



HOUSE OF REPRESENTATIVES

H. No. 5636

BY REPRESENTATIVES CUA, SALCEDA, QUMBO, ABAYA, BIAZON, DEL MAR, YAP (A.), CASTRO (F.L.), TAN (A.), NOEL, OLIVAREZ, SUANSING (H.), SUANSING (E.), ZAMORA (M.C.), ABELLANOSA, TIANGCO, ABU, CASTELO, CAMPOS, MACAPAGAL-ARROYO, HERRERA-DY, BAGUILAT, ANGARA-CASTILLO, RODRIGUEZ (M.), SANTOS-RECTO, CUARESMA, PINEDA, ROMERO, JAVIER, AGLIPAY-VILLAR, OCAMPO, GARIN (S.), TAMBUNTING, CORTUNA, MARCOLETA, ZUBIRI, BAG-AO, VILLAFUERTE, SALIMBANGON, ROCAMORA, SINGSON, ALVAREZ (F.), UNGAB, MONTORO, MANGUDADATU (S.), AMATONG, ACOSTA, CATAMCO, FLORENDO, TUPAS, SAHALI, TING, NOGRALES (K.A.), UY (J.), LANETE, DAZA, BIRON, MARQUEZ, CELESTE, VARGAS-ALFONSO, ORTEGA (P.), JALOSJOS, ALMARIO, ADVINCULA, BATOCABE, NOGRALES (J.J.), ANTONIO, SARMIENTO (E.M.), TREÑAS, HOFER, MANGAOANG, AMANTE, NAVA, COLLANTES, VILLANUEVA, BELMONTE (R.), MARCOS, DY, LACSON, CANAMA, BELARO, PICHAY, OAMINAL, TAN (S.), DEFENSOR, DELOSO-MONTALLA, AGGABAO, RADAZA, MANALO, ROQUE (H.), BATAOIL, ARENAS, ROMUALDO, GONZALES (A.P.), MACEDA, NIETO, ESPINO, PRIMICIAS-AGABAS, BORDADO, TEJADA, ABAYON, BRAVO (M.V.), LOBREGAT, SY-ALVARADO, SARMIENTO (C.), RELAMPAGOS, KHO, ALONTE, PANGANIBAN, LEE, MENDING, DEL ROSARIO, DE VERA, SALON, ARCILLAS, ROMUALDEZ, VIOLAGO, ATENZA, SALO, TY, YU, BERTIZ, BOLILIA, VILLARIN, ZAMORA (R.), UYBARRETA, BARRIERS, CO, ROBES, PAPANDAYAN, PADUANO, GONZALES (A.D.), HERNANDEZ, DE VENECIA, NOLASCO, CAMINERO, CASTRO (F.H.), FERRER (L.), CERAFICA, SILVERIO, CALDERON, MERCADO, SAVELLANO, ESPINA, LEACHON, MELLANA, SACDALAN, CERILLES, BERNOS, MANGUDADATU (Z.), ROA-PUNO, UNICO, SAGARBARRIA, ARBISON, VELASCO, CHIFEKO, PANCHO, ACOF, SAMBAR, VARGAS, SEMA AND DUAVIT, PER COMMITTEE REPORT No. 229

AN ACT AMENDING SECTIONS 5, 6, 22, 24, 25, 31, 32, 33, 34, 79, 84, 86, 99, 106, 107, 108, 109, 116, 148, 149, 155, 171, 232, 237, 254, 264 AND 288; CREATING NEW SECTIONS 148-A, 150-A, 237-A, 264-A, 264-B AND 265-A; AND REPEALING SECTIONS 35 AND 62, ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Be it enacted by the Senate and 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”.

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

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

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

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

14 SEC. 3. Section 5 of the National Internal Revenue Code of 1997, as
15 amended, is hereby further amended to read as follows:

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

1 "x x x

2 "(B) To obtain on a regular basis from any person other
3 than the person whose internal revenue tax liability is subject to
4 audit or investigation, or from any office or officer of the
5 national and local governments, government agencies and
6 instrumentalities, including [the Bangko Sentral ng Pilipinas]
7 GOVERNMENT FINANCIAL INSTITUTIONS and government-
8 owned or -controlled corporations, any RELEVANT information
9 such as, but not limited to, costs and volume of production,
10 receipts or sales and gross incomes of taxpayers, and the
11 names, addresses, and financial statements of corporations,
12 mutual fund companies, insurance companies, regional
13 operating headquarters of multinational companies, joint
14 accounts, associations, joint ventures or consortia and
15 registered partnerships, and their members: *PROVIDED, THAT*
16 *THE BUREAU OF INTERNAL REVENUE (BIR) AND OTHER*
17 *NATIONAL GOVERNMENT AGENCIES, LOCAL GOVERNMENT*
18 *UNITS, AND GOVERNMENT AGENCIES AND INSTRUMENTALITIES,*
19 *INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS AND*
20 *GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS,*
21 *SHALL ESTABLISH ELECTRONIC INTERCONNECTIVITY THAT*
22 *WILL ALLOW EXCHANGE OF INFORMATION RELEVANT TO THE*
23 *NEEDS OF EACH AGENCY AS DETERMINED BY THE HEADS OF*
24 *THE SAID OFFICES AND THE SECRETARY OF FINANCE UNDER*
25 *JOINT RULES TO BE ISSUED: PROVIDED, FURTHER, THAT IF THE*
26 *DATA REQUIREMENTS CONSIST OF INFORMATION FOUND IN*
27 *THE INCOME TAX RETURN OF TAXPAYERS, THE REQUIREMENTS*
28 *UNDER SECTION 71 SHALL STILL BE COMPLIED WITH:*
29 *PROVIDED, FURTHERMORE, THAT THE COOPERATIVES*
30 *DEVELOPMENT AUTHORITY SHALL SUBMIT TO THE BUREAU A*

1 TAX INCENTIVE REPORT, WHICH SHALL INCLUDE
2 INFORMATION ON THE INCOME TAX, VALUE-ADDED TAX AND
3 OTHER TAX INCENTIVES AVAILED OF BY COOPERATIVES
4 REGISTERED AND ENJOYING INCENTIVES UNDER REPUBLIC
5 ACT NO. 6983, AS AMENDED: *PROVIDED, FINALLY, THAT*
6 *THE INFORMATION SUBMITTED BY THE COOPERATIVES*
7 *DEVELOPMENT AUTHORITY TO THE BUREAU SHALL BE*
8 *SUBMITTED TO THE DEPARTMENT OF FINANCE AND SHALL BE*
9 *INCLUDED IN THE DATABASE CREATED UNDER REPUBLIC ACT*
10 *NO. 10708, OTHERWISE KNOWN AS 'THE TAX INCENTIVES*
11 *MANAGEMENT AND TRANSPARENCY ACT (TIMTA).'*"

12 SEC. 4. Section 6 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

14 "*SEC. 6. Power of the Commissioner to Make*
15 *Assessments and Prescribe Additional Requirements for Tax*
16 *Administration and Enforcement. -*

17 "*(A) Examination of Returns and Determination of Tax*
18 *Due. - After a return has been filed as required under the*
19 *provisions of this Code, the Commissioner or his duly authorized*
20 *representative may authorize the examination of any taxpayer*
21 *and the assessment of the correct amount of tax,*
22 *NOTWITHSTANDING ANY LAW REQUIRING THE PRIOR*
23 *AUTHORIZATION OF ANY GOVERNMENT AGENCY OR*
24 *INSTRUMENTALITY: Provided, however, That failure to file a*
25 *return shall not prevent the Commissioner from authorizing the*
26 *examination of any taxpayer.*

27 "x x x

28 "x x x

29 "(B) x x x

30 "(C) x x x

1 “(D) x x x

2 “(E) x x x

3 “(F) *Authority of the Commissioner to Inquire into AND*
 4 *RECEIVE INFORMATION ON Bank Deposit Accounts and Other*
 5 *Related [Information] DATA Held by Financial Institutions. –*
 6 Notwithstanding any contrary provision of Republic Act No.
 7 1405, OTHERWISE KNOWN AS THE ‘BANK SECRECY LAW’,
 8 Republic Act No. 6426, otherwise known as the ‘Foreign
 9 Currency Deposit Act of the Philippines’, and other general and
 10 special laws, the Commissioner is hereby authorized to inquire
 11 into AND RECEIVE INFORMATION ON the bank deposits and other
 12 related [information] DATA held by financial institutions of:

13 “(1) A decedent to determine his gross estate.

14 “(2) Any taxpayer who has filed an application for
 15 compromise of his tax liability under Sec. 204(A)(2) of this Code
 16 by reason of financial incapacity to pay his tax liability.

17 “*In case a taxpayer files an application to compromise the*
 18 *payment of his tax liabilities on his claim that his financial*
 19 *position demonstrates a clear inability to pay the tax assessed, his*
 20 *application shall not be considered unless and until he waives in*
 21 *writing his privilege under Republic Act No. 1405, Republic Act*
 22 *No. 6426, [otherwise known as the Foreign Currency Deposit*
 23 *Act of the Philippines,] or under other general or special laws,*
 24 *and such waiver shall constitute the authority of the*
 25 *Commissioner to inquire into the bank deposits of the taxpayer.*

26 “(3) A specific taxpayer or taxpayers, UPON AN
 27 OBLIGATION TO EXCHANGE TAX INFORMATION WITH A
 28 FOREIGN TAX AUTHORITY, WHETHER ON REQUEST OR
 29 AUTOMATIC, [subject of a request for the supply of tax

1 information from a foreign tax authority] pursuant to an
 2 international convention or agreement on tax matters to which
 3 the Philippines is a signatory or a party of: *Provided*, That the
 4 information obtained from the banks and other financial
 5 institutions may be used by the Bureau of Internal Revenue for
 6 tax assessment, verification, audit and enforcement purposes.

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

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

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

25 “(b) A statement of the information being sought
 26 including its nature and the form in which the said foreign tax
 27 authority prefers to receive the information from the
 28 Commissioner;

1 “(c) The tax purpose for which the information is being
2 sought;

3 “(d) Grounds for believing that the information requested
4 is held in the Philippines or is in the possession or control of a
5 person within the jurisdiction of the Philippines;

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

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

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

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

25 “If the Commissioner is unable to obtain and provide the
26 information within ninety (90) days from receipt of the request,
27 due to obstacles encountered in furnishing the information or
28 when the bank or financial institution refuses to furnish the
29 information, he shall immediately inform the requesting tax

1 authority of the same, explaining the nature of the obstacles
2 encountered or the reasons for refusal.

3 “IN CASE THE EXCHANGE OF INFORMATION IS
4 AUTOMATIC, THE COMMISSIONER SHALL PROVIDE TAX
5 INFORMATION OBTAINED FROM BANKS AND FINANCIAL
6 INSTITUTIONS IN ACCORDANCE WITH INTERNATIONAL
7 COMMON REPORTING STANDARDS.

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

12 “(4) ANY TAXPAYER UPON ORDER OF ANY COMPETENT
13 COURT IN CASES INVOLVING OFFENSES COVERED UNDER
14 SECTION 254 OF THIS CODE SUBJECT TO RULES AND
15 REGULATIONS PRESCRIBED BY THE SECRETARY OF FINANCE
16 UPON RECOMMENDATION OF THE COMMISSIONER OF
17 INTERNAL REVENUE.”

18 SEC. 5. Section 22 of the National Internal Revenue Code of 1997, as
19 amended, is hereby further amended to read as follows:

20 “SEC. 22. *Definitions.* – When used in this Title:

21 “x x x

22 “[(GG) The term ‘statutory minimum wage’ shall refer
23 to the rate fixed by the Regional Tripartite Wage and
24 Productivity Board, as defined by the Bureau of Labor and
25 Employment Statistics (BLES) of the Department of Labor and
26 Employment (DOLE).

27 “(HH) The term ‘minimum wage earner’ shall refer to a
28 worker in the private sector paid the statutory minimum wage,
29 or to an employee in the public sector with compensation income

1 of not more than the statutory minimum wage in the
 2 non-agricultural sector where he/she is assigned.]"

3 SEC. 6. Section 24 of the National Internal Revenue Code of 1997, as
 4 amended, is hereby further amended to read as follows:

5 "SEC. 24. *Income Tax Rates.* -

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

8 "(1) An income tax is hereby imposed:

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

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

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

26 "(2) *Rates of Tax on Taxable Income of Individuals.* -
 27 The tax shall be computed in accordance with and at the rates
 28 established in the following schedule:
 29

1	"[Not over P10,000	5%
2		
3	"Over P10,000 but not over P30,000	P500 + 10% of the
4		excess over P10,000
5		
6	"Over P30,000 but not over P70,000	P2,500 + 15% of the
7		excess over P30,000
8		
9	"Over P70,000 but not over P140,000	P8,500 + 20% of the
10		excess over P70,000
11		
12	"Over P140,000 but not over P250,000	P22,500 + 25% of
13		the excess over
14		P140,000
15		
16	"Over P250,000 but not over P500,000	P50,000 + 30% of
17		the excess over
18		P250,000
19		
20	"Over P500,000	P125,000 + 32% of
21		the excess over
22		P500,000]
23		
24	"(A) ON COMPENSATION INCOME EARNERS. -	
25	"TAX SCHEDULE EFFECTIVE JANUARY 1, 2018, 2019 AND 2020	
26	"NOT OVER P250,000	0%
27		
28	"OVER P250,000 BUT NOT OVER P400,000	20% OF THE
29		EXCESS OVER
30		P250,000
31		
32	"OVER P400,000 BUT NOT OVER P800,000	P30,000 + 25% OF
33		THE EXCESS OVER
34		P400,000
35		
36	"OVER P800,000 BUT NOT OVER P2,000,000	P130,000 + 30% OF
37		THE EXCESS OVER
38		P800,000
39		
40	"OVER P2,000,000 BUT NOT OVER P5,000,000...	P490,000 + 32% OF
41		THE EXCESS OVER
42		P2,000,000
43		
44	"OVER P5,000,000	P1,450,000 + 35%
45		OF THE EXCESS
46		OVER P5,000,000

1 "TAX SCHEDULE EFFECTIVE JANUARY 1, 2021 AND ONWARDS

2 "NOT OVER P250,000 0%

3 "OVER P250,000 BUT NOT OVER P400,000..... 15% OF THE
4 EXCESS OVER
5 P250,000

6

7 "OVER P400,000 BUT NOT OVER P800,000 P22,500 + 20% OF
8 THE EXCESS OVER
9 P400,000

10

11 "OVER P800,000 BUT NOT OVER P2,000,000 P102,500 + 25% OF
12 THE EXCESS OVER
13 P800,000

14

15 "OVER P2,000,000 BUT NOT OVER P5,000,000 ... P402,500 + 30% OF
16 THE EXCESS OVER
17 P2,000,000

18

19 "OVER P5,000,000 P1,302,500 + 35%
20 OF THE EXCESS
21 OVER P5,000,000

22

23 "PROVIDED, THAT AFTER 2022, THE TAXABLE INCOME LEVELS
24 AND BASE IN THE ABOVE SCHEDULE SHALL BE ADJUSTED ONCE
25 EVERY THREE (3) YEARS THROUGH RULES AND REGULATIONS
26 ISSUED BY THE SECRETARY OF FINANCE AFTER CONSIDERING
27 THE EFFECT ON THE SAME OF THE THREE (3)-YEAR
28 CUMULATIVE CPI INFLATION RATE ROUNDED OFF TO THE
29 NEAREST THOUSANDTH.

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

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

7 "(B) RATE OF TAX FOR SELF-EMPLOYED AND/OR
8 PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS
9 DO NOT EXCEED THE VAT THRESHOLD AS PROVIDED IN
10 SECTION 109 OF THIS CODE. - AN EIGHT PERCENT (8%)
11 INCOME TAX ON GROSS SALES OR GROSS RECEIPTS IN EXCESS
12 OF TWO HUNDRED FIFTY THOUSAND PESOS (P250,000) SHALL
13 BE IMPOSED IN LIEU OF PERCENTAGE TAX.

14 "(C) RATE OF TAX FOR SELF-EMPLOYED AND/OR
15 PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS
16 EXCEED THE VAT THRESHOLD AS PROVIDED IN SECTION 109
17 OF THIS CODE. - SELF-EMPLOYED AND/OR PROFESSIONALS
18 SHALL BE TAXED IN THE SAME MANNER AS CORPORATIONS AS
19 TO APPLICABLE TAX RATE, MINIMUM INCOME TAX AND
20 ALLOWABLE DEDUCTIONS, AS PROVIDED IN SECTIONS 27(A),
21 27(E) AND 34, RESPECTIVELY, OF THIS CODE.

22 "(D) RENEWAL REQUIREMENT FOR PROFESSIONAL
23 LICENSE. - PROFESSIONALS SHALL BE REQUIRED TO PRESENT
24 A CERTIFICATE OF TAX PAYMENT FROM THE BIR OR CERTIFIED
25 TRUE COPY OF THEIR LATEST INCOME TAX RETURN (ITR), AT
26 THE OPTION OF THE TAXPAYER, UPON APPLICATION FOR
27 RENEWAL OF THEIR RESPECTIVE PROFESSIONAL LICENSE.
28

1 “(B) *Rate of Tax on Certain Passive Income:* –

2 “(1) *Interests, Royalties, Prizes, and Other Winnings.* –

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

1 “x x x.”

2 SEC. 7. Section 25 of the National Internal Revenue Code of 1997, as
3 amended, is hereby further amended to read as follows:

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

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

7 “x x x

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

10 “x x x

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

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

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

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

1 SEC. 8. Section 31 of the National Internal Revenue Code of 1997, as
 2 amended, is hereby further amended to read as follows:

3 “SEC. 31. *Taxable Income Defined.* – The term ‘taxable
 4 income’ means the pertinent items of gross income specified in
 5 this Code, less [the] deductions [and/or personal and additional
 6 exemptions], if any, authorized for such types of income by this
 7 Code [or other special laws].”

8 SEC. 9. Section 32 of the National Internal Revenue Code of 1997, as
 9 amended, is hereby further amended to read as follows:

10 “SEC. 32. *Gross Income.* –

11 “(A) *General Definition.* – x x x

12 “(B) *Exclusions from Gross Income.* – x x x

13 “(1) x x x

14 “(7) *Miscellaneous Items.* –

15 “(a) x x x

16 “(c) *13th Month Pay and Other Benefits.* – Gross
 17 benefits received by officials and employees of public and
 18 private entities: *Provided, however,* That the total exclusion
 19 under this subparagraph shall not exceed [eighty-two] ONE
 20 HUNDRED thousand pesos [(P82,000)] (P100,000) which shall
 21 cover:

22 “x x x.”

23 SEC. 10. Section 33 of the National Internal Revenue Code of 1997, as
 24 amended, is hereby further amended to read as follows:

25 “SEC. 33. *Special Treatment of Fringe Benefit.* –

26 “(A) *Imposition of Tax.* – EFFECTIVE JANUARY 1, 2018
 27 AND ONWARDS, [A]A final tax of [thirty-four percent (34%)
 28 effective January 1, 1998; thirty-three percent (33%) effective

January 1, 1999; and thirty-two percent (32%) effective January 1, 2000 and thereafter.] **THIRTY PERCENT (30%)** is hereby imposed on the grossed-up monetary value of fringe benefit furnished or granted to the employee (except rank and file employees as defined herein) by the employer, whether an individual or a corporation (unless the fringe benefit is required by the nature of, or necessary to the trade, business or profession of the employer, or when the fringe benefit is for the convenience or advantage of the employer). The tax herein imposed is payable by the employer which tax shall be paid in the same manner as provided for under Section 57(A) of this Code]. The grossed-up monetary value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by sixty-six percent (66%) effective January 1, 1998; sixty-seven percent (67%) effective January 1, 1999; and sixty-eight percent (68%) effective January 1, 2000 and thereafter]: *Provided, however,* That fringe benefit furnished to employees and taxable under Subsection[s] (B), (C), (D) and (E) of Section 25 shall be taxed at the applicable rate[s] imposed thereat: *Provided, further,* That the grossed-up MONETARY value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by the difference between one hundred percent (100%) and the applicable rate[s] of income tax under Subsection[s] (B), (C), (D) and (E)] of Section 25[.]: **PROVIDED, FURTHERMORE, THAT EFFECTIVE 2022 AND THEREAFTER, THE FRINGE BENEFIT SHALL FORM PART OF THE GROSS INCOME OF ITS RECIPIENT EMPLOYEE SUBJECT TO THE REGULAR INCOME TAX RATES.**

"x x x."

SEC. 11. Section 34 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 34. *Deductions from Gross Income.* - Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section [other than under Subsection (M) hereof.] in computing taxable income subject to income tax under Sections [24(A)] 24(A)(2)(C); 25(A); 26; 27(A), (B) and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:

"(A) *Expenses.* -

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

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

"(i) A reasonable allowance for salaries, wages, and other forms of compensation for personal services actually rendered, including the grossed-up monetary value of fringe benefit furnished or granted by the employer to the employee: *Provided,* That the final tax imposed under Section 33 hereof has been paid[.]; **PROVIDED, HOWEVER, THAT EFFECTIVE 2022 AND THEREAFTER, THE ACTUAL MONETARY VALUE OF THE FRINGE BENEFIT AND NOT THE GROSSED-UP MONETARY VALUE SHALL BE ALLOWED AS DEDUCTION UNDER THIS SECTION.**

"x x x

"(L) *Optional Standard Deduction (OSD).* - In lieu of the deductions allowed under the preceding Subsections, [an individual subject to tax under Section 24, other than a nonresident alien, may elect a standard deduction in an amount

1 not exceeding forty percent (40%) of his gross sales or gross
 2 receipts, as the case may be. In the case of] a corporation
 3 subject to tax under Sections 27(A) and 28(A)(1)[, it] may elect
 4 a standard deduction in an amount not exceeding forty percent
 5 (40%) of its gross income as defined in Section 32 of this Code.
 6 Unless the taxpayer signifies in his return his intention to elect
 7 the optional standard deduction, he shall be considered as having
 8 availed himself of the deductions allowed in the preceding
 9 Subsections. Such election when made in the return shall be
 10 irrevocable for the taxable year for which the return is made:
 11 *Provided*, That an individual who is entitled to and claimed for
 12 the optional standard deduction shall not be required to submit
 13 with his tax return such financial statements otherwise required
 14 under this Code: *Provided, further*, That except when the
 15 Commissioner otherwise permits, the said individual shall keep
 16 such records pertaining to his gross sales or gross receipts, or the
 17 said corporation shall keep such records pertaining to his gross
 18 income as defined in Section 32 of this Code during the taxable
 19 year, as may be required by the rules and regulations
 20 promulgated by the Secretary of Finance, upon recommendation
 21 of the Commissioner.

22 “[M] *Premium Payments on Health and/or*
 23 *Hospitalization Insurance of an Individual Taxpayer.* – The
 24 amount of premiums not to exceed Two thousand four hundred
 25 pesos (P2,400) per family or Two hundred pesos (P200) a month
 26 paid during the taxable year for health and/or hospitalization
 27 insurance taken by the taxpayer for himself, including his family,
 28 shall be allowed as a deduction from his gross income:
 29 *Provided*, That said family has a gross income of not more than

1 Two hundred fifty thousand pesos (P250,000) for the taxable
 2 year: *Provided, finally*, That in the case of married taxpayers,
 3 only the spouse claiming the additional exemption for
 4 dependents shall be entitled to this deduction.]

5 “x x x.”

6 SEC. 12. Section 35 of the National Internal Revenue Code of 1997, as
 7 amended, is hereby repealed.

8 SEC. 13. Section 62 of the National Internal Revenue Code of 1997, as
 9 amended, is hereby repealed.

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

12 “SEC. 79. *Income Tax Collected at Source.* –

13 “x x x

14 “[D] *Personal Exemptions.* –

15 “(1) *In General.* – Unless otherwise provided by this
 16 Chapter, the personal and additional exemptions applicable under
 17 this Chapter shall be determined in accordance with the main
 18 provisions of this Title.

19 “(2) *Exemption Certificates.* –

20 “(a) *When to File.* – On or before the date of
 21 commencement of employment with an employer, the employee
 22 shall furnish the employer with a signed withholding exemption
 23 certificate relating to the personal and additional exemptions to
 24 which he is entitled.

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

1 “(c) *Use of Certificates.* – The certificates filed
2 hereunder shall be used by the employer in the determination of
3 the amount of taxes to be withheld.

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

10 “x x x

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

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

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

22 “x x x.”

23 SEC. 15. Section 84 of the National Internal Revenue Code of 1997, as
24 amended, is hereby further amended to read as follows:

25 “SEC. 84. *Rate[s] of Estate Tax.* – There shall be levied,
26 assessed, collected and paid upon the transfer of the net estate as
27 determined in accordance with Sections 85 and 86 of every
28 decedent, whether resident or nonresident of the Philippines, a
29 tax AT THE RATE OF SIX PERCENT (6%) based on the value of

1 such net estate], as computed in accordance with the following
2 schedule:].

3 “[If the net estate is:

4	Over	But Not Over	The Tax 5 Shall be	Plus	Of the Excess 6 Over
7		P200,000	Exempt		
8	P200,000	500,000	0	5%	P200,000
9	500,000	2,000,000	P15,000	8%	500,000
10	2,000,000	5,000,000	135,000	11%	2,000,000
11	5,000,000	10,000,000	465,000	15%	5,000,000
	10,000,000	And Over	1,215,000	20%	10,000,000]”

12 SEC. 16. Section 86 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

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

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

20 “(1) x x x

21 “(2) x x x

22 “(3) x x x

23 “(4) *The Family Home.* – An amount equivalent to the
24 current fair market value of the decedent’s family home:
25 *Provided, however,* That if the said current fair market value
26 exceeds [One] THREE million pesos (P[1]3,000,000), the excess
27 shall be subject to estate tax. As a *sine qua non* condition for the
28 exemption or deduction, said family home must have been the
29 decedent’s family home as certified by the barangay captain of

1 the locality. THE CEILING FAIR MARKET VALUE OF THE FAMILY
 2 HOME SHALL BE ADJUSTED EVERY THREE (3) YEARS
 3 BEGINNING 2018 ACCORDING TO ITS CURRENT VALUE USING A
 4 THREE (3)-YEAR CUMULATIVE CPI INFLATION RATE.

5 "(5) x x x

6 "(6) *Medical Expenses.* – Medical expenses incurred by
 7 the decedent within one (1) year prior to his death which shall be
 8 duly substantiated with receipts: *Provided,* That in no case shall
 9 the deductible medical expenses exceed Five hundred thousand
 10 pesos (P500,000).

11 "(7) *Amount Received by Heirs under Republic Act*
 12 *No. 4917.* – Any amount received by the heirs from the
 13 decedent's employer as a consequence of the death of
 14 the decedent-employee in accordance with Republic Act
 15 No. 4917: *Provided,* That such amount is included in the gross
 16 estate of the decedent.

17 "(B) *Deductions Allowed to Nonresident Estates.* – In
 18 the case of a nonresident not a citizen of the Philippines, by
 19 deducting from the value of that part of his gross estate which at
 20 the time of his death is situated in the Philippines:

21 "[1) *Expenses, Losses, Indebtedness and Taxes.* – That
 22 proportion of the deductions specified in paragraph (1) of
 23 Subsection (A) of this Section which the value of such part bears
 24 to the value of his entire gross estate wherever situated;]

25 "[2)](1) *Property Previously Taxed.* – An amount
 26 equal to the value specified below of any property forming part
 27 of the gross estate situated in the Philippines of any person who
 28 died within five (5) years prior to the death of the decedent, or
 29 transferred to the decedent by gift within five (5) years prior to

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

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

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

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

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

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

29 "These deductions shall be allowed only where a donor's
 30 tax, or estate tax imposed under this Title is finally determined

1 and paid by or on behalf of such donor, or the estate of such prior
 2 decedent, as the case may be, and only in the amount finally
 3 determined as the value of such property in determining the
 4 value of the gift, or the gross estate of such prior decedent, and
 5 only to the extent that the value of such property is included in
 6 that part of the decedent's gross estate which at the time of his
 7 death is situated in the Philippines; and only if, in determining
 8 the value of the net estate of the prior decedent, no deduction is
 9 allowable under paragraph [(2)] 1 of Subsection (B) of this
 10 Section, in respect of the property or properties given in
 11 exchange therefor. Where a deduction was allowed of any
 12 mortgage or other lien in determining the donor's tax, or the
 13 estate tax of the prior decedent, which was paid in whole or in
 14 part prior to the decedent's death, then the deduction allowable
 15 under said paragraph shall be reduced by the amount so paid.
 16 Such deduction allowable shall be reduced by an amount which
 17 bears the same ratio to the amounts allowed as deductions under
 18 paragraph[s] (1) and (3)] 2 of this Subsection as the amount
 19 otherwise deductible under paragraph [(2)] 1 bears to the value
 20 of that part of the decedent's gross estate which at the time of his
 21 death is situated in the Philippines. Where the property referred
 22 to consists of two (2) or more items, the aggregate value of such
 23 items shall be used for the purpose of computing the deduction.

24 "[[(3)] (2) *Transfers for Public Use.* - The amount of all
 25 bequests, legacies, devises or transfers to or for the use of the
 26 Government of the Republic of the Philippines or any political
 27 subdivision thereof, for exclusively public purposes.

28 "(C) *Share in the Conjugal Property.* - The net share of
 29 the surviving spouse in the conjugal partnership property as

1 diminished by the obligations properly chargeable to such
 2 property shall, for the purpose of this Section, be deducted from
 3 the net estate of the decedent.

4 "[[(D) *Miscellaneous Provisions.* - No deduction shall
 5 be allowed in the case of a nonresident not a citizen of the
 6 Philippines, unless the executor, administrator, or anyone of the
 7 heirs, as the case may be, includes in the return required to be
 8 filed under Section 90 the value at the time of his death of that
 9 part of the gross estate of the nonresident not situated in the
 10 Philippines.]

11 "[[(E)](D) *Tax Credit for Estate Taxes Paid to a Foreign*
 12 *Country.* -

13 "(1) *In General.* - The tax imposed by this Title shall
 14 be credited with the amounts of any estate tax imposed by the
 15 authority of a foreign country.

16 "(2) *Limitations on Credit.* - The amount of the credit
 17 taken under this Section shall be subject to each of the following
 18 limitations:

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

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

28 SEC. 17. Section 99 of the National Internal Revenue Code of 1997, as
 29 amended, is hereby further amended to read as follows:

1 "SEC. 99. *Rate[s] of Tax Payable by Donor.* –

2 "(A) *In General.* – The tax for each calendar year shall
3 be SIX PERCENT (6%) computed on the basis of the total [net]
4 gifts IN EXCESS OF ONE HUNDRED THOUSAND PESOS (P100,000)
5 EXEMPT GIFT made during the calendar year. [in accordance
6 with the following schedule:]

7 "[If the net gift is:

8 Over	9 But Not Over	10 The Tax 11 Shall Be	12 Plus	13 Of the Excess 14 Over
	P100,000	Exempt		
11 P100,000	200,000	0	2%	P100,000
12 200,000	500,000	2,000	4%	200,000
13 500,000	1,000,000	14,000 ³	6%	500,000
14 1,000,000	3,000,000	44,000	8%	1,000,000
15 3,000,000	5,000,000	204,000	10%	3,000,000
16 5,000,000	10,000,000	404,000	12%	5,000,000
17 10,000,000		1,004,000	15%	10,000,000

18 "[(B) *Tax Payable by Donor if Donee is a Stranger.* –

19 When the donee or beneficiary is a stranger, the tax payable by
20 the donor shall be thirty percent (30%) of the net gifts. For the
21 purpose of this tax, a 'stranger' is a person who is not a:

22 "(1) Brother, sister (whether by whole or half-blood),
23 spouse, ancestor and lineal descendant; or

24 "(2) Relative by consanguinity in the collateral line within
25 the fourth degree of relationship.]

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

1 SEC. 18. Section 106 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

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

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

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

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

20 "x x x

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

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

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

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

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

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

13 “[4] Sale of gold to the Bangko Sentral ng Pilipinas
14 (BSP);]

15 “[5](4) Those considered export sales under Executive
16 Order No. 226, otherwise known as the Omnibus Investment
17 Code of 1987, and other special laws; and

18 “[6](5) The sale of goods, supplies, equipment and fuel
19 to persons engaged in international shipping or international
20 air transport operations[.]; **PROVIDED, THAT THE GOODS,
21 SUPPLIES, EQUIPMENT AND FUEL SHALL BE USED FOR
22 INTERNATIONAL SHIPPING OR AIR TRANSPORT OPERATIONS.**

23 **“PROVIDED, THAT ITEMS (2), (3) AND (4) HEREOF SHALL BE
24 SUBJECT TO THE TWELVE PERCENT (12%) VALUE-ADDED TAX
25 AND NO LONGER BE CONSIDERED EXPORT SALES SUBJECT TO
26 ZERO PERCENT (0%) VAT RATE UPON THE ESTABLISHMENT
27 AND IMPLEMENTATION OF AN ENHANCED VAT REFUND
28 SYSTEM WHICH GIVES THE TAXPAYER THE ACTUAL REFUND OR**

1 **DENIAL OF HIS APPLICATION WITHIN NINETY (90) DAYS FROM
2 THE FILING OF THE VAT REFUND APPLICATION.**

3 “[b] *Foreign Currency Denominated Sale.* – The
4 phrase ‘foreign currency denominated sale’ means sale to a
5 nonresident of goods, except those mentioned in Sections 149
6 and 150, assembled or manufactured in the Philippines for
7 delivery to a resident in the Philippines, paid for in acceptable
8 foreign currency and accounted for in accordance with the rules
9 and regulations of the Bangko Sentral ng Pilipinas (BSP).]

10 “[c] (B) Sales to persons or entities whose exemption
11 under special laws or international agreements to which the
12 Philippines is a signatory [effectively subjects such sales to zero
13 rate.]; AND

14 **“(C) SALE OF GOLD TO THE BANGKO SENTRAL NG
15 PILIPINAS (BSP).**

16 “X X X.”

17 SEC. 19. Section 107 of the National Internal Revenue Code of 1997, as
18 amended, is hereby further amended to read as follows:

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

20 “(A) *In General.* – There shall be levied, assessed and
21 collected on every importation of goods a value-added tax
22 equivalent to [ten] TWELVE percent [(10%)] (12%) based on the
23 total value used by the Bureau of Customs in determining tariff
24 and customs duties, plus customs duties, excise taxes, if any, and
25 other charges, such tax to be paid by the importer prior to the
26 release of such goods from customs custody: *Provided,* That
27 where the customs duties are determined on the basis of the
28 quantity or volume of the goods, the value-added tax shall be

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

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

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

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

12 SEC. 20. Section 108 of the National Internal Revenue Code of 1997,
 13 as amended, is hereby further amended to read as follows:

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

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

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

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

3 "The phrase 'sale or exchange of services' means the
 4 performance of all kinds of services in the Philippines for others
 5 for a fee, remuneration or consideration, including those
 6 performed or rendered by construction and service contractors;
 7 stock, real estate, commercial, customs and immigration brokers;
 8 lessors of property, whether personal or real; warehousing
 9 services; lessors or distributors of cinematographic films;
 10 persons engaged in milling, processing, manufacturing or
 11 repacking goods for others; proprietors, operators or keepers
 12 of hotels, motels, resthouses, pension houses, inns, resorts;
 13 proprietors or operators of restaurants, refreshment parlors, cafes
 14 and other eating places, including clubs and caterers; dealers in
 15 securities; lending investors; transportation contractors on their
 16 transport of goods or cargoes, including persons who transport
 17 goods or cargoes for hire and other domestic common carriers by
 18 land relative to their transport of goods or cargoes; common
 19 carriers by air and sea relative to their transport of passengers,
 20 goods or cargoes from one place in the Philippines to another
 21 place in the Philippines; sales of electricity by generation
 22 companies, transmission, and distribution companies,
 23 INCLUDING ELECTRIC COOPERATIVES; services of franchise
 24 grantees of electric utilities, telephone and telegraph, radio and
 25 television broadcasting and all other franchise grantees except
 26 those under Section 119 of this Code and non-life insurance
 27 companies (except their crop insurances), including surety,
 28 fidelity, indemnity and bonding companies; and similar services
 29 regardless of whether or not the performance thereof calls for the

1 exercise or use of the physical or mental faculties. The phrase
2 'sale or exchange of services' shall likewise include:

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

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

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

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

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

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

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

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

29 "Lease of properties shall be subject to the tax herein
30 imposed irrespective of the place where the contract of lease or

1 licensing agreement was executed if the property is leased or
2 used in the Philippines.

3 "The term 'gross receipts' means the total amount of
4 money or its equivalent representing the contract price,
5 compensation, service fee, rental or royalty, including the
6 amount charged for materials supplied with the services and
7 deposits and advanced payments actually or constructively
8 received during the taxable quarter for the services performed or
9 to be performed for another person, excluding value-added tax.

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

14 "(1) x x x

15 "(2) x x x

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

20 "(4) Services rendered to persons engaged in
21 international shipping or international air transport operations,
22 including leases of property for use thereof: **PROVIDED, THAT**
23 **THESE SERVICES SHALL BE EXCLUSIVELY FOR INTERNATIONAL**
24 **SHIPPING OR AIR TRANSPORT OPERATIONS;**

25 "(5) Services performed by subcontractors and/or
26 contractors in processing, converting, or manufacturing goods
27 for an enterprise whose export sales exceed seventy percent
28 (70%) of total annual production;

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

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

6 “*PROVIDED, THAT ITEM (B)(5) HEREOF SHALL BE SUBJECT TO*
7 *THE TWELVE PERCENT (12%) VALUE-ADDED TAX AND NO*
8 *LONGER BE SUBJECT TO ZERO PERCENT (0%) VAT RATE UPON*
9 *THE ESTABLISHMENT AND IMPLEMENTATION OF AN ENHANCED*
10 *VAT REFUND SYSTEM WHICH GIVES THE TAXPAYER THE*
11 *ACTUAL REFUND OR DENIAL OF HIS APPLICATION WITHIN*
12 *NINETY (90) DAYS FROM THE FILING OF THE VAT REFUND*
13 *APPLICATION.”*

14 SEC. 21. Section 109 of the National Internal Revenue Code of 1997,
15 as amended, is hereby further amended to read as follows:

16 “SEC. 109. *Exempt Transactions.* – (1) SUBJECT TO
17 THE PROVISIONS OF SUBSECTION (2) HEREOF, THE following
18 TRANSACTIONS shall be exempt from the value-added tax:

19 “(A) x x x;

20 “(B) x x x;

21 “(C) x x x;

22 “[(D) Importation of professional instruments and
23 implements, wearing apparel, domestic animals, and personal
24 household effects (except any vehicle, vessel, aircraft,
25 machinery, other goods for use in the manufacture and
26 merchandise of any kind in commercial quantity) belonging to
27 persons coming to settle in the Philippines, for their own use and
28 not for sale, barter or exchange, accompanying such persons, or
29 arriving within ninety (90) days before or after their arrival, upon
30 the production of evidence satisfactory to the Commissioner, that

1 such persons are actually coming to settle in the Philippines and
2 that the change of residence is bona fide;]

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

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

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

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

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

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

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

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

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

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

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

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

9 “(P) Sale of real properties not primarily held for sale to
10 customers or held for lease in the ordinary course of trade or
11 business, or real property utilized for [low-cost and] socialized
12 housing as defined by Republic Act No. 7279, otherwise known
13 as the Urban Development and Housing Act of 1992, and other
14 related laws[, residential lot valued at One million five hundred
15 thousand pesos (P1,500,000) and below, house and lot, and other
16 residential dwellings valued at Two million five hundred
17 thousand pesos (P2,500,000) and below: *Provided*, That not later
18 than January 31, 2009 and every three (3) years thereafter, the
19 amounts herein stated shall be adjusted to their present values
20 using the Consumer Price Index, as published by the National
21 Statistics Office (NSO)];

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

1 **"[R] (Q)** Sale, importation, printing or publication of
 2 books and any newspaper, magazine, review or bulletin which
 3 appears at regular intervals with fixed prices for subscription and
 4 sale and which is not devoted principally to the publication of
 5 paid advertisements;

6 **"[S] (R)** Transport of passengers by international
 7 carriers;

8 **"[(T)] (S)** Sale, importation or lease of passenger or
 9 cargo vessels and aircraft, including engine, equipment and spare
 10 parts thereof for domestic or international transport operations;

11 **"[(U)] (T)** Importation of fuel, goods and supplies by
 12 persons engaged in international shipping or air transport
 13 operations: **PROVIDED, THAT THE FUEL, GOODS AND SUPPLIES**
 14 **SHALL BE USED FOR INTERNATIONAL SHIPPING OR AIR**
 15 **TRANSPORT OPERATIONS;**

16 **"[(V)] (U)** Services of bank, non-bank financial
 17 intermediaries performing quasi-banking functions, and other
 18 non-bank financial intermediaries; [and]

19 **"(V) SALE OR LEASE OF GOODS AND SERVICES TO**
 20 **SENIOR CITIZENS AND PERSONS WITH DISABILITIES, AS**
 21 **PROVIDED UNDER REPUBLIC ACT NOS. 9994 (EXPANDED**
 22 **SENIOR CITIZENS ACT OF 2010) AND 10754 (AN ACT**
 23 **EXPANDING THE BENEFITS AND PRIVILEGES OF PERSONS**
 24 **WITH DISABILITY); AND**

25 **"(W)** Sale or lease of goods or properties or the
 26 performance of services other than the transactions mentioned in
 27 the preceding paragraphs, the gross annual sales and/or receipts
 28 do not exceed the amount of [One million five hundred

1 thousand] **THREE MILLION pesos [(P1,500,000)] (P3,000,000):**
 2 **Provided, That not later than January 31, [2009] 2021 and every**
 3 **three (3) years thereafter, the amount herein stated shall be**
 4 **adjusted to its present value using the Consumer Price Index, as**
 5 **published by the [National Statistics Office (NSO);] PHILIPPINE**
 6 **STATISTICS AUTHORITY (PSA).**

7 **"PROVIDED, THAT THE SALE OF REAL PROPERTY UTILIZED FOR**
 8 **SOCIALIZED HOUSING UNDER ITEM (P) HEREOF SHALL NO**
 9 **LONGER BE AN EXEMPT TRANSACTION UPON THE**
 10 **ESTABLISHMENT OF A HOUSING VOUCHER SYSTEM WHICH**
 11 **SHALL BENEFIT BUYERS OF SOCIALIZED HOUSING.**

12 "x x x."

13 **SEC. 22.** Section 116 of the National Internal Revenue Code of 1997,
 14 as amended, is hereby further amended to read as follows:

15 **"SEC. 116. Tax on Persons Exempt from Value-added**
 16 **Tax (VAT). – Any person whose sales or receipts are exempt**
 17 **under Section 109 [(V)] (W) of this Code from the payment of**
 18 **value-added tax and who is not a VAT-registered person shall**
 19 **pay a tax equivalent to three percent (3%) of his gross quarterly**
 20 **sales or receipts: Provided, That SELF-EMPLOYED AND/OR**
 21 **PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS DO**
 22 **NOT EXCEED THE VAT THRESHOLD AND cooperatives shall be**
 23 **exempt from the three percent (3%) gross receipts tax herein**
 24 **imposed."**

25 **SEC. 23.** Chapter 5 of Title VI of the National Internal Revenue Code
 26 of 1997, as amended, is hereby further amended to read as follows:

27 **"CHAPTER V – EXCISE TAX ON PETROLEUM PRODUCTS**

28 **"SEC. 148. Manufactured Oils and Other Fuels. –**
 29 **There shall be collected on refined and manufactured mineral**

1 oils and motor fuels, the following excise taxes which shall
2 attach to the goods hereunder enumerated as soon as they are in
3 existence as such:

4 **"EFFECTIVE JANUARY 1, 2018**

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

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

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

26 "(d) On denatured alcohol to be used for motive power,
27 per liter of volume capacity, [Five centavos (P0.05)] **THREE**

1 **PESOS (P3.00)**: *Provided,* That unless otherwise provided by
2 special laws, if the denatured alcohol is mixed with gasoline, the
3 excise tax on which has already been paid, only the alcohol
4 content shall be subject to the tax herein prescribed. For
5 purposes of this Subsection, the removal of denatured alcohol of
6 not less than one hundred eighty degrees (180°) proof (ninety
7 percent (90%) absolute alcohol) shall be deemed to have been
8 removed for motive power, unless shown otherwise;

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

28 "(f) Leaded premium gasoline, per liter of volume
29 capacity, [Five pesos and thirty-five centavos (P5.35)] **SEVEN**

1 PESOS (P7.00); unleaded premium gasoline, per liter of volume
2 capacity, [Four pesos and thirty-five centavos (P4.35)] SEVEN
3 PESOS (P7.00);

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

7 "(h) Kerosene, per liter of volume capacity, [zero
8 (P0.00)] THREE PESOS (P3.00): *Provided*, That kerosene, when
9 used as aviation fuel, shall be subject to the same tax on aviation
10 turbo jet fuel under the preceding paragraph (g), such tax to be
11 assessed on the user thereof;

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

15 "(j) Liquefied petroleum gas, per liter, [zero (P0.00)]
16 THREE PESOS (P3.00): *PROVIDED*, THAT, LIQUEFIED
17 PETROLEUM GAS WHEN USED AS RAW MATERIAL IN THE
18 PRODUCTION OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE
19 RULES AND REGULATIONS TO BE PROMULGATED BY THE
20 SECRETARY OF ENERGY, IN CONSULTATION WITH THE
21 SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY,
22 ZERO (P0.00): *Provided*, *FINALLY*, That liquefied petroleum gas
23 used for motive power shall be taxed at the equivalent rate as the
24 excise tax on diesel fuel oil;

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

27 "(l) Bunker fuel oil, and on similar fuel oils having more
28 or less the same generating power, per liter of volume capacity,

1 [zero (P0.00).] THREE PESOS (P3.00): *PROVIDED, HOWEVER,*
2 THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK
3 (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE
4 ARTICLES AND FORMING PART THEREOF SHALL BE CREDITED
5 AGAINST THE EXCISE TAX DUE THEREFROM.

6 "EFFECTIVE JANUARY 1, 2019

7 "(A) LUBRICATING OILS AND GREASES, INCLUDING BUT
8 NOT LIMITED TO, BASESTOCK FOR LUBE OILS AND GREASES,
9 HIGH VACUUM DISTILLATES, AROMATIC EXTRACTS AND OTHER
10 SIMILAR PREPARATIONS, AND ADDITIVES FOR LUBRICATING
11 OILS AND GREASES, WHETHER SUCH ADDITIVES ARE
12 PETROLEUM BASED OR NOT, PER LITER AND KILOGRAM,
13 RESPECTIVELY, OF VOLUME CAPACITY OR WEIGHT, NINE
14 PESOS (P9.00): *PROVIDED*, THAT LUBRICATING OILS AND
15 GREASES PRODUCED FROM BASESTOCKS AND ADDITIVES ON
16 WHICH THE EXCISE TAX HAS ALREADY BEEN PAID SHALL NO
17 LONGER BE SUBJECT TO EXCISE TAX: *PROVIDED, FURTHER*,
18 THAT LOCALLY PRODUCED OR IMPORTED OILS PREVIOUSLY
19 TAXED AS SUCH BUT ARE SUBSEQUENTLY REPROCESSED,
20 REREFINED OR RECYCLED SHALL LIKEWISE BE SUBJECT TO
21 THE TAX IMPOSED UNDER THIS SUBSECTION.

22 "(B) PROCESSED GAS, PER LITER OF VOLUME
23 CAPACITY, FIVE PESOS (P5.00);

24 "(C) WAXES AND PETROLATUM, PER KILOGRAM, NINE
25 PESOS (P9.00);

26 "(D) ON DENATURED ALCOHOL TO BE USED FOR
27 MOTIVE POWER, PER LITER OF VOLUME CAPACITY, FIVE PESOS
28 (P5.00): *PROVIDED*, THAT UNLESS OTHERWISE PROVIDED BY
29 SPECIAL LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH
30 GASOLINE, THE EXCISE TAX ON WHICH HAS ALREADY BEEN

1 PAID, ONLY THE ALCOHOL CONTENT SHALL BE SUBJECT TO
 2 THE TAX HEREIN PRESCRIBED. FOR PURPOSES OF THIS
 3 SUBSECTION, THE REMOVAL OF DENATURED ALCOHOL OF NOT
 4 LESS THAN ONE HUNDRED EIGHTY DEGREES (180°) PROOF
 5 (NINETY PERCENT (90%) ABSOLUTE ALCOHOL) SHALL BE
 6 DEEMED TO HAVE BEEN REMOVED FOR MOTIVE POWER,
 7 UNLESS SHOWN OTHERWISE;

8 "(E) NAPHTHA, REGULAR GASOLINE AND OTHER
 9 SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF VOLUME
 10 CAPACITY, NINE PESOS (P9.00): *PROVIDED, HOWEVER,* THAT
 11 NAPHTHA, WHEN USED AS A RAW MATERIAL IN THE
 12 PRODUCTION OF PETROCHEMICAL PRODUCTS OR AS
 13 REPLACEMENT FUEL FOR NATURAL-GAS-FIRED-COMBINED
 14 CYCLE POWER PLANT, IN LIEU OF LOCALLY-EXTRACTED
 15 NATURAL GAS DURING THE NON-AVAILABILITY THEREOF,
 16 SUBJECT TO THE RULES AND REGULATIONS TO BE
 17 PROMULGATED BY THE SECRETARY OF ENERGY, IN
 18 CONSULTATION WITH THE SECRETARY OF FINANCE, PER
 19 LITER OF VOLUME CAPACITY, ZERO (P0.00): *PROVIDED,*
 20 *FURTHER,* THAT THE BY-PRODUCT INCLUDING FUEL OIL,
 21 DIESEL FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED
 22 PETROLEUM GASES AND SIMILAR OILS HAVING MORE OR LESS
 23 THE SAME GENERATING POWER, WHICH ARE PRODUCED IN THE
 24 PROCESSING OF NAPHTHA INTO PETROCHEMICAL PRODUCTS
 25 SHALL BE SUBJECT TO THE APPLICABLE EXCISE TAX SPECIFIED
 26 IN THIS SECTION, EXCEPT WHEN SUCH BY-PRODUCTS ARE
 27 TRANSFERRED TO ANY OF THE LOCAL OIL REFINERIES
 28 THROUGH SALE, BARTER OR EXCHANGE, FOR THE PURPOSE OF
 29 FURTHER PROCESSING OR BLENDING INTO FINISHED PRODUCTS
 30 WHICH ARE SUBJECT TO EXCISE TAX UNDER THIS SECTION;

1 "(F) LEADED PREMIUM GASOLINE, PER LITER OF
 2 VOLUME CAPACITY, NINE PESOS (P9.00); UNLEADED PREMIUM
 3 GASOLINE, PER LITER OF VOLUME CAPACITY, NINE PESOS
 4 (P9.00);

5 "(G) AVIATION TURBO JET FUEL, PER LITER OF VOLUME
 6 CAPACITY, NINE PESOS (P9.00);

7 "(H) KEROSENE, PER LITER OF VOLUME CAPACITY,
 8 FIVE PESOS (P5.00): *PROVIDED,* THAT KEROSENE, WHEN USED
 9 AS AVIATION FUEL, SHALL BE SUBJECT TO THE SAME TAX ON
 10 AVIATION TURBO JET FUEL UNDER THE PRECEDING
 11 PARAGRAPH (G), SUCH TAX TO BE ASSESSED ON THE USER
 12 THEREOF;

13 "(I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS
 14 HAVING MORE OR LESS THE SAME GENERATING POWER, PER
 15 LITER OF VOLUME CAPACITY, FIVE PESOS (P5.00);

16 "(J) LIQUEFIED PETROLEUM GAS, PER LITER, FIVE
 17 PESOS (P5.00): *PROVIDED,* THAT, LIQUEFIED PETROLEUM GAS
 18 WHEN USED AS RAW MATERIAL IN THE PRODUCTION OF
 19 PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND
 20 REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF
 21 ENERGY, IN CONSULTATION WITH THE SECRETARY OF
 22 FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00):
 23 *PROVIDED, FINALLY,* THAT LIQUEFIED PETROLEUM GAS USED
 24 FOR MOTIVE POWER SHALL BE TAXED AT THE EQUIVALENT
 25 RATE AS THE EXCISE TAX ON DIESEL FUEL OIL;

26 "(K) ASPHALTS, PER KILOGRAM, FIVE PESOS (P5.00);
 27 AND

28 "(L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS
 29 HAVING MORE OR LESS THE SAME GENERATING POWER,
 30 PER LITER OF VOLUME CAPACITY, FIVE PESOS (P5.00);

1 *PROVIDED, HOWEVER, THAT THE EXCISE TAXES PAID ON THE*
 2 *PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE*
 3 *OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL*
 4 *BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM.*

5 *"EFFECTIVE JANUARY 1, 2020*

6 *"(A) LUBRICATING OILS AND GREASES, INCLUDING BUT*
 7 *NOT LIMITED TO, BASESTOCK FOR LUBE OILS AND GREASES,*
 8 *HIGH VACUUM DISTILLATES, AROMATIC EXTRACTS AND OTHER*
 9 *SIMILAR PREPARATIONS, AND ADDITIVES FOR LUBRICATING*
 10 *OILS AND GREASES, WHETHER SUCH ADDITIVES ARE*
 11 *PETROLEUM BASED OR NOT, PER LITER AND KILOGRAM,*
 12 *RESPECTIVELY, OF VOLUME CAPACITY OR WEIGHT, TEN PESOS*
 13 *(P10.00): PROVIDED, THAT LUBRICATING OILS AND GREASES*
 14 *PRODUCED FROM BASESTOCKS AND ADDITIVES ON WHICH THE*
 15 *EXCISE TAX HAS ALREADY BEEN PAID SHALL NO LONGER*
 16 *BE SUBJECT TO EXCISE TAX: PROVIDED, FURTHER, THAT*
 17 *LOCALLY PRODUCED OR IMPORTED OILS PREVIOUSLY TAXED*
 18 *AS SUCH BUT ARE SUBSEQUENTLY REPROCESSED, HEREFINED*
 19 *OR RECYCLED SHALL LIKEWISE BE SUBJECT TO THE TAX*
 20 *IMPOSED UNDER THIS SUBSECTION.*

21 *"(B) PROCESSED GAS, PER LITER OF VOLUME*
 22 *CAPACITY, SIX PESOS (P6.00);*

23 *"(C) WAXES AND PETROLATUM, PER KILOGRAM, TEN*
 24 *PESOS (P10.00);*

25 *"(D) ON DENATURED ALCOHOL TO BE USED FOR*
 26 *MOTIVE POWER, PER LITER OF VOLUME CAPACITY, SIX PESOS*
 27 *(P6.00): PROVIDED, THAT UNLESS OTHERWISE PROVIDED BY*
 28 *SPECIAL LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH*
 29 *GASOLINE, THE EXCISE TAX ON WHICH HAS ALREADY BEEN*
 30 *PAID, ONLY THE ALCOHOL CONTENT SHALL BE SUBJECT TO*
 31 *THE TAX HEREIN PRESCRIBED. FOR PURPOSES OF THIS*

1 *SUBSECTION, THE REMOVAL OF DENATURED ALCOHOL OF NOT*
 2 *LESS THAN ONE HUNDRED EIGHTY DEGREES (180°) PROOF*
 3 *(NINETY PERCENT (90%) ABSOLUTE ALCOHOL) SHALL BE*
 4 *DEEMED TO HAVE BEEN REMOVED FOR MOTIVE POWER,*
 5 *UNLESS SHOWN OTHERWISE;*

6 *"(E) NAPHTHA, REGULAR GASOLINE AND OTHER*
 7 *SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF VOLUME*
 8 *CAPACITY, TEN PESOS (P10.00): PROVIDED, HOWEVER, THAT*
 9 *NAPHTHA, WHEN USED AS A RAW MATERIAL IN THE*
 10 *PRODUCTION OF PETROCHEMICAL PRODUCTS OR AS*
 11 *REPLACEMENT FUEL FOR NATURAL-GAS-FIRED-COMBINED*
 12 *CYCLE POWER PLANT, IN LIEU OF LOCALLY-EXTRACTED*
 13 *NATURAL GAS DURING THE NON-AVAILABILITY THEREOF,*
 14 *SUBJECT TO THE RULES AND REGULATIONS TO BE*
 15 *PROMULGATED BY THE SECRETARY OF ENERGY, IN*
 16 *CONSULTATION WITH THE SECRETARY OF FINANCE, PER*
 17 *LITER OF VOLUME CAPACITY, ZERO (P0.00): PROVIDED,*
 18 *FURTHER, THAT THE BY-PRODUCT INCLUDING FUEL OIL,*
 19 *DIESEL FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED*
 20 *PETROLEUM GASES AND SIMILAR OILS HAVING MORE OR LESS*
 21 *THE SAME GENERATING POWER, WHICH ARE PRODUCED IN THE*
 22 *PROCESSING OF NAPHTHA INTO PETROCHEMICAL PRODUCTS*
 23 *SHALL BE SUBJECT TO THE APPLICABLE EXCISE TAX SPECIFIED*
 24 *IN THIS SECTION, EXCEPT WHEN SUCH BY-PRODUCTS ARE*
 25 *TRANSFERRED TO ANY OF THE LOCAL OIL REFINERIES*
 26 *THROUGH SALE, BARTER OR EXCHANGE, FOR THE PURPOSE OF*
 27 *FURTHER PROCESSING OR BLENDING INTO FINISHED PRODUCTS*
 28 *WHICH ARE SUBJECT TO EXCISE TAX UNDER THIS SECTION;*

29 *"(F) LEADED PREMIUM GASOLINE, PER LITER OF*
 30 *VOLUME CAPACITY, TEN PESOS (P10.00); UNLEADED PREMIUM*

1 GASOLINE, PER LITER OF VOLUME CAPACITY, TEN PESOS
2 (P10.00);

3 "(G) AVIATION TURBO JET FUEL, PER LITER OF VOLUME
4 CAPACITY, TEN PESOS (P10.00);

5 "(H) KEROSENE, PER LITER OF VOLUME CAPACITY, SIX
6 PESOS (P6.00): *PROVIDED*, THAT KEROSENE, WHEN USED AS
7 AVIATION FUEL, SHALL BE SUBJECT TO THE SAME TAX ON
8 AVIATION TURBO JET FUEL UNDER THE PRECEDING
9 PARAGRAPH (G), SUCH TAX TO BE ASSESSED ON THE USER
10 THEREOF;

11 "(I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS
12 HAVING MORE OR LESS THE SAME GENERATING POWER, PER
13 LITER OF VOLUME CAPACITY, SIX PESOS (P6.00);

14 "(J) LIQUEFIED PETROLEUM GAS, PER LITER, SIX
15 PESOS (P6.00): *PROVIDED*, THAT, LIQUEFIED PETROLEUM
16 GAS WHEN USED AS RAW MATERIAL IN THE PRODUCTION
17 OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES
18 AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY
19 OF ENERGY, IN CONSULTATION WITH THE SECRETARY OF
20 FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00);
21 *PROVIDED, FINALLY*, THAT LIQUEFIED PETROLEUM GAS USED
22 FOR MOTIVE POWER SHALL BE TAXED AT THE EQUIVALENT
23 RATE AS THE EXCISE TAX ON DIESEL FUEL OIL;

24 "(K) ASPHALTS, PER KILOGRAM, SIX PESOS (P6.00);
25 AND

26 "(L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS
27 HAVING MORE OR LESS THE SAME GENERATING POWER,
28 PER LITER OF VOLUME CAPACITY, SIX PESOS (P6.00);
29 *PROVIDED, HOWEVER*, THAT THE EXCISE TAXES PAID ON THE
30 PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE

1 OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL
2 BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM.

3 "FOR THE PERIOD COVERING 2018 TO 2020, THE
4 SCHEDULED INCREASE IN THE EXCISE TAX ON FUEL AS
5 IMPOSED IN THIS SECTION SHALL BE SUSPENDED SHOULD THE
6 DUBAI CRUDE OIL PRICE REACH EIGHTY DOLLARS (USD 80)
7 PER BARREL OR MORE: *PROVIDED*, THAT, SHOULD THE SAID
8 OIL PRICE PER BARREL FALL BELOW EIGHTY DOLLARS
9 (USD 80), THE SCHEDULED INCREASE IN EXCISE TAX SHALL BE
10 IMPLEMENTED: *PROVIDED, FINALLY*, THAT ANY SUSPENSION
11 OF THE INCREASE IN EXCISE TAX SHALL NOT RESULT IN ANY
12 REDUCTION OF THE EXCISE TAX BEING IMPOSED AT THE TIME
13 OF THE SUSPENSION."

14 SEC. 24. A new section designated as Section 148-A under Chapter V
15 of the National Internal Revenue Code of 1997, as amended, is hereby inserted
16 to read as follows:

17 "SECTION 148-A. *MANDATORY MARKING OF ALL*
18 *PETROLEUM PRODUCTS.* -

19 "ALL PETROLEUM PRODUCTS (REFINED OIL AND OTHER
20 FUEL) THAT ARE REFINED IN, MANUFACTURED IN, AND/OR
21 IMPORTED INTO THE PHILIPPINES, AND THAT ARE SUBJECT TO
22 THE PAYMENT OF TAXES AND DUTIES, WHICH INCLUDE BUT IS
23 NOT LIMITED TO GASOLINE AND DIESEL, SHALL BE MARKED
24 WITH THE OFFICIAL MARKING AGENT DESIGNATED BY THE
25 DEPARTMENT OF FINANCE (DOF). THE MARKER SHALL BE
26 INTRODUCED AT THE REFINERY OR AT THE TERMINAL, BEFORE
27 THE PETROLEUM PRODUCT IS OFFLOADED OR TRANSPORTED
28 TO THE DOMESTIC MARKET.

29 "THE MANDATORY MARKING OF ALL PETROLEUM
30 PRODUCTS SHALL BE IN ACCORDANCE WITH THE FOLLOWING:

1 “(A) THE PERSON, ENTITY, OR TAXPAYER WHO OWNS
2 OR ENTERS THE PETROLEUM PRODUCTS INTO THE COUNTRY,
3 OR THE PERSON TO WHOM THE PETROLEUM PRODUCTS ARE
4 CONSIGNED SHALL CAUSE AND ACCOMMODATE THE MARKING
5 OF THE PETROLEUM PRODUCTS WITH THE OFFICIAL MARKING
6 AGENT;

7 “(B) A CUSTOMS/BIR OFFICIAL SHALL BE ON SITE TO
8 ADMINISTER THE DECLARATION OF THE TAX AND DUTIES
9 APPLIED ON THE PETROLEUM PRODUCTS;

10 “(C) *OFFICIAL MARKERS.* – THERE SHALL BE A LIST OF
11 CHEMICAL ADDITIVES AND CORRESPONDING QUANTITATIVE
12 RATIO FOR EACH TYPE OF FUEL TO BE IDENTIFIED BY THE
13 SECRETARY OF THE DOF AS OFFICIAL FUEL MARKERS.

14 “THE OFFICIAL FUEL MARKERS SHALL BE DISTINCT AND,
15 TO THE GREATEST DEGREE POSSIBLE, IMMUNE TO IMITATION
16 OR REPLICATION. THE OFFICIAL FUEL MARKER USED IN THE
17 PHILIPPINES MUST NOT BE USED IN ANY PART OF THE WORLD.

18 “THE OFFICIAL MARKERS’ CHEMICAL COMPOSITION
19 AND QUANTITATIVE RATIO MUST PERSIST FOR AT LEAST THREE
20 (3) YEARS FROM THEIR APPLICATION OR ADMINISTRATION TO
21 THE UNMARKED FUEL;

22 “(D) *ABSENCE OF OFFICIAL MARKER OR USE OF*
23 *FRAUDULENT MARKER; PRESUMPTIONS.* – IN THE EVENT THAT
24 THE PETROLEUM PRODUCTS WHICH DO NOT CONTAIN THE
25 OFFICIAL MARKER ARE FOUND IN THE DOMESTIC MARKET OR
26 IN THE POSSESSION OF ANYONE, OR UNDER ANY SITUATION
27 WHERE SAID PETROLEUM PRODUCTS ARE SUBJECT TO DUTIES
28 AND TAXES, IT SHALL BE PRESUMED THAT THE SAME WERE
29 REFINED, MANUFACTURED, AND/OR IMPORTED OR WITHDRAWN
30 WITH THE INTENTION TO EVADE THE PAYMENT OF THE TAXES
31 AND DUTIES DUE THEREON.

1 “THE ABSENCE OF THE OFFICIAL MARKER OR THE USE
2 OF FRAUDULENT MARKER ON THE PETROLEUM PRODUCTS
3 SHALL BE CONSIDERED *PRIMA FACIE* EVIDENCE THAT THE
4 SAME HAVE BEEN WITHDRAWN OR IMPORTED WITHOUT THE
5 PAYMENT OF THE EXCISE TAX;

6 “(E) THE FAILURE OF ANY PERSON, ENTITY, OR
7 TAXPAYER RESPONSIBLE FOR THE MARKING OF PETROLEUM
8 PRODUCTS AS REQUIRED IN THIS SECTION SHALL BE
9 PROSECUTED UNDER SECTION 265-A OF THIS CODE;

10 “(F) *RANDOM FIELD TESTS.* – PERIODIC RANDOM FIELD
11 TESTS SHALL BE CONDUCTED ON FUELS FOUND IN THE
12 WAREHOUSES, GAS STATIONS AND OTHER RETAIL OUTLETS,
13 AND IN SUCH OTHER PROPERTIES OR EQUIPMENT, INCLUDING
14 MECHANISMS OF TRANSPORTATION, OF PERSONS ENGAGED
15 IN THE SALE, DELIVERY, TRADING, TRANSPORTATION,
16 DISTRIBUTION, OR IMPORTATION OF FUEL INTENDED FOR THE
17 DOMESTIC MARKET.

18 “THE FIELD TESTS SHALL BE CONDUCTED IN THE
19 PRESENCE OF A REPRESENTATIVE FROM THE BIR OR BOC,
20 THIRD PARTY MARKING PROVIDER, AND THE AUTHORIZED
21 REPRESENTATIVE OF THE OWNER OF THE FUEL TO BE TESTED.
22 FOR PURPOSES OF THIS ACT, AN EMPLOYEE ASSIGNED OR
23 WORKING AT THE PLACE WHERE THE RANDOM FIELD TEST
24 IS CONDUCTED SHALL BE DEEMED AN AUTHORIZED
25 REPRESENTATIVE OF THE OWNER.

26 “ALL FIELD TESTS SHALL BE PROPERLY FILMED OR
27 VIDEO-TAPED, AND DOCUMENTED.

28 “THE CUSTOMS OR BIR SHALL IMMEDIATELY OBTAIN A
29 SAMPLE OF THE TESTED FUEL UPON DISCOVERING THAT THE
30 SAME IS UNMARKED, ADULTERATED, OR DILUTED;

1 “(G) *CONFIRMATORY TESTS.* – A CONFIRMATORY TEST
2 OF THE TESTED UNMARKED, ADULTERATED, OR DILUTED FUEL
3 SHALL IMMEDIATELY BE CONDUCTED IN AN ACCREDITED
4 TESTING FACILITY THAT IS CERTIFIED TO ISO 17025.

5 “CONFIRMATORY FUEL TEST CERTIFICATES ISSUED BY
6 FUEL TESTING FACILITIES SHALL BE VALID FOR ANY LEGAL
7 PURPOSE FROM THE DATE OF ISSUE, AND SHALL CONSTITUTE
8 ADMISSIBLE AND CONCLUSIVE EVIDENCE BEFORE ANY COURT;

9 “(H) *PROGRAM IMPLEMENTATION OFFICE (PIO).* –
10 THERE SHALL BE A PIO HEADED BY A DOF SENIOR OFFICER
11 TO BE DESIGNATED BY THE SECRETARY OF FINANCE, AND
12 WITH THE COMMISSIONER OF CUSTOMS AND THE
13 COMMISSIONER OF INTERNAL REVENUE OR THEIR DULY
14 AUTHORIZED REPRESENTATIVES WITH THE RANK OF DEPUTY
15 COMMISSIONER, AND ONE (1) SENIOR OFFICER EACH FROM
16 THE DEPARTMENT OF ENERGY (DOE) AND THE DEPARTMENT
17 OF TRADE AND INDUSTRY (DTI), TO BE DESIGNATED BY THE
18 SECRETARIES OF THE DOE AND DTI, RESPECTIVELY, AS
19 MEMBERS THAT SHALL DIRECTLY COORDINATE AND
20 SUPERVISE THE PROPER AND EFFECTIVE IMPLEMENTATION OF
21 THIS ACT. THE PIO SHALL BE SUPPORTED BY PERSONNEL OF
22 THE DOF, AS WELL AS THOSE ASSIGNED OR SECONDED FROM
23 AGENCIES ATTACHED TO THE DOF;

24 “(I) *POWERS AND DUTIES OF THE PIO.* – THE PIO
25 SHALL EXERCISE THE FOLLOWING POWERS AND DUTIES:

26 “(1) FORMULATE, DEVELOP AND ESTABLISH A
27 COMPREHENSIVE, INTEGRATED, UNIFIED AND BALANCED
28 NATIONAL FUEL TRAFFICKING PREVENTION AND CONTROL
29 STRATEGY AND FOR THIS PURPOSE, ISSUE THE TERMS OF
30 REFERENCE AND ENGAGEMENT OF THE OFFICIAL MARKING
31 PROVIDER, ENSURE THAT ALL OPERATIONAL AND TECHNICAL

1 WRITTEN INSTRUCTIONS ARE IN PLACE AND PROPERLY
2 DISSEMINATED TO ALL CONCERNED TO ENSURE THE
3 EFFECTIVENESS OF THE MARKING SYSTEM;

4 “(2) PROMULGATE SUCH RULES AND REGULATIONS AS
5 MAY BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS
6 ACT, INCLUDING THE MANNER OF SAFEKEEPING, DISPOSITION,
7 AND SALE OF CONFISCATED FUEL, AND PRESCRIBE
8 ADMINISTRATIVE REMEDIES OR SANCTIONS FOR THE
9 VIOLATIONS OF SUCH RULES AND REGULATIONS;

10 “(3) DESIGN AND DEVELOP, IN CONSULTATION WITH
11 THE DOE AND OTHER PUBLIC OR PRIVATE AGENCIES, SPECIAL
12 TRAININGS IN ORDER TO PROVIDE LAW ENFORCEMENT
13 OFFICERS, MEMBERS OF THE JUDICIARY, AND PROSECUTORS
14 WITH KNOWLEDGE AND KNOW-HOW IN FUEL TRAFFICKING
15 AND SMUGGLING, AND IDENTIFY AND RESOLVE OPERATIONAL
16 AND TECHNICAL DIFFICULTIES IDENTIFIED IN THE COURSE OF
17 IMPLEMENTATION;

18 “(4) INITIATE AND AUTHORIZE CLOSURE PROCEEDINGS
19 AGAINST NON-ACCREDITED AND/OR SUBSTANDARD FUEL
20 TESTING FACILITIES BASED ON VERIFIED REPORTS AND/OR
21 VERIFIED COMPLAINTS;

22 “(5) RECEIVE, GATHER, COLLECT AND EVALUATE ALL
23 INFORMATION ON THE IMPORTATION, SALE, TRANSFER,
24 DELIVERY, OR DISTRIBUTION OF UNMARKED, ADULTERATED,
25 OR DILUTED FUEL INTENDED OR HELD FOR THE DOMESTIC
26 MARKET;

27 “(6) CONDUCT BIDDING, GIVE ACCREDITATION, AND
28 ENGAGE A THIRD PARTY MARKING PROVIDER;

29 “(7) PERFORM OVERSIGHT FUNCTION OVER THE THIRD
30 PARTY MARKING PROVIDER, AND CONDUCT PERIODIC

1 INSPECTIONS ON THE FACILITIES AND PERSONNEL OF THE
2 THIRD PARTY MARKING PROVIDER;

3 "(8) APPOINT AND ENGAGE SUCH TECHNICAL,
4 ADMINISTRATIVE AND OTHER PERSONNEL AS MAY BE
5 NECESSARY FOR THE EFFECTIVE IMPLEMENTATION OF THIS
6 ACT, SUBJECT TO CIVIL SERVICE LAW AND ITS RULES AND
7 REGULATIONS;

8 "(9) CALL ON ANY OFFICIAL OF THE DOE AND ITS
9 ATTACHED AGENCIES FOR SUCH ASSISTANCE AS MAY BE
10 NECESSARY, AS WELL AS TO REQUIRE THE PARTICIPATION OF
11 EXPERTS TO HELP ACHIEVE THE OBJECTIVES OF THIS ACT;

12 "(10) INITIATE CRIMINAL, CIVIL, AND/OR
13 ADMINISTRATIVE ACTIONS IN THE PROPER COURT OR QUASI-
14 JUDICIAL AGENCY FOR VIOLATIONS OF THIS ACT;

15 "(11) SUBMIT MONTHLY PROGRESS REPORT TO THE
16 SECRETARY OF FINANCE, AND ANNUAL REPORT TO THE
17 RELEVANT COMMITTEES OF THE SENATE AND THE HOUSE OF
18 REPRESENTATIVES; AND

19 "(12) ESTABLISH AN EXTENSIVE MEDIA AND PUBLIC
20 INFORMATION CAMPAIGN TO INFORM THE PUBLIC OF THE
21 IMPORTANCE OF FUEL MARKING AND ITS EXPECTED ECONOMIC
22 BENEFITS.

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

1 "(J) *ENGAGEMENT OF THIRD PARTY MARKING*
2 *PROVIDER.* - THE PIO SHALL, IN ACCORDANCE WITH THE
3 IMPLEMENTING RULES AND REGULATIONS, AND EXISTING
4 LAWS ON PROCUREMENT AND BIDDING, ENGAGE A THIRD
5 PARTY MARKING PROVIDER: *PROVIDED*, THAT THE PIO SHALL
6 NOT ENGAGE MORE THAN ONE (1) THIRD PARTY MARKING
7 PROVIDER; AND THAT THE THIRD PARTY MARKING PROVIDER
8 SHOULD NOT HAVE ANY CUSTOMERS IN THE PHILIPPINES
9 BESIDES THE GOVERNMENT.

10 "THE THIRD PARTY MARKING PROVIDER SHALL
11 PROVIDE AN END-TO-END SOLUTION TO THE GOVERNMENT. IT
12 SHALL BE RESPONSIBLE FOR PROVIDING, MONITORING, AND
13 ADMINISTERING THE FUEL MARKERS, PROVIDE EQUIPMENT
14 AND DEVICES, CONDUCT FIELD AND CONFIRMATORY TESTS,
15 AND PERFORM SUCH OTHER ACTS INCIDENTAL OR NECESSARY
16 TO THE PROPER IMPLEMENTATION OF THE PROVISIONS OF THIS
17 ACT;

18 "(K) *COSTS.* - ALL COSTS IN RELATION TO THE
19 IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION
20 SHALL BE BORNE BY THE REFINER, IMPORTER, OR
21 MANUFACTURER OF PETROLEUM PRODUCTS; AND

22 "(L) *DEFINITION OF TERMS.* - AS USED IN THIS
23 SECTION, THE FOLLOWING TERMS SHALL HAVE THE MEANING
24 INDICATED:

25 "(I) 'CHEMICAL DIVERSION' REFERS TO THE SALE,
26 DISTRIBUTION, SUPPLY OR TRANSPORT OF LEGITIMATELY
27 IMPORTED, IN-TRANSIT, MANUFACTURED OR PROCURED
28 CONTROLLED PRECURSORS AND ESSENTIAL CHEMICALS, IN
29 DILUTED, MIXTURES OR IN CONCENTRATED FORM, TO ANY
30 PERSON OR ENTITY ENGAGED IN FUEL TRAFFICKING, AND

1 SHALL INCLUDE, BUT IS NOT LIMITED TO, PACKAGING,
2 REPACKAGING, LABELING, RELABELING OR CONCEALMENT
3 OF SUCH TRANSACTION THROUGH FRAUD, DESTRUCTION
4 OF DOCUMENTS, FRAUDULENT USE OF PERMITS,
5 MISDECLARATION, USE OF FRONT COMPANIES OR MAIL FRAUD;

6 "(2) 'CONFIRMATORY TEST' REFERS TO AN ACCURATE
7 AND PRECISE ANALYTICAL TEST USING A DEVICE, TOOL OR
8 EQUIPMENT WHICH WILL VALIDATE AND CONFIRM THE RESULT
9 OF THE FIELD TEST;

10 "(3) 'DELIVER' OR 'TRANSPORT' REFERS TO THE ACT
11 OF KNOWINGLY PASSING FUEL OF COMMERCIAL QUANTITY TO
12 ANOTHER PERSON, WHETHER PERSONALLY OR OTHERWISE,
13 AND BY ANY MEANS, WITH OR WITHOUT CONSIDERATION;

14 "(4) 'FIELD TEST' REFERS TO THE RANDOM
15 INSPECTIONS AND TESTS PERFORMED TO ESTABLISH
16 QUALITATIVE POSITIVE RESULT OF FUEL TRAFFICKING;

17 "(5) 'FUEL', AS USED IN THIS SECTION, REFERS TO ANY
18 COMBUSTIBLE GAS OR COMBUSTIBLE LIQUID THAT CAN BE
19 USED TO GENERATE POWER BY MEANS OF AN INTERNAL
20 COMBUSTION OR TURBINE ENGINE, OR FOR HEATING, AND
21 INCLUDES ADDITIVES TO THAT FUEL, EXCEPT JET FUEL,
22 AVIATION FUEL AND LIQUEFIED PETROLEUM GAS;

23 "(6) 'FUEL MARKERS' REFER TO THE OFFICIAL
24 MARKERS IDENTIFIED BY THE SECRETARY OF FINANCE THAT IS
25 ADMINISTERED OR MIXED INTO A PARTICULAR FUEL TO
26 DISTINGUISH IT FROM OTHER TYPES OF FUEL OR UNMARKED
27 FUEL OF THE SAME TYPE;

28 "(7) 'FUEL MARKING' REFERS TO THE ADDITION OR
29 ADMINISTRATION OF ADDITIVES TO FUEL IN ORDER TO
30 DISTINGUISH IT FROM OTHER TYPES OF FUEL OR SIMILAR
31 UNMARKED FUEL;

1 "(8) 'FUEL TRAFFICKING' REFERS TO THE SALE,
2 TRADE, DELIVERY, DISTRIBUTION, OR TRANSPORTATION OF
3 UNMARKED, ADULTERATED, OR DILUTED FUEL OR
4 COUNTERFEIT ADDITIVE, THE ACT OF ADULTERATING OR
5 DILUTING MARKED OR UNMARKED FUEL, OR ANY RELATED
6 ACTS DESIGNED TO CIRCUMVENT THIS SECTION;

7 "(9) 'IMPORTATION' REFERS TO THE ENTRY OF FUEL,
8 FUEL PRODUCTS, OR ADDITIVES INTO THE PHILIPPINES
9 (THROUGH THE APPROVED SEAPORTS OR AIRPORTS, AS
10 DETERMINED BY THE BUREAU OF CUSTOMS), THE FUEL, FUEL
11 PRODUCT, OR ADDITIVE BEING INTENDED FOR DIRECT
12 CONSUMPTION, MERCHANDISING, WAREHOUSING, OR FOR
13 FURTHER PROCESSING;

14 "(10) 'MANUFACTURE' REFERS TO THE PRODUCTION,
15 PREPARATION, COMPOUNDING OR PROCESSING OF ANY FUEL
16 OR PETROLEUM PRODUCT FOR SALE, TRADE, DISTRIBUTION,
17 OR TRANSPORT; THE TERM DOES NOT INCLUDE THE
18 PREPARATION, COMPOUNDING, PACKAGING OR LABELING OF A
19 FUEL, FUEL PRODUCT, OR ADDITIVE BY A DULY AUTHORIZED
20 PRACTITIONER AS AN INCIDENT TO HIS/HER PROFESSIONAL
21 PRACTICE INCLUDING RESEARCH, TEACHING AND CHEMICAL
22 ANALYSIS OF FUEL OR FUEL ADDITIVES OR SUCH SUBSTANCES
23 THAT ARE NOT INTENDED FOR SALE, TRADE, DELIVERY,
24 DISTRIBUTION, OR TRANSPORTATION;

25 "(11) 'MARKED FUEL' REFERS TO FUEL THAT IS
26 MARKED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT;

27 "(12) 'PERSON' REFERS TO ANY ENTITY, NATURAL OR
28 JURIDICAL, INCLUDING AMONG OTHERS, A CORPORATION,
29 PARTNERSHIP, TRUST OR ESTATE, JOINT STOCK COMPANY,
30 ASSOCIATION, SYNDICATE, JOINT VENTURE OR OTHER

UNINCORPORATED ORGANIZATION OR GROUP CAPABLE OF ACQUIRING RIGHTS OR ENTERING INTO OBLIGATIONS;

"(13) 'SELL' OR 'DISTRIBUTE' REFERS TO ANY ACT OF GIVING AWAY ANY FUEL, FUEL PRODUCT AND/OR ADDITIVE, WHETHER FOR MONEY OR ANY OTHER CONSIDERATION, AND WHETHER AS PRIVATE SALE OR SALE TO THE CONSUMING PUBLIC;

"(14) 'TESTING FACILITY' REFERS TO THE TESTING LABORATORY OPERATED BY THE ACCREDITED THIRD PARTY MARKING PROVIDER, THAT IS CERTIFIED TO ISO 17025 AND SUCH OTHER CRITERIA AS DETERMINED BY THE PIO; AND

"(15) 'TRADING' REFERS TO ANY TRANSACTION INVOLVING FUEL, FUEL PRODUCTS AND/OR ADDITIVES, WHETHER DIRECTLY OR ACTING AS A BROKER, AND WHETHER FOR MONEY OR ANY OTHER CONSIDERATION."

SEC. 25. Chapter 6 of Title VI of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"CHAPTER VI - EXCISE TAX ON MISCELLANEOUS ARTICLES

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

"EFFECTIVE JANUARY 1, 2018

	Rate
"Net manufacturer's price/ importer's selling price up to P600 Thousand	[2%] 3%
"Over P600 Thousand to P1.1 Million	[P12,000 + 20%] P18,000 + 30% of value in excess of P600 Thousand

"Over P1.1 Million to
P2.1 Million

[P112,000 + 40%]
P168,000 + 50% of
value in excess of
P1.1 Million.

"Over P2.1 Million to
P3.1 MILLION

[P512,000 + 60%]
P668,000 + 80% of
value in excess of
P2.1 Million

"OVER P3.1 MILLION

P1,468,000 + 90%
OF VALUE IN EXCESS
OF P3.1 MILLION

"EFFECTIVE JANUARY 1, 2019

"NET MANUFACTURER'S PRICE/ IMPORTER'S SELLING PRICE UP TO P600 THOUSAND	RATE
	4%

"OVER P600 THOUSAND TO
P1.1 MILLION

P24,000 + 40% OF
VALUE IN EXCESS OF
P600 THOUSAND

"OVER P1.1 MILLION TO
P2.1 MILLION

P224,000 + 60% OF
VALUE IN EXCESS OF
P1.1 MILLION

"OVER P2.1 MILLION TO
P3.1 MILLION

P824,000 + 100% OF
VALUE IN EXCESS OF
P2.1 MILLION

"OVER P3.1 MILLION

P1,824,000 + 120%
OF VALUE IN EXCESS
OF P3.1 MILLION

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

1 "The manufacturer's price or importer's selling price, net
2 of excise and value-added taxes, shall be indexed by the full rate
3 of the peso depreciation or appreciation, as the case may be.

4 "Provided, further, That in case the change in the
5 exchange rate of the Philippine peso against the U.S. dollar is at
6 least twenty percent (20%) at anytime within the two-year period
7 referred to above, the Secretary of Finance shall index the
8 brackets reflecting the manufacturer's price or importer's selling
9 price, net of excise and value-added taxes, by the full rate of the
10 peso depreciation or appreciation, as the case may be.]

11 "As used in this Section -

12 "(a) Automobile shall mean any four (4) or more
13 wheeled motor vehicle regardless of seating capacity, which is
14 propelled by gasoline, diesel, OR ANY OTHER MOTIVE POWER
15 EXCEPT PURELY POWERED BY electricity OR BY ELECTRICITY
16 IN COMBINATION WITH GASOLINE, DIESEL OR ANY OTHER
17 MOTIVE POWER [or any other motive power]: *Provided*, That
18 for purposes of this Act, buses, trucks, cargo vans,
19 jeeps/jeepneys/jeepney substitutes, single cab chassis, and
20 special-purpose vehicles shall not be considered as automobiles.

21 "(b) Truck/cargo van shall mean a motor vehicle of any
22 configuration that is exclusively designed for the carriage of
23 goods and with any number of wheels and axles: *Provided*, That
24 pick-ups shall [not] be considered as trucks.

25 "(c) Jeep/jeepney/jeepney substitutes shall mean as
26 'Philippine jeep or jeepney' which are of the jitney type locally
27 designed and manufactured generally from surplus parts and
28 components. It shall also include jeepney substitutes that are
29 manufactured from brand-new single cab chassis or cowl chassis

1 and locally customized rear body that has continuous sideway
2 row seats with open rear door and without retractable glass
3 windows.

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

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

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

15 "(g) HYBRID VEHICLE SHALL MEAN A MOTOR VEHICLE
16 POWERED BY ELECTRICITY IN COMBINATION WITH GASOLINE,
17 DIESEL, OR ANY OTHER MOTIVE POWER. ITS DRIVE SYSTEM
18 CONSISTS OF AN EFFICIENT COMBUSTION ENGINE AND A
19 POWERFUL ELECTRIC MOTOR, WHICH CAN RUN AT LEAST
20 THIRTY (30) KILOMETERS UNDER ONE (1) FULL CHARGE.

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

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

26 SEC. 26. A new section designated as Section 150-A under Chapter
27 VI, Title VI of the National Internal Revenue Code of 1997, as amended, is
28 hereby inserted to read as follows:

29 "SEC. 150-A. SUGAR SWEETENED BEVERAGES. -

1 “(A) *RATE AND BASE OF TAX* – ON SUGAR SWEETENED
2 BEVERAGES, THERE SHALL BE LEVIED, ASSESSED AND
3 COLLECTED PER LITER OF VOLUME CAPACITY EFFECTIVE
4 JANUARY 1, 2018 THE FOLLOWING EXCISE TAXES:

5 “(1) BEVERAGES CONTAINING PURELY LOCALLY
6 PRODUCED SUGAR – TEN PESOS (P10.00); AND

7 “(2) OTHERS – TWENTY PESOS (P20.00).

8 “THE RATES OF TAX IMPOSED UNDER THIS SECTION
9 SHALL BE ADJUSTED ONCE EVERY THREE (3) YEARS THROUGH
10 RULES AND REGULATIONS ISSUED BY THE SECRETARY OF
11 FINANCE AFTER CONSIDERING THE EFFECT ON THE SAME OF
12 THE THREE (3)-YEAR CUMULATIVE CPI INFLATION RATE.

13 “(B) *EXCLUSIONS*. – THE FOLLOWING ARE EXCLUDED
14 FROM THE SCOPE OF THIS ACT:

15 “(1) PLAIN MILK AND MILK DRINK PRODUCTS WITHOUT
16 ADDED SUGAR;

17 “(2) ALL MILK PRODUCTS, INFANT FORMULA AND MILK
18 ALTERNATIVES, SUCH AS SOY MILK OR ALMOND MILK,
19 INCLUDING FLAVORED MILK, SUCH AS CHOCOLATE MILK;

20 “(3) ONE HUNDRED PERCENT (100%) NATURAL FRUIT
21 JUICES – ORIGINAL LIQUID RESULTING FROM THE PRESSING
22 OF FRUIT, THE LIQUID RESULTING FROM THE RECONSTITUTION
23 OF NATURAL FRUIT JUICE CONCENTRATE, OR THE LIQUID
24 RESULTING FROM THE RESTORATION OF WATER TO
25 DEHYDRATED NATURAL FRUIT JUICE THAT DO NOT HAVE
26 ADDED SUGAR OR CALORIC SWEETENER;

27 “(4) ONE HUNDRED PERCENT (100%) NATURAL
28 VEGETABLE JUICES – ORIGINAL LIQUID RESULTING FROM
29 THE PRESSING OF VEGETABLES, THE LIQUID RESULTING FROM
30 THE RECONSTITUTION OF NATURAL VEGETABLE JUICE

1 CONCENTRATE, OR THE LIQUID RESULTING FROM THE
2 RESTORATION OF WATER TO DEHYDRATED NATURAL
3 VEGETABLE JUICE THAT DO NOT HAVE ADDED SUGAR OR
4 CALORIC SWEETENER;

5 “(5) MEAL REPLACEMENT AND MEDICALLY INDICATED
6 BEVERAGES – ANY LIQUID OR POWDER DRINK/PRODUCT FOR
7 ORAL NUTRITIONAL THERAPY FOR PERSONS WHO CANNOT
8 ABSORB OR METABOLIZE DIETARY NUTRIENTS FROM FOOD OR
9 BEVERAGES, OR AS A SOURCE OF NECESSARY NUTRITION USED
10 DUE TO A MEDICAL CONDITION AND AN ORAL ELECTROLYTE
11 SOLUTION FOR INFANTS AND CHILDREN FORMULATED TO
12 PREVENT DEHYDRATION DUE TO ILLNESS;

13 “(6) GROUND COFFEE; AND

14 “(7) UNSWEETENED TEA.

15 “(C) *DEFINITION OF TERMS*. – AS USED IN THIS ACT:

16 “(1) *SUGAR SWEETENED BEVERAGES (SSBs)* REFER TO
17 NON-ALCOHOLIC BEVERAGES OF ANY CONSTITUTION (LIQUID,
18 POWDER, OR CONCENTRATES) THAT ARE PRE-PACKAGED AND
19 SEALED IN ACCORDANCE WITH THE FOOD AND DRUG
20 ADMINISTRATION (FDA) STANDARDS, THAT CONTAIN SUGAR
21 ADDED BY THE MANUFACTURERS, AND SHALL INCLUDE THE
22 FOLLOWING:

23 “(A) SWEETENED JUICE DRINKS;

24 “(B) SWEETENED TEA AND COFFEE;

25 “(C) OTHER BEVERAGES:

26 “(I) ALL CARBONATED BEVERAGES WITH ADDED
27 SUGAR, INCLUDING THOSE WITH CALORIC AND NON-CALORIC
28 SWEETENERS;

29 “(II) FLAVORED WATER;

30 “(III) ENERGY DRINKS;

31 “(IV) SPORTS DRINKS;

1 “(v) POWDERED DRINKS NOT CLASSIFIED AS MILK,
2 JUICE, TEA AND COFFEE;

3 “(vi) CEREAL AND GRAIN BEVERAGES; AND

4 “(vii) OTHER NON-ALCOHOLIC BEVERAGES THAT
5 CONTAIN ADDED SUGAR.

6 “(2) *CALORIC SWEETENER* REFERS TO A SUBSTANCE
7 THAT IS SWEET AND INCLUDES SUCROSE, FRUCTOSE,
8 INCLUDING HIGH FRUCTOSE CORN SWEETENER, GLUCOSE OR
9 ANY ARTIFICIAL SUGAR SUBSTITUTE THAT PRODUCES A
10 DESIRED SWEETNESS.

11 “(3) *ARTIFICIAL SWEETENER* REFERS TO A SUBSTANCE
12 THAT IS USED IN PLACE OF SWEETENERS CONTAINING
13 SUGAR OR SUGAR ALCOHOLS, THAT IS ALTERNATIVELY
14 CALLED SUGAR SUBSTITUTE, NON-NUTRITIVE SWEETENER
15 AND NON-CALORIC SWEETENER. IT PROVIDES SWEETNESS TO
16 FOODS AND DRINKS BUT ARE NON-CALORIC. ARTIFICIAL
17 SWEETENER IS A CHEMICALLY PROCESSED SUBSTANCE WHICH
18 CAN BE DIRECTLY ADDED TO FOOD OR DURING ITS
19 PREPARATION, SUCH AS, ASPARTAME, SUCRALOSE,
20 SACCHARIN, STEVIA, ACESULFAME K, NEOTAME, MONK FRUIT
21 AND CYCLAMATES.

22 “(D) *FILING OF RETURN AND PAYMENT OF EXCISE TAX*
23 *AND PENALTY.* -

24 “(1) FILING OF RETURN AND PAYMENT OF EXCISE TAX
25 ON DOMESTIC AND IMPORTED SUGAR SWEETENED BEVERAGES
26 - THE PROVISION OF SECTIONS 130 AND 131 OF THIS CODE
27 REGARDING THE FILING OF RETURN AND PAYMENT OF
28 EXCISE TAX ON DOMESTIC AND IMPORTED SUGAR SWEETENED
29 BEVERAGES, RESPECTIVELY, SHALL APPLY.

30 “(2) PENALTY - UPON FINAL FINDINGS BY THE
31 COMMISSIONERS OF INTERNAL REVENUE AND/OR CUSTOMS

1 THAT ANY MANUFACTURER OR IMPORTER, IN VIOLATION OF
2 THIS SECTION, MISDECLARES OR MISREPRESENTS IN THE
3 SWORN STATEMENT HEREIN REQUIRED, ANY PERTINENT DATA
4 OR INFORMATION, THE PENALTY OF SUMMARY CANCELLATION
5 OR WITHDRAWAL OF THE PERMIT TO ENGAGE IN BUSINESS AS
6 MANUFACTURER OR IMPORTER OF SSBs, SHALL BE IMPOSED.

7 “ANY CORPORATION, ASSOCIATION OR PARTNERSHIP
8 LIABLE FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF
9 THIS SECTION SHALL BE FINED TREBLE THE AMOUNT OF
10 DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH MAY
11 BE ASSESSED PURSUANT TO THIS SECTION.

12 “ANY PERSON LIABLE FOR ANY OF THE ACTS OR
13 OMISSIONS PROHIBITED UNDER THIS SECTION SHALL BE
14 CRIMINALLY LIABLE AND PENALIZED UNDER SECTION 254
15 OF THIS CODE. ANY PERSON WHO WILLFULLY AIDS OR ABETS
16 IN THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL BE
17 CRIMINALLY LIABLE IN THE SAME MANNER AS THE PRINCIPAL.

18 “IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER
19 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE
20 SENTENCE WITHOUT FURTHER PROCEEDINGS FOR
21 DEPORTATION.

22 “(E) *SPECIFIC RESPONSIBILITY OF THE FOOD AND DRUG*
23 *ADMINISTRATION (FDA).* - THE FDA SHALL REQUIRE ALL
24 MANUFACTURERS AND IMPORTERS TO STATE ON THE LABEL
25 THAT CALORIC OR NON-CALORIC SWEETENER IS ADDED TO THE
26 SSBs. THE FDA SHALL EXAMINE THE SSBs TO DETERMINE
27 THE CALORIC AND NON-CALORIC SWEETENER CONTENT OF
28 THE SSBs AS SPECIFIED ON THE LABEL BEFORE THESE
29 PRODUCTS ARE SOLD IN THE MARKET. IT SHALL ALSO
30 REQUIRE ALL MANUFACTURERS AND IMPORTERS OF SSBs IN
31 POWDER FORM TO INDICATE ON THE LABEL, THE EQUIVALENT

1 OF EACH SERVING (NUMBER OF SCOOPS, TEASPOONS OR
2 TABLESPOONS) PER LITER OF VOLUME CAPACITY.

3 "THE FDA SHALL ALSO CONDUCT RANDOM INSPECTION
4 OF THE SSBS ON DISPLAY IN SUPERMARKETS, GROCERIES OR
5 RETAIL STORES TO DETERMINE COMPLIANCE WITH THE
6 REQUIREMENTS OF THIS SECTION."

7 SEC. 27. Section 155 of the National Internal Revenue Code of 1997,
8 as amended, is hereby further amended to read as follows:

9 "SEC. 155. *Manufacturers AND/OR IMPORTERS to*
10 *Provide Themselves with Counting or Metering Devices to*
11 *Determine VOLUME OF Production AND IMPORTATION.* -
12 Manufacturers of cigarettes, alcoholic products, oil products and
13 other articles subject to excise tax that can be similarly measured
14 shall provide themselves with such necessary number of suitable
15 counting or metering devices to determine as accurately as
16 possible the volume, quantity or number of the articles produced
17 by them under rules and regulations promulgated by the
18 Secretary of Finance, upon recommendation of the
19 Commissioner[.]; **PROVIDED, THAT IMPORTERS OF FINISHED**
20 **PETROLEUM PRODUCTS SHALL ALSO PROVIDE THEMSELVES**
21 **WITH METERING DEVICES TO DETERMINE AS ACCURATELY AS**
22 **POSSIBLE THE VOLUME OF PETROLEUM PRODUCTS IMPORTED**
23 **BY THEM.**

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

26 SEC. 28. Section 171 of the National Internal Revenue Code of 1997,
27 as amended, is hereby further amended to read as follows:

28 "SEC. 171. *Authority of Internal Revenue Officer in*
29 *Searching for AND TESTING Taxable Articles.* - Any internal
30 revenue officer may, in the discharge of his official duties, enter

1 any house, building or place where articles subject to tax under
2 this Title are produced or kept, or are believed by him upon
3 reasonable grounds to be produced or kept, so far as may be
4 necessary to examine, discover or seize the same.

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

9 "SUBJECT TO RULES AND REGULATIONS TO BE ISSUED
10 BY THE SECRETARY OF FINANCE, THE COMMISSIONER OR HIS
11 AUTHORIZED REPRESENTATIVES MAY CONDUCT PERIODIC
12 RANDOM FIELD TESTS ON FUELS REQUIRED TO BE MARKED
13 UNDER SECTION 148-A OF THIS CODE FOUND IN WAREHOUSES,
14 GAS STATIONS AND OTHER RETAIL OUTLETS, AND IN SUCH
15 OTHER PROPERTIES OF PERSONS ENGAGED IN THE SALE,
16 DELIVERY, TRADING, TRANSPORTATION, DISTRIBUTION, OR
17 IMPORTATION OF FUEL INTENDED FOR THE DOMESTIC
18 MARKET."

19 SEC. 29. Section 232 of the National Internal Revenue Code of 1997,
20 as amended, is hereby further amended to read as follows:

21 "SEC. 232. *Keeping of Books of Accounts.* -

22 "(A) *Corporations, Companies, Partnerships or Persons*
23 *Required to Keep Books of Accounts.* - All corporations,
24 companies, partnerships or persons required by law to pay
25 internal revenue taxes shall keep a journal and a ledger or their
26 equivalents: *Provided, however,* That those whose quarterly
27 sales, earnings, receipts, or output do not exceed [Fifty] TWO
28 HUNDRED FIFTY thousand pesos [P50,000] (P250,000) shall
29 keep and use simplified set of bookkeeping records duly
30 authorized by the Secretary of Finance wherein all transactions

1 and results of operations are shown and from which all taxes due
 2 the Government may readily and accurately be ascertained and
 3 determined any time of the year: *Provided, further,* That
 4 corporations, companies, partnerships or persons whose gross
 5 quarterly sales, earnings, receipts or output exceed [One] SEVEN
 6 hundred fifty thousand pesos [(P150,000)] (P750,000), shall
 7 have their books of accounts audited and examined yearly by
 8 independent Certified Public Accountants and their income tax
 9 returns accompanied with a duly accomplished Account
 10 Information Form (AIF) which shall contain, among others,
 11 information lifted from certified balance sheets, profit and loss
 12 statements, schedules listing income-producing properties and
 13 the corresponding income therefrom and other relevant
 14 statements.

15 "x x x."

16 SEC. 30. Section 237 of the National Internal Revenue Code of 1997,
 17 as amended, is hereby further amended to read as follows:

18 "Sec. 237. [*Issuance of Receipts or Sales or Commercial*
 19 *Invoices.*] **ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR**
 20 **COMMERCIAL INVOICES.** -

21 "(A) **ISSUANCE.** - All persons subject to an internal
 22 revenue tax shall, [for] **AT THE POINT OF** each sale and transfer
 23 of merchandise or for services rendered valued at Twenty-five
 24 pesos (P25.00) or more, issue duly registered **ELECTRONIC**
 25 receipts or **ELECTRONIC** sales or commercial invoices, [prepared
 26 at least in duplicate,] showing the date of transaction, quantity,
 27 unit cost and description of merchandise or nature of service:
 28 *Provided, however,* That where the **ELECTRONIC** receipt is

1 issued to cover payment made as rentals, commissions,
 2 compensation or fees, **ELECTRONIC** receipts or **ELECTRONIC**
 3 invoices shall be issued which shall show the name, business
 4 style, if any, and address of the purchaser, customer or client[.]:
 5 **PROVIDED, FURTHER,** THAT THE **ELECTRONIC** RECEIPT OR
 6 SALES OR COMMERCIAL INVOICE SHALL BE ISSUED EITHER
 7 **ELECTRONICALLY** OR BY TENDERING A PRINTED COPY
 8 THEREOF: **PROVIDED, FINALLY,** THAT THE DIGITAL RECORD
 9 OR THE PRINTED COPY OF THE **ELECTRONIC** RECEIPT OR SALES
 10 OR COMMERCIAL INVOICE SHALL BE KEPT BY THE ISSUER,
 11 PURCHASER, CUSTOMER OR CLIENT IN HIS PLACE OF BUSINESS
 12 FOR A PERIOD OF THREE (3) YEARS FROM THE CLOSE OF THE
 13 TAXABLE YEAR IN WHICH SUCH INVOICE OR RECEIPT WAS
 14 ISSUED.

15 "x x x

16 "(B) **TRANSMISSION.** - THE PRECEDING PARAGRAPH
 17 NOTWITHSTANDING, AN **ELECTRONIC** RECEIPT OR **ELECTRONIC**
 18 INVOICE, AS THE CASE MAY BE, SHALL BE TRANSMITTED
 19 DIRECTLY TO THE BIR AT THE SAME TIME AND DATE OF EACH
 20 SALE TRANSACTION."

21 SEC. 31. A new section designated as Section 237-A under Chapter II,
 22 Title IX of the National Internal Revenue Code of 1997, as amended, is hereby
 23 inserted to read as follows:

24 "SEC. 237-A. **ELECTRONIC SALES REPORTING SYSTEM.**

25 -
 26 "(A) **ELECTRONIC REPORTING OF SALES DATA** - THE
 27 BUREAU SHALL REQUIRE TAXPAYERS TO **ELECTRONICALLY**
 28 REPORT THEIR SALES DATA TO THE BUREAU'S **ELECTRONIC**
 29 SYSTEM THROUGH THE USE OF CASH REGISTER
 30 MACHINE/POINT OF SALES (CRM/POS) MACHINES, SUBJECT
 31 TO RULES AND REGULATIONS TO BE ISSUED BY THE

1 SECRETARY OF FINANCE AS RECOMMENDED BY THE
2 COMMISSIONER OF INTERNAL REVENUE: *PROVIDED, THAT*
3 *THE MACHINES AND OTHER ANCILLARY DEVICES SHALL BE AT*
4 *THE EXPENSE OF THE TAXPAYERS: PROVIDED, FURTHER, THAT*
5 *THE ESTABLISHMENT BY THE BUREAU OF THE ELECTRONIC*
6 *SALES REPORTING SYSTEM SHALL BE DONE WITHIN THREE (3)*
7 *YEARS FROM THE EFFECTIVITY OF THIS ACT.*

8 *"(B) CONFIDENTIALITY OF TAXPAYER INFORMATION*
9 *AND COMPLIANCE WITH THE 'DATA PRIVACY ACT' - THE*
10 *PROVISIONS OF SECTION 270 OF THIS CODE ON UNLAWFUL*
11 *DIVULGENCE OF TAXPAYER INFORMATION SHALL BE STRICTLY*
12 *COMPLIED WITH.*

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

16 SEC. 32. Section 254 of the National Internal Revenue Code of 1997,
17 as amended, is hereby further amended to read as follows:

18 *"SEC. 254. Attempt to Evade or Defeat Tax. - Any*
19 *person who willfully attempts in any manner to evade or defeat*
20 *any tax imposed under this Code or the payment thereof shall, in*
21 *addition to other penalties provided by law, upon conviction*
22 *thereof, be punished [by a fine of not less than Thirty thousand*
23 *pesos (P30,000) but not more than One hundred thousand pesos*
24 *(P100,000) and suffer imprisonment of not less than two (2)*
25 *years but not more than four (4) years:] WITH AN*
26 *ADMINISTRATIVE FINE OF NOT LESS THAN FIVE HUNDRED*
27 *THOUSAND PESOS (P500,000) BUT NOT MORE THAN TEN*
28 *MILLION PESOS (P10,000,000), AND IMPRISONMENT OF NOT*
29 *LESS THAN SIX (6) YEARS BUT NOT MORE THAN TEN (10) YEARS:*
30 *Provided, That the conviction or acquittal obtained under this*

1 Section shall not be a bar to the filing of a civil suit for the
2 collection of taxes."

3 SEC. 33. Section 264 of the National Internal Revenue Code of 1997,
4 as amended, is hereby further amended to read as follows:

5 *"SEC. 264. Failure or Refusal to Issue Receipts or Sales*
6 *or Commercial Invoices, Violations Related to the Printing of*
7 *such Receipts or Invoices and Other Violations. -*

8 *"(a) x x x*

9 *"(b) Any person who commits any of the acts*
10 *enumerated hereunder shall be penalized [in the same manner*
11 *and to the same extent as provided for in this Section] WITH AN*
12 *ADMINISTRATIVE FINE OF NOT LESS THAN FIVE HUNDRED*
13 *THOUSAND PESOS (P500,000) BUT NOT MORE THAN TEN*
14 *MILLION PESOS (P10,000,000), AND IMPRISONMENT OF NOT*
15 *LESS THAN SIX (6) YEARS BUT NOT MORE THAN TEN (10) YEARS:*

16 *"(1) x x x; [or]*

17 *"(2) x x x; [or]*

18 *"(3) x x x[.]; OR*

19 *"(4) PRINTING OF OTHER FRAUDULENT RECEIPTS OR*
20 *SALES OR COMMERCIAL INVOICES."*

21 SEC. 34. A new section designated as Section 264-A under Chapter II,
22 Title X of the National Internal Revenue Code of 1997, as amended, is hereby
23 inserted as follows:

24 *"SEC. 264-A. FAILURE TO TRANSMIT SALES DATA*
25 *ENTERED ON CRM/POS MACHINES TO THE BIR'S ELECTRONIC*
26 *SALES REPORTING SYSTEM. - ANY TAXPAYER REQUIRED BY*
27 *RULES AND REGULATIONS TO TRANSMIT SALES DATA TO THE*
28 *BUREAU'S ELECTRONIC SALES REPORTING SYSTEM BUT FAILS*
29 *TO DO SO SHALL, FOR EACH DAY OF VIOLATION, PAY A*

1 PENALTY AMOUNTING TO ONE-HALF OF ONE PERCENT (1/2 OF
2 1%) OF THE ANNUAL GROSS SALES AS REFLECTED IN THE
3 VAT-REGISTERED TAXPAYER'S AUDITED FINANCIAL
4 STATEMENT FOR THE SECOND YEAR PRECEDING THE CURRENT
5 TAXABLE YEAR, OR TEN THOUSAND PESOS (P10,000),
6 WHICHEVER IS HIGHER: *PROVIDED*, THAT PAYMENT OF THE
7 PENALTY SHALL BE MADE SIMULTANEOUSLY WITH THE
8 PAYMENT FOR VAT ON A MONTHLY BASIS AS PROVIDED
9 IN SECTION 114(A) OF THIS CODE: *PROVIDED, FURTHER*,
10 THAT SHOULD THE AGGREGATE NUMBER OF DAYS OF
11 VIOLATION EXCEED ONE HUNDRED EIGHTY (180) DAYS WITHIN
12 A TAXABLE YEAR, AN ADDITIONAL PENALTY OF PERMANENT
13 CLOSURE OF THE VAT-REGISTERED TAXPAYER SHALL BE
14 IMPOSED."

15 SEC. 35. A new section designated as Section 264-B under Chapter II,
16 Title X of the National Internal Revenue Code of 1997, as amended, is hereby
17 inserted to read as follows:

18 "SEC. 264-B. *PURCHASE, USE, POSSESSION, SALE OR*
19 *OFFER TO SELL, INSTALLMENT, TRANSFER, UPDATE, UPGRADE,*
20 *KEEPING OR MAINTAINING OF SALES SUPPRESSION DEVICES. -*
21 *ANY PERSON WHO SHALL PURCHASE, USE, POSSESS, SELL OR*
22 *OFFER TO SELL, INSTALL, TRANSFER, UPDATE, UPGRADE,*
23 *KEEP, OR MAINTAIN ANY SOFTWARE OR DEVICE DESIGNED*
24 *FOR, OR IS CAPABLE OF (A) SUPPRESSING THE CREATION OF*
25 *ELECTRONIC RECORDS OF SALE TRANSACTIONS THAT A*
26 *TAXPAYER IS REQUIRED TO KEEP UNDER EXISTING TAX*
27 *LAWS AND/OR REGULATIONS, OR (B) MODIFYING, HIDING, OR*
28 *DELETING ELECTRONIC RECORDS OF SALES TRANSACTIONS*
29 *AND PROVIDING A READY MEANS OF ACCESS TO THEM, SHALL*
30 *BE PUNISHED BY AN ADMINISTRATIVE FINE OF NOT LESS THAN*
31 *FIVE HUNDRED THOUSAND PESOS (P500,000) BUT NOT MORE*

1 THAN TEN MILLION PESOS (P10,000,000), AND SUFFER
2 IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS BUT NOT
3 MORE THAN FOUR (4) YEARS: *PROVIDED*, THAT A CUMULATIVE
4 SUPPRESSION OF ELECTRONIC SALES RECORD IN EXCESS OF
5 THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000) SHALL
6 BE CONSIDERED AS ECONOMIC SABOTAGE AND SHALL BE
7 PUNISHED IN THE MAXIMUM PENALTY PROVIDED FOR UNDER
8 THIS PROVISION."

9 SEC. 36. A new section designated as Section 265-A under Chapter II,
10 Title X of the National Internal Revenue Code of 1997, as amended, is hereby
11 inserted to read as follows:

12 "SEC. 265-A. *OFFENSES RELATING TO FUEL MARKING.*

13 - ALL OFFENSES RELATING TO FUEL MARKING ARE HEREBY
14 CONSIDERED AS ECONOMIC SABOTAGE, AND SHALL, IN
15 ADDITION TO THE PENALTIES IMPOSED UNDER TITLE X OF THIS
16 ACT, SECTION 1401 OF REPUBLIC ACT NO. 10863, AND OTHER
17 RELEVANT LAWS, BE PUNISHABLE AS FOLLOWS:

18 "(A) ANY PERSON WHO IS FOUND TO BE ENGAGED
19 IN THE SALE, TRADE, DELIVERY, DISTRIBUTION OR
20 TRANSPORTATION OF UNMARKED FUEL IN COMMERCIAL
21 QUANTITY HELD FOR DOMESTIC USE OR MERCHANDISE SHALL,
22 UPON CONVICTION, SUFFER THE PENALTIES OF:

23 "(1) FOR THE FIRST OFFENSE, A FINE OF TWO MILLION
24 FIVE HUNDRED THOUSAND PESOS (P2,500,000);

25 "(2) FOR THE SECOND OFFENSE, A FINE OF FIVE
26 MILLION PESOS (P5,000,000); AND

27 "(3) FOR THE THIRD OFFENSE, A FINE OF TEN MILLION
28 PESOS (P10,000,000) AND REVOCATION OF LICENSE TO
29 ENGAGE IN ANY TRADE OR BUSINESS.

1 “(B) ANY PERSON WHO CAUSES THE REMOVAL OF THE
2 OFFICIAL FUEL MARKING AGENT FROM MARKED FUEL, AND
3 THE ADULTERATION OR DILUTION OF FUEL INTENDED FOR
4 SALE TO THE DOMESTIC MARKET, OR THE KNOWING
5 POSSESSION, STORAGE, TRANSFER OR OFFER FOR SALE OF
6 FUEL OBTAINED AS A RESULT OF SUCH REMOVAL,
7 ADULTERATION OR DILUTION SHALL BE PENALIZED IN THE
8 SAME MANNER AND EXTENT AS PROVIDED FOR IN THE
9 PRECEDING SUBSECTION.

10 “(C) ANY PERSON WHO COMMITS ANY OF THE ACTS
11 ENUMERATED HEREUNDER SHALL, UPON CONVICTION, BE
12 PUNISHED BY A FINE OF NOT LESS THAN ONE MILLION PESOS
13 (P1,000,000) BUT NOT MORE THAN FIVE MILLION PESOS
14 (P5,000,000), AND SUFFER IMPRISONMENT OF NOT LESS THAN
15 FOUR (4) YEARS BUT NOT MORE THAN EIGHT (8) YEARS:

16 “(1) MAKING, IMPORTING, SELLING, USING OR
17 POSSESSING FUEL MARKERS WITHOUT EXPRESS AUTHORITY;

18 “(2) MAKING, IMPORTING, SELLING, USING OR
19 POSSESSING COUNTERFEIT FUEL MARKERS; OR

20 “(3) CAUSING ANOTHER PERSON OR ENTITY TO
21 COMMIT ANY OF THE TWO (2) PRECEDING ACTS.

22 “(D) ANY PERSON WHO WILLFULLY INSERTS, PLACES,
23 ADDS OR ATTACHES DIRECTLY OR INDIRECTLY, THROUGH ANY
24 OVERT OR COVERT ACT, WHATEVER QUANTITY OF ANY
25 UNMARKED FUEL, COUNTERFEIT ADDITIVE OR CHEMICAL IN
26 THE PERSON, HOUSE, EFFECTS, INVENTORY, OR IN THE
27 IMMEDIATE VICINITY OF AN INNOCENT INDIVIDUAL FOR THE
28 PURPOSE OF IMPLICATING, INCRIMINATING OR IMPUTING THE
29 COMMISSION OF ANY VIOLATION OF THIS ACT SHALL, UPON
30 CONVICTION, BE PUNISHED BY A FINE OF NOT LESS THAN FIVE

1 MILLION PESOS (P5,000,000) BUT NOT MORE THAN TEN
2 MILLION PESOS (P10,000,000), AND SUFFER IMPRISONMENT OF
3 NOT LESS THAN FOUR (4) YEARS BUT NOT MORE THAN EIGHT
4 (8) YEARS.

5 “(E) ANY PERSON WHO IS AUTHORIZED, LICENSED OR
6 ACCREDITED UNDER THIS ACT AND ITS IMPLEMENTING RULES
7 TO CONDUCT FUEL TESTS, WHO ISSUES FALSE OR FRAUDULENT
8 FUEL TEST RESULTS KNOWINGLY, WILLFULLY OR THROUGH
9 GROSS NEGLIGENCE, SHALL SUFFER THE ADDITIONAL PENALTY
10 OF IMPRISONMENT RANGING FROM ONE (1) YEAR AND ONE (1)
11 DAY TO TWO (2) YEARS AND SIX (6) MONTHS.

12 “THE ADDITIONAL PENALTIES OF REVOCATION OF THE
13 LICENSE TO PRACTICE HIS/HER PROFESSION IN CASE OF A
14 PRACTITIONER, AND THE CLOSURE OF THE FUEL TESTING
15 FACILITY, MAY ALSO BE IMPOSED AT THE INSTANCE OF THE
16 COURT.”

17 SEC. 37. Section 288 of the National Internal Revenue Code of 1997,
18 as amended, is hereby further amended to read as follows:

19 “SEC. 288. *Disposition of Incremental Revenue.* -

20 “(A) x x x

21 “(B) x x x

22 “(C) x x x

23 “(D) x x x

24 “(E) x x x

25 “(F) *EARMARKING OF INCREMENTAL REVENUES FROM*
26 *THE TAX REFORM FOR ACCELERATION AND INCLUSION ACT.* -
27 FOR A PERIOD OF FOUR (4) YEARS, FORTY PERCENT (40%) OF
28 THE YEARLY INCREMENTAL REVENUES GENERATED FROM THE
29 PETROLEUM EXCISE TAX UNDER SECTION 148 OF THIS CODE
30 SHALL BE ALLOCATED TO FUND A SOCIAL BENEFITS PROGRAM

1 WHEREIN BENEFICIARIES SHALL BE PROVIDED A SOCIAL
 2 BENEFITS CARD. DESERVING BENEFICIARIES, INCLUDING THE
 3 POOREST FIFTY PERCENT (50%) OF THE POPULATION, MAY
 4 RECEIVE TARGETED CASH TRANSFERS, DISCOUNTS ON PUBLIC
 5 UTILITY VEHICLE (PUV) FARES AND MEDICINES, SUBSIDIES ON
 6 FOOD AND HOUSING, AND OTHER SOCIAL PROTECTION
 7 MEASURES THAT MAY BE ADOPTED AND IMPLEMENTED.
 8 LIKEWISE, ALLOCATION FOR GRANTING FUEL VOUCHERS TO
 9 QUALIFIED TRANSPORT FRANCHISE HOLDERS SHALL BE
 10 SOURCED FROM THE SAME INCREMENTAL REVENUE. AN
 11 INTER-AGENCY COMMITTEE LED BY THE DOF, AND
 12 COMPRISING THE DEPARTMENT OF SOCIAL WELFARE AND
 13 DEVELOPMENT, DEPED, DEPARTMENT OF TRANSPORTATION,
 14 DOE, DEPARTMENT OF BUDGET AND MANAGEMENT, AND
 15 THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
 16 SHALL OVERSEE THE IMPLEMENTATION OF THE PROGRAM.

17 "FOR THE SAME PERIOD AND SUCCEEDING YEARS
 18 THEREAFTER, THE REMAINING YEARLY INCREMENTAL
 19 REVENUES SHALL BE ALLOCATED PROPORTIONALLY, BASED ON
 20 EXISTING BUDGET ALLOCATION, FOR INFRASTRUCTURE,
 21 HEALTH, EDUCATION, HOUSING AND SOCIAL PROTECTION
 22 EXPENDITURES: *PROVIDED*, THAT THE INFRASTRUCTURE
 23 ALLOCATION SHALL BE PRIORITIZED TO ADDRESS CONGESTION
 24 THROUGH MASS TRANSPORT AND NEW ROAD NETWORK:
 25 *PROVIDED, FURTHER*, THAT INCREMENTAL REVENUES
 26 GENERATED FROM VAT IMPOSITION ON SALE OF REAL
 27 PROPERTY UTILIZED FOR SOCIALIZED HOUSING AS DEFINED BY
 28 LAW SHALL BE EXCLUSIVELY ALLOCATED AS SUBSIDY
 29 THROUGH A VOUCHER SYSTEM FOR QUALIFIED BENEFICIARIES
 30 UNDER THE GOVERNMENT'S SHELTER PROGRAMS.

1 "(G) *HEALTH PROMOTION FUND*. - THE REVENUE TO BE
 2 COLLECTED UNDER SECTION 150-A OF THIS CODE SHALL BE
 3 ALLOCATED FOR THE FOLLOWING PURPOSES:

4 "(1) FIFTEEN PERCENT (15%) OF THE TAX COLLECTION
 5 SHALL ACCRUE TO FUND PROGRAMS UNDER REPUBLIC ACT
 6 NO. 10659, OTHERWISE KNOWN AS 'THE SUGARCANE
 7 INDUSTRY DEVELOPMENT ACT OF 2015', TO ADVANCE THE
 8 SELF-RELIANCE OF SUGAR FARMERS THAT WILL INCREASE
 9 PRODUCTIVITY, PROVIDE LIVELIHOOD OPPORTUNITIES,
 10 DEVELOP ALTERNATIVE FARMING SYSTEMS AND ULTIMATELY
 11 ENHANCE FARMERS' INCOME; AND

12 "(2) EIGHTY-FIVE PERCENT (85%) SHALL ACCRUE TO
 13 THE GENERAL FUND TO SUPPORT THE FOLLOWING PRIORITY
 14 PROGRAMS:

15 "(A) OPERATIONALIZATION AND MONITORING OF
 16 NON-TAX MEASURES TO PREVENT NON-COMMUNICABLE
 17 DISEASES INCLUDING REGULATORY MEASURES ON
 18 MARKETING, MANDATORY LABELING AND SALE OF
 19 UNHEALTHY FOOD AND BEVERAGE PRODUCTS; NATIONWIDE
 20 INFORMATION AND ADVOCACY MEASURES TO CURB LIFESTYLE
 21 RELATED RISK FACTORS; DIRECT PROVISIONS AND INCENTIVE-
 22 BASED MEASURES TO INCREASE ACCESS TO AND
 23 AFFORDABILITY OF HEALTHIER FOOD AND BEVERAGE
 24 PRODUCTS; AND PROMOTION OF ORAL HEALTH;

25 "(B) PROVISION OF SPORTS FACILITIES AND ACCESS TO
 26 POTABLE DRINKING WATER FOR PUBLIC SCHOOLS; DEVELOP
 27 AND SUSTAIN SCHOOL-BASED FEEDING PROGRAM; PREVENTION
 28 PROGRAMS AND AWARENESS CAMPAIGNS AGAINST OBESITY,
 29 OVERWEIGHT AND DENTAL CARIES; AND OTHER DIET-RELATED
 30 HEALTH AWARENESS PROGRAMS USING EDUCATIONAL,

1 ENVIRONMENTAL, POLICY AND OTHER PUBLIC HEALTH
2 APPROACHES;

3 "(C) PROVISION OF POTABLE DRINKING WATER SUPPLY
4 IN ALL PUBLIC PLACES; AND

5 "(D) FUNDING TO ENABLE THE FOOD AND DRUG
6 ADMINISTRATION TO FULFILL ITS MANDATE OF ENSURING THE
7 SAFETY, EFFICACY OR QUALITY OF HEALTH PRODUCTS AS
8 DEFINED BY REPUBLIC ACT NO. 9711, OTHERWISE KNOWN
9 AS THE 'FOOD AND DRUG ADMINISTRATION (FDA) ACT OF
10 2009'."

11 SEC. 38. *Reportorial Requirements.* - The inter-agency
12 committee created and the concerned departments/agencies/beneficiaries
13 under Section 37 of this Act shall submit to the President of the Senate of
14 the Philippines, the Speaker of the House of Representatives, the Senate
15 Committee on Finance and the House Committee on Appropriations a detailed
16 report on the expenditure of the amounts earmarked. The report shall likewise
17 be posted on the official website of the agencies concerned.

18 SEC. 39. *Implementing Rules and Regulations.* - Within six (6)
19 months from the effectivity of this Act, the Secretary of Finance shall, upon the
20 recommendation of the Commissioner of Internal Revenue, promulgate the
21 necessary rules and regulations for its effective implementation.

22 SEC. 40. *Separability Clause.* - If any provision of this Act is
23 subsequently declared invalid or unconstitutional, the other provisions hereof
24 which are not affected thereby shall remain in full force and effect.

25 SEC. 41. *Repealing Clause.* - All laws, including special laws
26 covering VAT exemptions, VAT zero-rating and personal income tax
27 exemption, acts, presidential decrees, executive orders, issuances, presidential
28 proclamations, rules and regulations or parts thereof, which are contrary to or
29 inconsistent with any provision of this Act are hereby repealed, amended or
30 modified accordingly; and the persons and/or transactions affected herein are

1 fully made subject to the VAT or personal income tax provisions of the
2 National Internal Revenue Code of 1997, as amended.

3 SEC. 42. *Effectivity.* - This Act shall take effect fifteen (15) days after
4 its complete publication in the *Official Gazette* or in at least two (2)
5 newspapers of general circulation.

- Approved,

O