WHO
18 ARE NOW RESIDENTS OR CITIZENS OF OTHER COUNTRIES,
19 SUCH PARTIES HEREINAFTER REFERRED TO AS OVERSEAS
20 FILIPINOS, IN QUANTITIES AND OF THE CLASS SUITABLE TO
21 THE PROFESSION, RANK OR POSITION OF THE PERSONS
22 IMPORTING SAID ITEMS, FOR THEIR OWN USE AND NOT FOR
23 BARTER OR SALE, ACCOMPANYING SUCH PERSONS, OR
24 ARRIVING WITHIN A REASONABLE TIME: *PROVIDED*, THAT
25 THE BUREAU OF CUSTOMS MAY, UPON THE PRODUCTION
26 OF SATISFACTORY EVIDENCE THAT SUCH PERSONS ARE
27 ACTUALLY COMING TO SETTLE IN THE PHILIPPINES AND
28 THAT THE GOODS ARE BROUGHT FROM THEIR FORMER
29 PLACE OF ABODE; *PROVIDED, FURTHER*, THAT VEHICLES,
30 VESSELS, AIRCRAFTS, MACHINERIES AND OTHER SIMILAR
31 GOODS FOR USE IN MANUFACTURE, SHALL NOT FALL
32 WITHIN THIS CLASSIFICATION AND SHALL THEREFORE BE
33 SUBJECT TO DUTIES, TAXES AND OTHER CHARGES;

34
35
36 (E) Services subject to percentage tax under Title V;

37
38
39 (F) Services by agricultural contract growers and milling for
40 others of palay into rice, corn into grits and sugar cane into raw
41 sugar;

42
43
44 (G) Medical, dental, hospital and veterinary services except
45 those rendered by professionals.

46
47
48 (H) Educational services rendered by private educational
49 institutions, duly accredited by the Department of Education
50 (DepED), the Commission on Higher Education (CHED), the

1 Technical Education and Skills Development Authority (TESDA)
2 and those rendered by government educational institutions;
3

4 (I) Services rendered by individuals pursuant to an employer-
5 employee relationship;
6

7 (J) Services rendered by regional or area headquarters
8 established in the Philippines by multinational corporations
9 which act as supervisory, communications and coordinating
10 centers for their affiliates, subsidiaries or branches in the Asia-
11 Pacific Region and do not earn or derive income from the
12 Philippines;
13

14 (K) Transactions which are exempt under international
15 agreements to which the Philippines is a signatory [or under
16 special laws, except those under Presidential Decree No. 529];
17

18 [(L) Sales by agricultural cooperatives duly registered with the
19 Cooperative Development Authority to their members as well as
20 sale of their produce, whether in its original state or processed
21 form, to non-members; their importation of direct farm inputs,
22 machineries and equipment, including spare parts thereof, to be
23 used directly and exclusively in the production and/or
24 processing of their produce;]
25

26 [(M) Gross receipts from lending activities by credit or multi-
27 purpose cooperatives duly registered with the Cooperative
28 Development Authority;]
29

30 [(N) Sales by non-agricultural, non- electric and non-credit
31 cooperatives duly registered with the Cooperative Development
32 Authority: Provided, That the share capital contribution of each
33 member does not exceed Fifteen thousand pesos (P15, 000) and
34 regardless of the aggregate capital and net surplus ratably
35 distributed among the members;]
36

37 [O] (L) Export sales by persons who are not VAT-registered;
38

39 [P] (M) Sale of real properties not primarily held for sale to
40 customers Nor held for lease in the ordinary course of trade or
41 business [or real property utilized for low-cost and socialized
42 housing as defined by Republic Act No. 7279, otherwise known
43 as the Urban Development and Housing Act of 1992, and other
44 related laws, residential lot valued at One million pesos
45 (P1,500,000) and below, house and lot, and other residential
46 dwellings valued at Two million five hundred thousand pesos
47 (P2, 500, 000) and below: Provided, That not later than
48 January 31, 2009 and every three (3) years thereafter, the
49 amount herein stated shall be adjusted to their present values

1 using the Consumer Price Index, as published by the National
2 Statistics Office (NSO));

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

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

16
17 [S] (O) Transport of passengers by international carriers;

18
19 [(T)] (P) Sale, importation or lease of passenger or cargo vessels
20 and aircraft, including engine, equipment and spare parts
21 thereof for domestic or international transport operations;

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

28
29 [V] (R) Services of bank, non-bank financial intermediaries
30 performing quasi-banking functions, and other non-bank
31 financial intermediaries; [and]

32
33 (S) SALE OF POWER OR FUEL GENERATED THROUGH
34 RENEWABLE SOURCES OF ENERGY SUCH AS, BUT NOT
35 LIMITED TO, BIOMASS, SOLAR, WIND, HYDROPOWER,
36 GEOTHERMAL, OCEAN ENERGY, AND OTHER EMERGING
37 ENERGY SOURCES USING TECHNOLOGIES SUCH AS FUEL
38 CELLS AND HYDROGEN FUELS; AND

39
40 [W] (T) Sale or lease of goods or properties or the performance of
41 services other than the transactions mentioned in the preceding
42 paragraphs, the gross annual sales and/or receipts do not
43 exceed the amount of THREE MILLION [One million five
44 hundred thousand] pesos (P3,000,000.00 [P1,500,000]):
45 *Provided*, That not later than January 31, 2017 and every three
46 (3) years thereafter, the amount herein stated shall be adjusted
47 to its present value using the Consumer Price Index, as
48 published by the [National Statistics-Office (NSO)].PHILIPPINE
49 STATISTICS AUTHORITY (PSA)."

1 SEC. 20. Section 113 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3
4
5 **"SEC. 113. Invoicing and Accounting Requirements for VAT-**
6 **Registered Persons. -**

7
8
9 (A) Invoicing Requirements. - A VAT-registered person shall issue:

10
11 (1) A VAT Invoice for every sale, barter or exchange of goods or
12 properties; and

13
14 (2) A VAT official receipt for every lease of goods or properties, and
15 for every sale, barter or exchange of services.

16
17
18 FOR THIS PURPOSE, ELECTRONICALLY-GENERATED VAT
19 INVOICES AND RECEIPTS, DULY REGISTERED IN ACCORDANCE
20 WITH THE REQUIREMENTS PRESCRIBED BY THE COMMISSIONER
21 OF INTERNAL REVENUE, AS APPROVED BY THE SECRETARY OF
22 FINANCE, SHALL BE RECOGNIZED FOR INPUT TAX PURPOSES.

23
24
25 xxx xxx xxx"

26
27
28 SEC. 21. Section 116 of the National Internal Revenue Code of 1997, as
29 amended, is hereby further amended to read as follows:

30
31
32 **"SEC. 116. Tax on Persons Exempt from Value-added Tax (VAT). -**
33 Any person whose sales or receipts are exempt under Section
34 109[(V)](T) of this Code from the payment of value-added tax and who
35 is not a VAT-registered person shall pay a tax equivalent to three
36 percent (3%) of his gross quarterly sales or receipts: *Provided*, That
37 cooperatives shall be exempt from the three percent (3%) gross
38 receipts tax herein imposed."

39
40
41 SEC. 22. Chapter 5 of Title V of the National Internal Revenue Code of 1997,
42 as amended, is hereby further amended to read as follows:

43
44
45
46 **"CHAPTER V**
47 **EXCISE TAX ON PETROLEUM PRODUCTS**

48
49 **SEC. 148. Manufactured Oils and Other Fuels. -** There shall be
50 collected on refined and manufactured mineral oils and motor fuels,

1 the following excise taxes which shall attach to the goods hereunder
2 enumerated as soon as they are in existence as such:
3 EFFECTIVE JULY 1, 2017
4

5 (a) Lubricating oils and greases, including but not limited to,
6 basestock for lube oils and greases, high vacuum distillates, aromatic
7 extracts, and other similar preparations, and additives for lubricating
8 oils and greases, whether such additives are petroleum based or not,
9 per liter and kilogram respectively, of volume capacity or weight, [Four
10 pesos and fifty centavos (P4.50)] SEVEN PESOS (P7.00) *Provided,*
11 *however,* That the excise taxes paid on the purchased feedstock
12 (bunker) used in the manufacture of excisable articles and forming
13 part thereof shall be credited against the excise tax due therefrom:
14 *Provided, further,* That lubricating oils and greases produced from
15 basestocks and additives on which the excise tax has already been
16 paid shall no longer be subject to excise tax: *Provided, finally,* That
17 locally produced or imported oils previously taxed as such but are
18 subsequently reprocessed, re-refined or recycled shall likewise be
19 subject to the tax imposed under this Section.
20

21 (b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)]
22 THREE PESOS (P3.00);
23

24 (c) Waxes and petrolatum, per kilogram, [Three pesos and fifty
25 centavos (P3.50)] SEVEN PESOS (P7.00);
26

27 (d) On denatured alcohol to be used for motive power, per liter of
28 volume capacity, [Five centavos (P0.05)] THREE PESOS (P3.00):
29 *Provided,* That unless otherwise provided by special laws, if the
30 denatured alcohol is mixed with gasoline, the excise tax on which has
31 already been paid, only the alcohol content shall be subject to the tax
32 herein prescribed. For purposes of this Subsection, the removal of
33 denatured alcohol of not less than one hundred eighty degrees (180°)
34 proof (ninety percent (90%) absolute alcohol) shall be deemed to have
35 been removed for motive power, unless shown otherwise;
36

37 (e) Naphtha, regular gasoline and other similar products of distillation,
38 per liter of volume capacity, [Four pesos and thirty five centavos
39 (P4.35)] SEVEN PESOS (P7.00): *Provided, however,* That naphtha,
40 when used as a raw material in the production of petrochemical
41 products or as replacement fuel for natural-gas-fired-combined cycle
42 power plant, in lieu of locally-extracted natural gas during the non-
43 availability thereof, subject to the rules and regulations to be
44 promulgated by the Secretary of Energy, in consultation with the
45 Secretary of Finance, per liter of volume capacity, Zero (P0.00):
46 *Provided, further,* That the by-product including fuel oil, diesel fuel,
47 kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils
48 having more or less the same generating power, which are produced
49 in the processing of naphtha into petrochemical products shall be
50 subject to the applicable excise tax specified in this Section, except

1 when such by-products are transferred to any of the local oil refineries
2 through sale, barter or exchange, for the purpose of further processing
3 or blending into finished products which are subject to excise tax
4 under this Section;

5
6 (f) Leaded premium gasoline, per liter of volume capacity, [Five pesos
7 and thirty-five centavos (P5.35)] SEVEN PESOS (P7.00); unleaded
8 premium gasoline, per liter of volume capacity, [Four pesos and thirty-
9 five centavos (P4.35)] SEVEN PESOS (P7.00);

10
11 (g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos
12 and sixty-seven centavos (P3.67)] SEVEN PESOS (P7.00);

13
14 (h) Kerosene, per liter of volume capacity, [Zero (P0.00)] THREE
15 PESOS (P3.00): *Provided*, That kerosene, when used as aviation fuel,
16 shall be subject to the same tax on aviation turbo jet fuel under the
17 preceding paragraph (g), such tax to be assessed on the user thereof;

18
19 (i) Diesel fuel oil, and on similar fuel oils having more or less the same
20 generating power, per liter of volume capacity, [zero (P0.00)] THREE
21 PESOS (P3.00);

22
23 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] THREE PESOS
24 (P3.00): *Provided*, That liquefied petroleum gas used for motive power
25 shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

26
27 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] THREE PESOS
28 (P3.00); and

29
30 (l) Bunker fuel oil, and on similar fuel oils having more or less the
31 same generating power, per liter of volume capacity, [zero (P0.00)]
32 THREE PESOS (P3.00).

33
34
35 EFFECTIVE JANUARY 1, 2018

36
37 (a) Lubricating oils and greases, including but not limited to,
38 basestock for lube oils and greases, high vacuum distillates, aromatic
39 extracts, and other similar preparations, and additives for lubricating
40 oils and greases, whether such additives are petroleum based or not,
41 per liter and kilogram respectively, of volume capacity or weight, [Four
42 pesos and fifty centavos (P4.50)] NINE PESOS (P9.00) *Provided*,
43 *however*, That the excise taxes paid on the purchased feedstock
44 (bunker) used in the manufacture of excisable articles and forming
45 part thereof shall be credited against the excise tax due therefrom:
46 *Provided, further*, That lubricating oils and greases produced from
47 basestocks and additives on which the excise tax has already been
48 paid shall no longer be subject to excise tax: *Provided, finally*, That
49 locally produced or imported oils previously taxed as such but are

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

3
4 (b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)]
5 FIVE PESOS (P5.00);
6

7 (c) Waxes and petrolatum, per kilogram, [Three pesos and fifty
8 centavos (P3.50)] NINE PESOS (P9.00);
9

10 (d) On denatured alcohol to be used for motive power, per liter of
11 volume capacity, [Five centavos (P0.05)] FIVE PESOS (P5.00):
12 *Provided*, That unless otherwise provided by special laws, if the
13 denatured alcohol is mixed with gasoline, the excise tax on which has
14 already been paid, only the alcohol content shall be subject to the tax
15 herein prescribed. For purposes of this Subsection, the removal of
16 denatured alcohol of not less than one hundred eighty degrees (180°)
17 proof (ninety percent (90%) absolute alcohol) shall be deemed to have
18 been removed for motive power, unless shown otherwise;
19

20
21 (e) Naphtha, regular gasoline and other similar products of distillation,
22 per liter of volume capacity, [Four pesos and thirty five centavos]
23 (P4.35)] NINE PESOS (P9.00): *Provided, however*, That naphtha, when
24 used as a raw material in the production of petrochemical products or
25 as replacement fuel for natural-gas-fired-combined cycle power plant,
26 in lieu of locally-extracted natural gas during the non-availability
27 thereof, subject to the rules and regulations to be promulgated by the
28 Secretary of Energy, in consultation with the Secretary of Finance, per
29 liter of volume capacity, Zero (P0.00): *Provided, further*, That the by-
30 product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline,
31 liquefied petroleum gases and similar oils having more or less the
32 same generating power, which are produced in the processing of
33 naphtha into petrochemical products shall be subject to the
34 applicable excise tax specified in this Section, except when such by-
35 products are transferred to any of the local oil refineries through sale,
36 barter or exchange, for the purpose of further processing or blending
37 into finished products which are subject to excise tax under this
38 Section;
39

40
41 (f) Leaded premium gasoline, per liter of volume capacity, [Five pesos
42 and thirty-five centavos (P5.35)] NINE PESOS (P9.00); unleaded
43 premium gasoline, per liter of volume capacity, [Four pesos and thirty-
44 five centavos (P4.35)] NINE PESOS (P9.00);
45

46
47 (g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos
48 and sixty-seven centavos (P3.67)] NINE PESOS (P9.00);
49
50

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

6
7 (i) Diesel fuel oil, and on similar fuel oils having more or less the same
8 generating power, per liter of volume capacity, [zero (P0.00)] FIVE
9 PESOS (P5.00);
10

11
12 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] FIVE PESOS
13 (P5.00): *Provided*, That liquefied petroleum gas used for motive power
14 shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;
15 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] FIVE PESOS
16 (P5.00); and
17

18 (l) Bunker fuel oil, and on similar fuel oils having more or less the
19 same generating power, per liter of volume capacity, [zero (P0.00)]
20 FIVE PESOS (P5.00).
21

22
23 EFFECTIVE JANUARY 1, 2019
24

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

41 (b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)]
42 SIX PESOS (P6.00);
43

44 (c) Waxes and petrolatum, per kilogram, [Three pesos and fifty
45 centavos (P3.50)] TEN PESOS (P10.00);
46

47 (d) On denatured alcohol to be used for motive power, per liter of
48 volume capacity, [Five centavos (P0.05)] SIX PESOS (P6.00): *Provided*,
49 That unless otherwise provided by special laws, if the denatured
50 alcohol is mixed with gasoline, the excise tax on which has already

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

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

26 (f) Leaded premium gasoline, per liter of volume capacity, [Five pesos
27 and thirty-five centavos (P5.35)] TEN PESOS (P10.00); unleaded
28 premium gasoline, per liter of volume capacity, [Four pesos and thirty-
29 five centavos (P4.35)] TEN PESOS (P10.00);
30

31 (g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos
32 and sixty-seven centavos (P3.67)] TEN PESOS (P10.00);
33

34 (h) Kerosene, per liter of volume capacity, [Zero (P0.00)] SIX PESOS
35 (P6.00): *Provided,* That kerosene, when used as aviation fuel, shall be
36 subject to the same tax on aviation turbo jet fuel under the preceding
37 paragraph (g), such tax to be assessed on the user thereof;
38

39 (i) Diesel fuel oil, and on similar fuel oils having more or less the same
40 generating power, per liter of volume capacity, [zero (P0.00)] SIX
41 PESOS (P6.00);
42

43 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] SIX PESOS (P6.00);
44 *Provided,* That liquefied petroleum gas used for motive power shall be
45 taxed at the equivalent rate as the excise tax on diesel fuel oil;
46

47 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] SIX PESOS
48 (P6.00); and
49
50

1 (l) Bunker fuel oil, and on similar fuel oils having more or less the
2 same generating power, per liter of volume capacity, [zero (P0.00)] SIX
3 PESOS (P6.00).
4
5

6 *"PROVIDED, HOWEVER, THAT THE EXCISE TAXES PAID ON*
7 *THE PURCHASED FEEDSTOCK (BUNKER) USED IN THE*
8 *MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART*
9 *THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE*
10 *THEREFROM[:].*

11
12 *"PROVIDED, FURTHER, THAT LUBRICATING OILS AND*
13 *GREASES PRODUCED FROM BASESTOCKS AND ADDITIVES ON*
14 *WHICH THE EXCISE TAX HAS ALREADY BEEN PAID SHALL NO*
15 *LONGER BE SUBJECT TO EXCISE TAX[:].*

16
17 *"PROVIDED, FINALLY, THAT LOCALLY PRODUCED OR*
18 *IMPORTED OILS PREVIOUSLY TAXED AS SUCH BUT ARE*
19 *SUBSEQUENTLY REPROCESSED, REREFINED OR RECYCLED*
20 *SHALL LIKEWISE BE SUBJECT TO THE TAX IMPOSED UNDER THIS*
21 *SUBSECTION.*

22
23 *"THE TAX RATES IMPOSED UNDER THIS SUBSECTION SHALL*
24 *BE INCREASED BY FOUR PERCENT (4%) EVERY YEAR*
25 *THEREAFTER EFFECTIVE ON JANUARY 1, 2020 THROUGH*
26 *REVENUE REGULATIONS ISSUED BY THE SECRETARY OF*
27 *FINANCE, UNLESS THE AVERAGE DUBAI CRUDE OIL PRICE IN THE*
28 *MONTH PRECEEDING THE SCHEDULED INDEXATION EXCEEDS*
29 *ONE HUNDRED U.S. DOLLARS (USD 100) PER BARREL."*

30
31 SEC. 23. A new section designated as Section 148-A under Chapter V of the
32 National Internal Revenue Code (NIRC) of 1997, as amended, is hereby
33 inserted to read as follows:

34 **"SECTION 148-A. MANDATORY MARKING OF ALL PETROLEUM**
35 **PRODUCTS.** - ALL PETROLEUM PRODUCTS, (MANUFACTURED OIL
36 AND OTHER FUEL) REFINED, MANUFACTURED AND/OR IMPORTED
37 INTO THE PHILIPPINES, WHETHER THE SAME WERE EXEMPT
38 FROM THE PAYMENT OF TAXES AND DUTIES, OR ENTERED INTO A
39 FREE ZONE SHALL BE MARKED WITH THE OFFICIAL MARKING

1 AGENT DESIGNATED BY THE DEPARTMENT OF FINANCE (DOF) IN
2 ACCORDANCE WITH EXISTING RULES:

3 THE PERSON, ENTITY OR TAXPAYER WHO OWNS OR ENTERS THE
4 PETROLEUM PRODUCTS TO WHOM THE SAID PETROLEUM
5 PRODUCTS ARE CONSIGNED, OR WHOEVER BRINGS THE SAME
6 INTO THE COUNTRY SHALL CAUSE THE MARKING OF SAID
7 PETROLEUM PRODUCTS WITH THE OFFICIAL MARKING AGENT.
8

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

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

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

37 **B. PROGRAM IMPLEMENTATION OFFICE (PIO).** - A PIO, HEADED
38 BY A DOF SENIOR OFFICER TO BE DESIGNATED BY THE
39 SECRETARY OF FINANCE, AND WITH THE COMMISSIONER OF THE
40 BUREAU OF CUSTOMS (BOC) AND THE COMMISSIONER OF
41 BUREAU OF INTERNAL REVENUE (BIR) OR THEIR DULY
42 AUTHORIZED REPRESENTATIVES WITH THE RANK OF DEPUTY
43 COMMISSIONER AS MEMBERS SHALL DIRECTLY COORDINATE
44 AND SUPERVISE THE PROPER AND EFFECTIVE IMPLEMENTATION
45 OF THIS ACT. THE PIO SHALL BE SUPPORTED BY PERSONNEL OF
46 THE DOF, AS WELL AS THOSE ASSIGNED OR SECONDED FROM
47 AGENCIES ATTACHED TO THE DOF.

1
2 THE PIO, WHICH IS HEREBY AUTHORIZED TO CALL ON ANY
3 OFFICIAL OF THE DEPARTMENT OF ENERGY AND ITS ATTACHED
4 AGENCIES FOR SUCH ASSISTANCE AS MAY BE NECESSARY, AS
5 WELL AS TO REQUIRE THE PARTICIPATION OF EXPERTS TO HELP
6 ACHIEVE THE OBJECTIVES OF THE ACT, SHALL HAVE THE
7 FOLLOWING DUTIES AND RESPONSIBILITIES:

8
9 (A) TO ISSUE THE TERMS OF REFERENCE AND ENGAGEMENT OF
10 THE OFFICIAL MARKING PROVIDER;

11
12 (B) TO ENSURE THAT ALL OPERATIONAL AND TECHNICAL
13 WRITTEN INSTRUCTIONS ARE IN PLACE AND PROPERLY
14 DISSEMINATED TO ALL CONCERNED TO ENSURE THE
15 EFFECTIVENESS OF THE MARKING SYSTEM;

16
17 (C) TO IDENTIFY AND RESOLVE OPERATIONAL AND TECHNICAL
18 DIFFICULTIES IDENTIFIED IN THE COURSE OF IMPLEMENTATION;
19 AND

20
21 (D) SUBMIT MONTHLY PROGRESS REPORT TO THE
22 SECRETARY OF FINANCE ON THE IMPLEMENTATION OF THIS ACT.

23
24 THE PIO, IN LAUNCHING THE NATIONWIDE ROLL-OUT OF THE
25 PROGRAM, IN CONSULTATIONS WITH THE BOC AND THE BIR
26 SHALL SUBMIT TO THE SECRETARY OF FINANCE, AMONG
27 OTHERS, THE FOLLOWING: (A) SPECIFICATIONS OF THE
28 NATIONAL MARKER; (B) THE MARKER TO BE USED AND THE
29 MARKING SERVICE PROVIDER; (C) TERMS OF REFERENCE AND
30 ENGAGEMENT OF THE PROVIDER; (D) PERFORMANCE MEASURES
31 OF THE PROGRAM; (E) PORTS/PLACES WHERE THE FUEL
32 MARKING PROGRAM WILL BE ROLLED-OUT.

33
34
35
36 SEC. 24. Chapter 5 of Title VI of the National Internal Revenue Code of
37 1997, as amended, is hereby further amended to read as follows:

38
39
40
41 **"CHAPTER VI - EXCISE TAX ON MISCELLANEOUS ARTICLES**

42
43 SEC. 149. Automobiles There shall be levied, assessed and collected
44 an ad valorem tax on automobiles based on the manufacturer's or
45 importer's selling price, net of excise and value-added tax, in
46 accordance with the following schedule:
47
48
49

Net manufacturer's price/importer's selling price	Rate
Up to P600 Thousand	4% [2%]
Over P600 Thousand to P1.1 million	[P12, 000 + 20%] P24,000 + 40% of value in excess of P600 thousand
Over P1.1 Million to P2.1 Million	[P112, 000 + 40%] P224,000 + 100% of value in excess of P1.1 Million
Over P2.1 Million	[P512,000 + 60%] P1,224,000 + 200% of value in excess of P2.1 Million

1
2
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4
5 *Provided*, That the brackets reflecting the manufacturer's price or
6 importer's selling price, net of excise and value-added taxes, will be indexed
7 by the Secretary of Finance once every two (2) years if the change in the
8 exchange rate of the Philippine peso against the United States (U.S.) dollar
9 is more than ten percent (10%) from the date of effectivity of this Act, in the
10 case of initial adjustment and from the last revision date in the case of
11 subsequent adjustments.

12
13
14 The manufacturer's price or importer's selling price, net of excise and
15 value-added taxes, shall be indexed by the full rate of the peso depreciation
16 or appreciation, as the case may be.

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

25
26 As used in this Section -

27
28 (a) Automobile shall mean any four (4) or more wheeled motor vehicle
29 regardless of seating capacity, which is propelled by gasoline, diesel, OR
30 ANY OTHER MOTIVE POWER EXCEPT PURELY POWERED BY electricity [or

1 any other motive power]: Provided, That for purposes of this Act, buses,
2 trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab chassis,
3 and special-purpose vehicles shall not be considered automobiles.
4

5 (b) Truck/cargo van shall mean a motor vehicle of any configuration
6 that is exclusively designed for the carriage of goods and with any number of
7 wheels and axles: Provided, That pick-ups shall [not] be considered as
8 trucks.
9

10 (c) Jeep/jeepney/jeepney substitutes shall mean as "Philippine jeep or
11 jeepney" which are of the jitney type locally designed and manufactured
12 generally from surplus parts and components. It shall also include jeepney
13 substitutes that are manufactured from brand-new single cab chassis or
14 cowl chassis and locally customized rear body that has continuous sideway
15 row seats with open rear door and without retractable glass windows.
16

17 (d) Bus shall mean a motor vehicle of any configuration with gross
18 vehicle weight of 4.0 tons or more with any number of wheels and axles,
19 which is generally accepted and specially designed for mass or public
20 transportation.
21

22 (e) Single cab chassis shall mean a motor vehicle with complete engine
23 power train and chassis equipped with a cab that has a maximum of two (2)
24 doors and only one (1) row of seats.
25

26 (f) Special purpose vehicle shall mean a motor vehicle designed for
27 specific applications such as cement mixer, fire truck, boom truck,
28 ambulance and/or medical unit, and off-road vehicles for heavy industries
29 and not for recreational activities.
30

31 *Provided*, That in the case of imported automobiles not for sale, the
32 tax imposed herein shall be based on the total landed value, including
33 transaction value, customs duty and all other charges.
34 Automobiles used exclusively within the freeport zone shall be exempt from
35 excise tax."
36

37
38 SEC. 25. Section 155 of the National Internal Revenue Code of 1997, as
39 amended, is hereby further amended to read as follows:
40
41

42 **"SECTION 155. Manufacturers' AND IMPORTERS' [to Provide**
43 **Themselves with] Counting or Metering Devices to Determine**
44 **Production.** — Manufacturers AND IMPORTERS of cigarettes,
45 alcoholic products, oil products and other articles subject to excise
46 tax that can be similarly measured [shall provide themselves] SHALL
47 HAVE [with such] THE necessary number of suitable counting or
48 metering devices, INCLUDING FUEL MARKING IN THE CASE OF
49 PETROLEUM PRODUCTS, to determine as accurately as possible the

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

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

9
10 SEC. 26. Section 232 of the National Internal Revenue Code of 1997, as
11 amended, is hereby further amended to read as follows:
12

13
14 **"SECTION 232. Keeping of Books of Accounts. —**
15

16
17 *(A) Corporations, Companies, Partnerships or Persons Required to Keep*
18 *Books of Accounts. — All corporations, companies, partnerships or*
19 *persons required by law to pay internal revenue taxes shall keep a*
20 *journal and a ledger or their equivalents: Provided, however, That*
21 *those whose quarterly sales, earnings, receipts, or output do not*
22 *exceed [Fifty] TWO HUNDRED FIFTY thousand pesos [P50,000]*
23 *(P250,000) shall keep and use simplified set of bookkeeping records*
24 *duly authorized by the Secretary of Finance wherein all transactions*
25 *and results of operations are shown and from which all taxes due the*
26 *Government may readily and accurately be ascertained and*
27 *determined any time of the year: Provided, further, That corporations,*
28 *companies, partnerships or persons whose gross quarterly sales,*
29 *earnings, receipts or output exceed [One] SEVEN hundred fifty*
30 *thousand pesos (P750,000) [(P150,000)], shall have their books of*
31 *accounts audited and examined yearly by independent Certified*
32 *Public Accountants and their income tax returns accompanied with a*
33 *duly accomplished Account Information Form (AIF) which shall*
34 *contain, among others, information lifted from certified balance*
35 *sheets, profit and loss statements, schedules listing income-*
36 *producing properties and the corresponding income therefrom and*
37 *other relevant statements; PROVIDED FURTHER, THAT THE*
38 *SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE*
39 *COMMISSIONER, SHALL REQUIRE THE MANDATORY*
40 *INTERCONNECTION OF CERTAIN BOOKS OF ACCOUNTS TO THE*
41 *BUREAU OF INTERNAL REVENUE SYSTEMS."*
42

43
44 SEC. 27. Section 237 of the National Internal Revenue Code (NIRC) of 1997,
45 as amended, is hereby further amended to read as follows:
46
47

1 **"SEC. 237. [Issuance of Receipts or Sales or Commercial**
2 **Invoices.] ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR**
3 **COMMERCIAL INVOICES. -**
4

5
6 **(A) ISSUANCE. -** All persons subject to an internal revenue tax shall,
7 for each sale or transfer of merchandise or for services rendered
8 valued at Twenty-five pesos (P25.00) or more, issue duly registered
9 ELECTRONIC receipts or ELECTRONIC sales or commercial
10 invoices, [prepared at least in duplicate,] showing the date of
11 transaction, quantity, unit cost and description of merchandise or
12 nature of service: Provided, however, That in the case of sales,
13 receipts or transfers in the amount of One hundred pesos
14 (P100.00) or more, or regardless of amount, where the sale or
15 transfer is made by a person liable to value-added tax to another
16 person also liable to value-added tax; or where the ELECTRONIC
17 receipt is issued to cover payment made as rentals, commissions,
18 compensations or fees, ELECTRONIC receipts or ELECTRONIC
19 invoices shall be issued which shall show the name, business
20 style, if any, and address of the purchaser is a VAT-registered
21 person, in addition to the information herein required, the
22 ELECTRONIC invoice or ELECTRONIC receipt shall further show
23 the Taxpayer Identification Number (TIN) of the purchaser:
24 PROVIDED, FURTHER, THAT, THE ISSUANCE TO THE BUYER
25 OF AN ELECTRONIC RECEIPT OR ELECTRONIC INVOICE SHALL
26 BE ACCOMPLISHED EITHER ELECTRONICALLY OR BY
27 TENDERING A PRINTED COPY THEREOF.
28

29 **(B) TRANSMISSION. -** THE PRECEDING PARAGRAPH
30 NOTWITHSTANDING, AN ELECTRONIC RECEIPT OR
31 ELECTRONIC INVOICE, AS THE CASE MAYBE, SHALL BE
32 TRANSMITTED DIRECTLY TO THE BUREAU OF INTERNAL
33 REVENUE (BIR) AT THE SAME TIME AND DATE OF EACH SALE
34 TRANSACTION."
35

36
37
38 SEC. 28. A new section designated as Section 237-A under Chapter II Title
39 IX of the National Internal Revenue Code (NIRC) of 1997, as amended, is
40 inserted to read as follows:
41

42
43
44 **"SEC. 237-A. ELECTRONIC SALES REPORTING SYSTEM. -**
45

46
47 A. CREATION. - THE BUREAU SHALL CREATE AN ELECTRONIC
48 SYSTEM THAT WILL LINK SALES AND PURCHASE DATA
49 ENTERED ON CASH REGISTER/POINT-OF-SALES MACHINES

1 (CRM/POS MACHINES) OF VAT-REGISTERED TAXPAYERS TO
2 THE BUREAU'S SERVERS FOR SIMULTANEOUS REPORTING OF
3 SALES AND PURCHASE DATA.
4

5 VAT-REGISTERED TAXPAYERS SHALL ACQUIRE CRM/POS
6 MACHINES AND SECURE SAID MACHINES' LINKAGE TO THE
7 BIR'S SERVERS AT THEIR EXPENSE. THEY SHALL LIKEWISE
8 ENSURE THAT THE CRM/POS MACHINES HAVE THE CAPACITY
9 TO SIMULTANEOUSLY TRANSMIT DATA ENTERED ON THE
10 MACHINES TO THE SERVERS OF THE BUREAU OF INTERNAL
11 REVENUE.
12
13

14 THE ESTABLISHMENT BY THE BUREAU OF THE ELECTRONIC
15 SYSTEM AND LINKAGE THERETO BY VAT-REGISTERED
16 TAXPAYERS OF THEIR CRM/POS MACHINES SHALL BE DONE
17 WITHIN ONE (1) YEAR AND SIX (6) MONTHS FROM THE
18 EFFECTIVITY OF THIS ACT.
19
20

21 B. ELECTRONIC INTERCONNECTIVITY WITH THE BUREAU OF
22 CUSTOMS (BOC), LAND TRANSPORTATION OFFICE (LTO),
23 DEPARTMENT OF TRADE AND INDUSTRY (DTI), DEPARTMENT
24 OF AGRICULTURE (DA), SECURITIES AND EXCHANGE
25 COMMISSION (SEC) AND OTHER APPROPRIATE GOVERNMENT
26 AGENCIES. - WITHIN ONE (1) YEAR AND SIX (6) MONTHS FROM
27 THE EFFECTIVITY OF THIS ACT, THE BUREAU SHALL
28 ESTABLISH ELECTRONIC INTERCONNECTIVITY WITH THE BOC,
29 LTO, DTI, DA, SEC AND OTHER APPROPRIATE GOVERNMENT
30 AGENCIES TO FURTHER ENHANCE THE REVENUE COLLECTION
31 EFFORT OF GOVERNMENT.
32
33

34 C. CONFIDENTIALITY OF TAXPAYER INFORMATION AND
35 COMPLIANCE WITH THE 'DATA PRIVACY ACT'. - THE
36 PROVISIONS OF SECTION 270 OF THE NATIONAL INTERNAL
37 REVENUE CODE OF 1997, AS AMENDED, ON UNLAWFUL
38 DIVULGENCE OF TAXPAYER INFORMATION SHALL BE STRICTLY
39 COMPLIED WITH.
40
41

42 THE DATA PROCESSING OF SALES AND PURCHASE DATA
43 SHALL ALSO COMPLY WITH THE PROVISIONS OF REPUBLIC ACT
44 NO. 10173 OR THE 'DATA PRIVACY ACT.'
45
46
47

1 SEC. 29. A new section designated as Section 264-A under Chapter II Title
2 X of the National Internal Revenue Code (NIRC) of 1997, as amended, is
3 inserted as follows:
4

5 **"SEC. 264-A. FAILURE TO LINK SALES AND PURCHASE DATA**
6 **ENTERED ON CRM/POS MACHINES TO THE BIR'S SERVERS DUE**
7 **TO NEGLIGENCE OR INTENT TO DEFRAUD THE GOVERNMENT. -**
8

9
10 ANY VAT REGISTERED TAXPAYER WHO FAILS TO UTILIZE
11 CRM/POS MACHINES CONNECTED TO THE BUREAU'S SERVERS IN
12 THE TAXPAYER'S BUSINESS OPERATIONS/TRANSACTIONS DUE TO
13 NEGLIGENCE OR WITH INTENT TO DEFRAUD THE GOVERNMENT
14 SHALL PAY A PENALTY AMOUNTING TO ONE-HALF OF ONE
15 PERCENT (1/2 OF 1%) OF THE ANNUAL NET INCOME AS
16 REFLECTED IN THE VAT-REGISTERED TAXPAYER'S AUDITED
17 FINANCIAL STATEMENT FOR THE SECOND YEAR PRECEDING THE
18 CURRENT TAXABLE YEAR FOR EACH DAY OF VIOLATION;
19 PROVIDED, THAT PAYMENT OF THE PENALTY SHALL BE MADE
20 SIMULTANEOUSLY WITH THE PAYMENT FOR VAT ON A MONTHLY
21 BASIS AS PROVIDED IN SECTION 114 (A) OF THIS CODE;
22 PROVIDED, FURTHER, THAT SHOULD THE AGGREGATE NUMBER
23 OF DAYS OF VIOLATION EXCEED ONE-HUNDRED EIGHTY (180)
24 DAYS WITHIN A TAXABLE YEAR, AN ADDITIONAL PENALTY OF
25 PERMANENT CLOSURE OF THE VAT-REGISTERED TAXPAYER
26 SHALL BE IMPOSED."
27

28
29 SEC. 30. A new section designated as Section 264-B under Chapter II Title
30 X of the National Internal Revenue Code (NIRC) of 1997, as amended, is
31 inserted to read as follows:
32

33
34
35 **"SEC. 264-B. AUTOMATED SALES SUPPRESSION DEVICES. -**
36

37
38 CRIMINAL LIABILITY SHALL BE INCURRED BY ANY PERSON WHO
39 SHALL PURCHASE, USE, POSSESS, SELL OR OFFER TO SELL,
40 UPDATE, UPGRADE, KEEP OR MAINTAIN ANY SOFTWARE OR
41 DEVICE DESIGNED FOR, OR IS CAPABLE OF:
42

- 43
44 A. SUPPRESSING THE CREATION OF ELECTRONIC RECORDS
45 OF SALE TRANSACTIONS THAT A TAXPAYER IS REQUIRED
46 TO KEEP UNDER EXISTING TAX LAWS AND/OR
47 REGULATIONS; OR

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

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

14 SEC. 31. Section 288 of the National Internal Revenue Code of 1997, as
15 amended, is hereby further amended to read as follows:
16
17

18 "A. Xxx

19 B. Xxx

20 C. Xxx

21 D. Xxx

22 E. Xxx
23
24
25
26
27
28

29 F. **EARMARKING OF INCREMENTAL REVENUES FROM THE**
30 **TAX REFORM FOR ACCELERATION AND INCLUSION ACT.**
31 FORTY PERCENT (40%) OF THE FIRST YEAR INCREMENTAL
32 REVENUES GENERATED FROM THE PETROLEUM EXCISE
33 TAX UNDER SECTION 21 OF THIS ACT SHALL BE ALLOCATED
34 TO FUND HIGHLY TARGETED TRANSFER PROGRAMS AND
35 SUBSIDIES TO PUBLIC UTILITY VEHICLES FOR ONE YEAR
36 FROM THE EFFECTIVITY OF THIS ACT. AN INTER-AGENCY
37 COMMITTEE LED BY THE DEPARTMENT OF FINANCE, AND
38 COMPRISING THE DEPARTMENT OF SOCIAL WELFARE AND
39 DEVELOPMENT, DEPARTMENT OF ENERGY, DEPARTMENT
40 OF BUDGET AND MANAGEMENT, AND THE NATIONAL
41 ECONOMIC DEVELOPMENT AUTHORITY SHALL PREPARE
42 THE TRANSFER PROGRAMS USING THE NATIONAL
43 HOUSEHOLD TARGETING SYSTEM FOR POVERTY
44 REDUCTION, AS THE BASIS, AS WELL AS THE SUBSIDY FOR
45 PUBLIC UTILITY VEHICLES.
46
47

48 THE REMAINING SIXTY PERCENT (60%) OF THE FIRST YEAR
49 REVENUE, AND INCREMENTAL REVENUES IN SUCCEEDING

1 YEARS SHALL BE ALLOCATED FOR INFRASTRUCTURE,
2 HEALTH, EDUCATION, AND SOCIAL PROTECTION
3 EXPENDITURES.”
4
5

6 SEC. 32. *Implementing Rules and Regulation.* – The Secretary of Finance
7 shall, upon the recommendation of the Commissioner of Internal Revenue,
8 promulgate upon the effectivity of this Act the necessary Rules and
9 Regulations for its effective implementation.
10

11
12 SEC. 33. *Separability Clause.* – If any provision of this Act is subsequently
13 declared invalid or unconstitutional, other provisions hereof which are not
14 affected thereby shall remain in full force and effect.

15 SEC. 34. *Repealing Clause.* – The following laws or provisions of laws are
16 hereby repealed and the persons and/or transactions affected herein are
17 made subject to the value-added Tax subject to the provision of Title IV of
18 the National Internal Revenue Code of 1997, as amended:
19

- 20
21
22 (a) Section 9, with respect to Value-added Tax, or R.A. 9511 or the
23 National Grid Corporation of the Philippines Act;
24
25
26 (b) Articles 60 and 61 (1) with respect to the VAT, and Article 61 (2)(b)
27 of R.A. 9520 or The Philippine Cooperative Code of 2008;
28 (c) Section 9 of RA 10744 or the Credit Surety Fund Cooperative Act
29 of 2015;
30
31
32 (d) Section 4(a) and (b) and Section 19(a) of RA 9295 or the Domestic
33 Shipping Development Act of 2004;
34
35
36 (e) Section 11(a) and (b) of R.A. 10073 or The Girl Scout of the
37 Philippines Charter of 2009;
38
39
40 (f) Section 22(b) of RA 10747 or Rare Diseases Act of the Philippines;
41
42
43 (g) Section 13 (1) and (2), with respect to Value-added Tax, or P.D.
44 1869 s. 1983 or the Franchise and Powers of The Philippine
45 Amusement and Gaming Corporation;
46
47
48 (h) Section 15(g) of RA 9513 or the Renewable Energy Act of 2008;
49

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- (i) Last paragraph of Section 8 of RA 7278 or the Boy Scout of the Philippines with respect to Value-added tax; and
- (j) Section 16 (a) and (b), and Section 17 (a) of P.D. 972 s. 1976 or The Coal Development Act of 1976, with respect to excise tax and VAT.

Provided, further, the following special provisions under specific laws are hereby repealed:

- (a) Section 33(A) of R.A. 7277, as amended by R.A. 10754 or the Magna Carta for Persons with Disabilities;
- (b) Section 22(B) of R.A. 10165 or the Foster Care Act of 2012; and
- (c) Section 4 or RA 1169 or "An Act Providing For Charity Sweepstakes, Horse Races and Lotteries".

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

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

Approved.