

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

CLEAN COPY AS APPROVED ON
 THIRD READING

S E N A T E

S.B. No. 1592

(In substitution of S.B. Nos. 67, 107, 121, 124, 126, 129, 130,147, 151, 179, 267, 294, 295, 303, 388, 407, 670, 697, 763, 769, 821, 867, 919, 980, 1009, 1053, 1062, 1096, 1338, 1408, and 1588 taking into consideration P.S. Res. Nos. 30, 118, 407, and H.B. Nos. 4815, 4903, and 5636)

Prepared by the Committee on Ways and Means with Senators Recto, Gordon, Legarda, Zubiri, Angara, Villar, Ejercito, Binay, Pimentel, Aquino, Escudero, Sotto, Villanueva, and Gatchalian as authors

AN ACT

AMENDING SECTIONS 5, 6, 24, 25, 27, 28, 31, 33, 34, 35, 51, 52, 56, 57, 58, 74, 79, 84, 86, 89, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 128, 148, 149, 150, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, AND 288; CREATING NEW SECTIONS 148-A, 150-A, 237-A, 264-A, 264-B, AND 265-A; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

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

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

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

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

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

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

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

12 (A) x x x;

13 (B) To obtain on a regular basis from any person other than the person
14 whose internal revenue tax liability is subject to audit or investigation, or from
15 any office or officer of the national and local governments, government
16 agencies and instrumentalities, including the Bangko Sentral ng Pilipinas and
17 government-owned or -controlled corporations, any information such as, but
18 not limited to, costs and volume of production, receipts or sales and gross
19 incomes of taxpayers, and the names, addresses, and financial statements of
20 corporations, mutual fund companies, insurance companies, regional
21 operating headquarters of multinational companies, joint accounts,
22 associations, joint ventures or consortia and registered partnerships, and their
23 members: **PROVIDED, THAT THE COOPERATIVE DEVELOPMENT**
24 **AUTHORITY (CDA) SHALL SUBMIT TO THE BUREAU A TAX INCENTIVE**
25 **REPORT, WHICH SHALL INCLUDE INFORMATION ON THE INCOME TAX,**
26 **VALUE-ADDED TAX AND OTHER TAX INCENTIVES AVAILED OF BY**
27 **COOPERATIVES REGISTERED AND ENJOYING INCENTIVES UNDER**
28 **REPUBLIC ACT NO. 6938, AS AMENDED, OTHERWISE KNOWN AS THE**
29 **“COOPERATIVE CODE OF THE PHILIPPINES”:** *PROVIDED, FURTHER, THAT*
30 **THE INFORMATION SUBMITTED BY THE CDA TO THE BUREAU SHALL**
31 **BE SUBMITTED TO THE DEPARTMENT OF FINANCE (DOF) AND SHALL**
32 **BE INCLUDED IN THE DATABASE CREATED UNDER REPUBLIC ACT**

1 **NO. 10708, OTHERWISE KNOWN AS THE “TAX INCENTIVES**
2 **MANAGEMENT AND TRANSPARENCY ACT (TIMTA)”;**

x x x”

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

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

7 (A). *Examination of Returns and Determination of Tax Due.* –
8 After a return has been filed as required under the provisions of this Code, the
9 Commissioner or his duly authorized representative may authorize the
10 examination of any taxpayer and the assessment of the correct amount of tax:
11 *Provided, however,* That failure to file a return shall not prevent the
12 Commissioner from authorizing the examination of any taxpayer.

x x x

13 (E). *Authority of the Commissioner to Prescribe Real Property*
14 *Values.* - The Commissioner is hereby authorized to divide the Philippines into
15 different zones or areas and shall, upon **MANDATORY** consultation with
16 competent appraisers both from the private and public sectors, **AND WITH**
17 **PRIOR NOTICE TO AFFECTED TAXPAYERS**, determine the fair market
18 value of real properties located in each zone or area, **SUBJECT TO**
19 **AUTOMATIC ADJUSTMENT ONCE EVERY THREE (3) YEARS THROUGH**
20 **RULES AND REGULATIONS ISSUED BY THE SECRETARY OF FINANCE**
21 **BASED ON THE CURRENT PHILIPPINE VALUATION STANDARDS:**
22 **PROVIDED, THAT NO ADJUSTMENT IN ZONAL VALUATION SHALL BE**
23 **VALID UNLESS PUBLISHED IN A NEWSPAPER OF GENERAL**
24 **CIRCULATION IN THE PROVINCE, CITY OR MUNICIPALITY**
25 **CONCERNED, OR IN THE ABSENCE THEREOF, SHALL BE POSTED IN**
26 **THE PROVINCIAL CAPITOL, CITY OR MUNICIPAL HALL AND IN TWO (2)**

1 **OTHER CONSPICUOUS PUBLIC PLACES THEREIN: PROVIDED,**
 2 **FURTHER, THAT THE BASIS OF ANY VALUATION, INCLUDING THE**
 3 **RECORDS OF CONSULTATIONS DONE, SHALL BE PUBLIC RECORDS**
 4 **OPEN TO THE INQUIRY OF ANY TAXPAYER.** For purposes of computing
 5 any internal revenue tax, the value of the property shall be, whichever is the
 6 higher of:

- 7 (1) The fair market value as determined by the Commissioner; or
 8 (2) The fair market value as shown in the schedule of values of the
 9 Provincial and City Assessors.

10 x x x

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

13 "SEC. 24. *Income Tax Rates.* –

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

16 (1) x x x

x x x

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

20	[Not over P10,000	5.00%
21	Over P10,000 but not over P30,000	P500 + 10% of the excess over P10,000
22	Over P30,000 but not over P70,000	P2,500 + 15% of the excess over P30,000
23	Over P70,000 but not over P140,000	P8,500 + 20% of the excess over P70,000
24	Over P140,000 but not over P250,000	P22,500 + 25% of the excess over P140,000
25	Over P250,000 but not over P500,000	P50,000 + 30% of the excess over P250,000
26	Over P500,000	P125,000 + 32% of the excess over P500,000]

1 (A) TAX SCHEDULE EFFECTIVE JANUARY 1, 2018:

2	NOT OVER P250,000	0%
3	OVER P250,000 BUT NOT OVER P400,000	20% OF THE EXCESS OVER
4		P250,000
5	OVER P400,000 BUT NOT OVER P800,000	P30,000 + 25% OF THE EXCESS
6		OVER P400,000
7	OVER P800,000 BUT NOT OVER P2,000,000	P130,000 + 30% OF THE EXCESS
8		OVER P800,000
9	OVER P2,000,000 BUT NOT OVER P8,000,000	P490,000 + 32% OF THE EXCESS
10		OVER P2,000,000
11	OVER P8,000,000	P2,410,000 + 35% OF THE
12		EXCESS OVER P8,000,000

13 X X X"

14 (B) RATE OF TAX ON INCOME OF SELF-EMPLOYED AND/OR
 15 PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS IS AT OR
 16 BELOW THE VAT THRESHOLD AS PROVIDED IN SECTION 109. – SELF-
 17 EMPLOYED INDIVIDUALS AND/OR PROFESSIONALS SHALL HAVE THE
 18 OPTION TO AVAIL OF AN EIGHT PERCENT (8%) INCOME TAX ON GROSS
 19 SALES OR GROSS RECEIPTS IN LIEU OF THE GRADUATED INCOME TAX
 20 RATES UNDER SECTION 24(A)(2)(A) AND THE PERCENTAGE TAX UNDER
 21 SECTION 116 OF THIS CODE.

22 (C) RATE OF TAX FOR MIXED INCOME EARNERS. – TAXPAYERS
 23 EARNING BOTH COMPENSATION INCOME AND INCOME FROM BUSINESS
 24 OR PRACTICE OF PROFESSION SHALL BE SUBJECT TO THE FOLLOWING
 25 TAXES:

1 **1. THE RATES PRESCRIBED UNDER SUBSECTION 2(A) OF THIS**
 2 **SECTION FOR INCOME FROM COMPENSATION; AND**

3 **2. THE RATES PRESCRIBED UNDER SUBSECTION 2(A) OF THIS**
 4 **SECTION ON TAXABLE INCOME OR EIGHT PERCENT (8%) TAX BASED ON**
 5 **GROSS SALES OR RECEIPTS AND OTHER NON-OPERATING INCOME FOR**
 6 **INCOME FROM BUSINESS OR PRACTICE OF PROFESSION IN EXCESS**
 7 **OF THE INCOME SUBJECT TO ZERO PERCENT TAX, AT THE OPTION OF**
 8 **THE TAXPAYER.**

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

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

1 depository bank from the proceeds of the long-term deposit or investment
2 certificate based on the remaining maturity thereof:

X X X

3 (2) *Cash and/or Property Dividends.* – A final tax [at the following rates] **AT**
4 **THE RATE OF TEN PERCENT (10%)** shall be imposed upon the cash and/or
5 property dividends actually or constructively received by an individual from a
6 domestic corporation or from a joint stock company, insurance or mutual fund
7 companies and regional operating headquarters of multinational companies, or on
8 the share of an individual in the distributable net income after tax of a partnership
9 (except a general professional partnership) of which he is a partner, or on the share
10 of an individual in the net income after tax of an association, a joint account, or a
11 joint venture or consortium taxable as a corporation of which he is a member or co-
12 venturer.[:

13 Six percent (6%) beginning January 1, 1998;

14 Eight percent (8%) beginning January 1, 1999;

15 Ten percent (10%) beginning January 1, 2000.

16 *Provided, however,* That the tax on dividends shall apply only on income
17 earned on or after January 1, 1998. Income forming part of retained earnings as of
18 December 31, 1997 shall not, even if declared or distributed on or after January 1,
19 1998, be subject to this tax.]

20 (C) *Capital Gains from Sale of Shares of Stock not Traded in the Stock*
21 *Exchange.* – The provisions of Section 39(B) notwithstanding, a final tax at the
22 rate[s prescribed below] **OF FIFTEEN PERCENT (15%)** is hereby imposed
23 upon the net capital gains realized during the taxable year from the sale, barter,
24 exchange or other disposition of shares of stock in a domestic corporation, except
25 shares sold, or disposed of through the stock exchange.

[Not over P 100,000	5%
On any amount in excess of P 100,000	10%

X X X”

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

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

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

 X X X

3 **(F) THE PREFERENTIAL TAX TREATMENT PROVIDED IN**
 4 **SUBSECTIONS (C), (D), AND (E) OF THIS SECTION SHALL NOT BE**
 5 **APPLICABLE TO REGIONAL HEADQUARTERS (RHQS), REGIONAL**
 6 **OPERATING HEADQUARTERS (ROHQS), OFFSHORE BANKING UNITS**
 7 **(OBUS) OR PETROLEUM SERVICE CONTRACTORS AND**
 8 **SUBCONTRACTORS REGISTERING WITH THE SECURITIES AND**
 9 **EXCHANGE COMMISSION (SEC) AFTER JANUARY 1, 2018: PROVIDED,**
 10 **HOWEVER, THAT EXISTING RHQS/ROHQS, OBUS OR PETROLEUM**
 11 **SERVICE CONTRACTORS AND SUBCONTRACTORS PRESENTLY AVAILING**
 12 **OF PREFERENTIAL TAX RATES FOR QUALIFIED EMPLOYEES SHALL**
 13 **CONTINUE TO BE ENTITLED TO AVAIL OF THE PREFERENTIAL TAX RATE**
 14 **FOR PRESENT AND FUTURE QUALIFIED EMPLOYEES.**

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

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

18 (A) *In General.* – x x x

19 X X X

20 (C) *Government-owned or –Controlled Corporations, Agencies or Instrumentalities.* –

21 The provisions of existing special or general laws to the contrary notwithstanding,
 22 all corporations, agencies, or instrumentalities owned or controlled by the
 23 Government, except the Government Service Insurance System (GSIS), the Social
 24 Security System (SSS), the Philippine Health Insurance Corporation (PHIC), **AND**
 25 the local water districts [and the Philippine Charity Sweepstakes Office (PCSO)]
 26 shall pay such rate of tax upon their taxable income as are imposed by this Section
 27 upon corporations or associations engaged in a similar business, industry, or
 28 activity.

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

1 (1) Interest from Deposits and Yield or any other Monetary Benefit from
 2 Deposit Substitutes and from Trust Funds and Similar Arrangements, and
 3 Royalties. - A final tax at the rate of twenty percent (20%) is hereby imposed upon
 4 the amount of interest on currency bank deposit and yield or any other monetary
 5 benefit from deposit substitutes and from trust funds and similar arrangements
 6 received by domestic corporations, and royalties, derived from sources within the
 7 Philippines: Provided, however, That interest income derived by a domestic
 8 corporation from a depository bank under the expanded foreign currency deposit
 9 system shall be subject to a final income tax at the rate of [seven and one-half
 10 percent (7 1/2%)] **FIFTEEN PERCENT (15%)** of such interest income.

11 (2) Capital Gains from the Sale of Shares of Stock Not Traded in the Stock
 12 Exchange. - A final tax at the rate[s prescribed below] **OF FIFTEEN PERCENT**
 13 **(15%)** shall be imposed on net capital gains realized during the taxable year from
 14 the sale, exchange or other disposition of shares of stock in a domestic corporation
 15 except shares sold or disposed of through the stock exchange[:

	Not over P 100,000	5%
	Amount in excess of P 100,000	10%]
16	x x x”	

17 SEC. 8. Section 28 of the NIRC, as amended, is hereby further amended to
 18 read as follows:

19 “SEC. 28. *Rates of Income Tax on Foreign Corporations.* –

20 (A) Tax on Resident Foreign Corporations. –

21 (1) In General. – x x x

22 x x x

23 (7) Tax on Certain Incomes Received by a Resident Foreign Corporation. –

24 (a) *Interest from Deposits and Yield or any other Monetary Benefit from*
 25 *Deposit Substitutes and from Trust Funds and Similar Arrangements, and Royalties.*
 26 – A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount
 27 of interest on currency bank deposit and yield or any other monetary benefit from

1 deposit substitutes and from trust funds and similar arrangements received by
 2 resident foreign corporations, and royalties, derived from sources within the
 3 Philippines: Provided, however, That interest income derived by a resident foreign
 4 corporation from a depository bank under the expanded foreign currency deposit
 5 system shall be subject to a final income tax at the rate of [seven and one-half
 6 percent (7 ¹/₂%) **FIFTEEN PERCENT (15%)** of such interest income.

7 (b) x x x

8 (c) *Capital Gains from the Sale of Shares of Stock Not Traded in the Stock*
 9 *Exchange.* – A final tax at the rate[s prescribed below] **OF FIFTEEN PERCENT**
 10 **(15%)** shall be imposed on net capital gains realized during the taxable year from
 11 the sale, exchange or other disposition of shares of stock in a domestic corporation
 12 except shares sold or disposed of through the stock exchange[:

Not over P 100,000	5%
Amount in excess of P 100,000	10%]

13 (B) *Tax on Nonresident Foreign Corporation.* –

14 (1) *In General.* – x x x

15 x x x

16 (5) *Tax on Certain Incomes Received by a Nonresident Foreign Corporation.* –

17 x x x

18 (c) *Capital Gains from the Sale of Shares of Stock Not Traded in the Stock*
 19 *Exchange.* – A final tax at the rate[s prescribed below] **OF FIFTEEN PERCENT**
 20 **(15%)** shall be imposed on net capital gains realized during the taxable year from
 21 the sale, exchange or other disposition of shares of stock in a domestic corporation
 22 except shares sold or disposed of through the stock exchange.[:

Not over P100,000	5%
Amount in excess of P100,000	10%]

25

1 SEC. 9. Section 31 of the NIRC, as amended, is hereby further amended
2 to read as follows:

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

8
9 SEC. 10. Section 33 of the NIRC, as amended, is hereby further amended to
10 read as follows:

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

12 (A) *Imposition of Tax.* – A final tax of [thirty-four percent (34%) effective
13 January 1, 1998; thirty-three percent (33%) effective January 1, 1999; and thirty-two
14 percent (32%) effective January 1, 2000 and thereafter] **THIRTY FIVE PERCENT**
15 **(35%) EFFECTIVE JANUARY 1, 2018**, is hereby imposed on the grossed-up
16 monetary value of fringe benefit furnished or granted to the employee (except rank
17 and file employees as defined herein) by the employer, whether an individual or a
18 corporation (unless the fringe benefit is required by the nature of, or necessary to
19 the trade, business or profession of the employer, or when the fringe benefit is for
20 the convenience or advantage of the employer). The tax herein imposed is payable
21 by the employer which tax shall be paid in the same manner as provided for under
22 Section 57 (A) of this Code. The grossed-up monetary value of the fringe benefit
23 shall be determined by dividing the actual monetary value of the fringe benefit by
24 [sixty-six percent (66%) effective January 1, 1998; sixty-seven percent (67%)
25 effective January 1, 1999; and sixty-eight percent (68%) effective January 1, 2000]
26 **SIXTY-FIVE PERCENT (65%) EFFECTIVE JANUARY 1, 2018** and thereafter:
27 *Provided, however,* That fringe benefit furnished to employees and taxable under
28 Subsections (B), (C), (D) and (E) of Section 25 shall be taxed at the applicable
29 rate[s] imposed thereat: *Provided, further,* That the grossed -up monetary value of
30 the fringe benefit shall be determined by dividing the actual monetary value of the
31 fringe benefit by the difference between one hundred percent (100%) and the
32 applicable rate[s] of income tax under Subsections (B), (C), (D), and (E) of Section
33 25.”
34
35

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

3
4 "SEC. 34. *Deductions from Gross Income.* – Except for taxpayers earning
5 compensation income arising from personal services rendered under an employer-
6 employee relationship where no deductions shall be allowed under this Section
7 other than under Subsection (M) hereof, in computing taxable income subject to
8 income tax under Sections 24; 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there
9 shall be allowed the following deductions from gross income:

10 (A) x x x

11 x x x

12 (L) *Optional Standard Deduction (OSD).* – In lieu of the deductions allowed
13 under the preceding Subsections, an individual subject to tax under Section **S 24**
14 **AND 26**, other than a nonresident alien, [may elect a standard deduction in an
15 amount not exceeding forty percent (40%) of his gross sales or gross receipts, as
16 the case may be. In the case of] **A GENERAL PROFESSIONAL PARTNERSHIP**
17 **OR ANY OF ITS MEMBERS UNDER SECTION 26 AND** a corporation subject to
18 tax under Sections 27(A) and 28(A)(1), [it] may elect a standard deduction in an
19 amount not exceeding forty percent (40%) of its gross income as defined in
20 Section 32 of this Code. Unless the taxpayer signifies in his return his intention to
21 elect the optional standard deduction, he shall be considered as having availed
22 himself of the deductions allowed in the preceding Subsections. Such election
23 when made in the return shall be irrevocable for the taxable year for which the
24 return is made: *Provided*, That an individual who is entitled to and claimed for the
25 optional standard deduction shall not be required to submit with his tax return
26 such financial statements otherwise required under this Code: **PROVIDED,**
27 **FURTHER, THAT A GENERAL PROFESSIONAL PARTNERSHIP AND THE**
28 **PARTNERS COMPRISING SUCH PARTNERSHIP MAY AVAIL OF THE**
29 **OPTIONAL STANDARD DEDUCTION ONLY ONCE, EITHER BY THE**
30 **GENERAL PROFESSIONAL PARTNERSHIP OR THE PARTNERS**
31 **COMPRISING THE PARTNERSHIP: *Provided*, [further] FINALLY,** That except
32 when the Commissioner otherwise permits, the said individual shall keep such
33 records pertaining to his gross sales or gross receipts, or the said corporation

1 shall keep such records pertaining to his gross income as defined in Section 32 of
 2 this Code during the taxable year, as may be required by the rules and
 3 regulations promulgated by the Secretary of Finance, upon recommendation of
 4 the Commissioner.

5 (M) *Premium Payments on Health and/or Hospitalization Insurance of an*
 6 *Individual Taxpayer.* - The amount of premiums not to exceed [Two thousand four
 7 hundred] **SIX THOUSAND** pesos [(P2,400)] **(P6,000)** per family or [Two] **FIVE**
 8 hundred pesos [(P200)] **(P500)** a month paid during the taxable year for health
 9 and/or hospitalization insurance taken by the taxpayer for himself, including his
 10 family, shall be allowed as a deduction from his gross income: *Provided*, That said
 11 family has a gross income of not more than [Two hundred fifty] **FIVE HUNDRED**
 12 thousand pesos [(P250,000)] **(P500,000)** for the taxable year: *Provided*, [finally]
 13 **FURTHER**, That in the case of married taxpayers, only the spouse claiming the
 14 additional exemption for dependents shall be entitled to this deduction.

x x x”

15 SEC. 12. Section 35 of the NIRC, as amended, is hereby **REPEALED**.

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

18 “SEC. 51. *Individual Return.* –

19 (A) x x x

20 (1) x x x

x x x

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

23 (a) An individual whose [gross] **TAXABLE** income **IS SUBJECT TO ZERO**
 24 **PERCENT (0%)** [does not exceed his total personal and additional exemptions for
 25 dependents] under Section [35] **24(A)(2)(A)**: *Provided*, That a citizen of the
 26 Philippines and any alien individual engaged in business or practice of profession
 27 within the Philippines shall file an income tax return, regardless of the amount of
 28 gross income;

1 x x x

2 **(5) THE TWO-PAGE INCOME TAX RETURN (ITR) SHALL ONLY**
3 **CONTAIN THE FOLLOWING INFORMATION:**

4 **(A) PERSONAL PROFILE AND INFORMATION;**

5 **(B) GROSS SALES RECEIPTS OR INCOME FROM COMPENSATION**
6 **FOR SERVICES RENDERED, CONDUCT OF TRADE OR BUSINESS OR THE**
7 **EXERCISE OF A PROFESSION, EXCEPT INCOME SUBJECT TO FINAL TAX AS**
8 **PROVIDED UNDER THIS CODE;**

9 **(C) ALLOWABLE DEDUCTIONS UNDER THIS CODE;**

10 **(D) TAXABLE INCOME AS DEFINED IN SECTION 31 OF THIS CODE;**

11 **AND**

12 **(E) INCOME TAX DUE AND PAYABLE.**

13

14 **(B) Where to File. – x x x**

15 **(C) When to File. – x x x**

16 **(1) x x x**

17 **(2) x x x**

18 **(3) SELF-EMPLOYED INDIVIDUALS AND/ PROFESSIONALS SHALL,**
19 **AT THEIR OPTION, BE ALLOWED TO FILE INCOME TAX RETURN AND PAY**
20 **THE CORRESPONDING TAXES DUE THEREON ONLY ONCE PER TAXABLE**
21 **YEAR.”**

22 SEC. 14. Section 52 of the NIRC, as amended, is hereby further amended
23 to read as follows:

24 “SEC. 52. Corporation Returns. –

25 (A) Requirements. – Every corporation subject to the tax herein imposed,
26 except foreign corporations not engaged in trade or business in the Philippines,
27 shall render, in duplicate, a true and accurate quarterly income tax return and final
28 or adjustment return in accordance with the provisions of Chapter XII of this Title.
29 The **TWO (2)-PAGE INCOME TAX** return shall be filed by the president, vice
30 president or other principal officer, and shall be sworn to by such officer and the
31 treasurer or assistant treasurer, **AND SHALL ONLY CONTAIN THE FOLLOWING**
32 **INFORMATION:**

- 1 **(1) CORPORATE PROFILE AND INFORMATION;**
- 2 **(2) GROSS SALES, RECEIPTS OR INCOME FROM THE**
- 3 **CONDUCT OF TRADE OR BUSINESS, EXCEPT INCOME SUBJECT TO FINAL**
- 4 **TAX AS PROVIDED UNDER THIS CODE;**
- 5 **(3) ALLOWABLE DEDUCTIONS UNDER THIS CODE;**
- 6 **(4) TAXABLE INCOME AS DEFINED IN SECTION 31 OF THIS**
- 7 **CODE; AND**
- 8 **(5) INCOME TAX DUE AND PAYABLE.”**

9 **PROVIDED, THAT THE FOREGOING PROVISIONS SHALL NOT**

10 **AFFECT THE IMPLEMENTATION OF REPUBLIC ACT NO. 10708 OR THE TAX**

11 **INCENTIVES MANAGEMENT AND TRANSPARENCY ACT (TIMTA).**

12 SEC. 15. Section 56 of the NIRC, as amended, is hereby further amended

13 to read as follows:

14 “SEC. 56. *Payment and Assessment of Income Tax for Individuals and*

15 *Corporations.* –

16 “(A) *Payment of Tax.* –

17 (1) x x x

18 (2) *Installment of Payment.* – When a tax due is in excess of Two

19 thousand pesos (P2,000.00), the taxpayer other than a corporation, may elect to

20 pay the tax in two equal installments, in which case, the first installment shall be

21 paid at the time of the return is filed and the second installment on or before

22 **OCTOBER** [July] 15 following the close of the calendar year, if any installment is

23 not paid on or before the date fixed for its payment, the whole amount of the tax

24 unpaid becomes due and payable together with the delinquency penalties.

25 SEC. 16. Section 57 of the NIRC, as amended, is hereby further amended

26 to read as follows:

27 “SEC. 57. *Withholding of Tax at Source.* –

28 (A) x x x

1 (B) Withholding of Creditable Tax at Source. – The Secretary of
 2 Finance may upon the recommendation of the Commissioner, require the
 3 withholding of a tax on the items of income payable to natural or juridical persons,
 4 residing in the Philippines, by payor-corporation/persons as provided by law, at
 5 the rate of not less than one percent (1%) but not more than [thirty-two (32%)]
 6 **TEN PERCENT (10%)** thereof, which shall be credited against the income tax
 7 liability of the taxpayer for the taxable year.

8 (C) x x x”

9 SEC. 17. Section 58 of the NIRC, as amended, is hereby further amended
 10 to read as follows:

11 “SEC. 58. Return and Payment of Taxes Withheld at Source. –

12 (A) x x x.

13 x x x

14 The return for final withholding tax shall be filed and the payment
 15 made within twenty-five (25) days from the close each calendar quarter, while]
 16 The return for FINAL AND creditable withholding taxes shall be filed and the
 17 payment made not later than the last day of the month following the close of the
 18 quarter during which the withholding was made[: Provided, That the
 19 Commissioner, with the approval of the Secretary of Finance, may require these
 20 withholding agents to pay or deposit the taxes deducted or withheld at more
 21 frequent intervals when necessary to protect the interest of the government].

22 SEC. 18. Section 74 of the NIRC, as amended, is hereby further amended to
 23 read as follows:

24 “SEC. 74. *Declaration of Income Tax for Individuals.* –

25 (A) In General. – Except as otherwise provided in this Section, every
 26 individual subject to income tax under Sections 24 and 25 (A) of this Title, who is
 27 receiving self-employment income, whether it constitutes the sole source of his
 28 income or in combination with salaries, wages, and other fixed or determinable

1 income, shall make and file a declaration of his estimated income for the current
 2 taxable year on or before **MAY [April]** 15 of the same taxable year.

3 x x x

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

11 (C) x x x

12 SEC. 19. Section 79 of the NIRC, as amended, is hereby further amended to
 13 read as follows:

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

15 (A) x x x;

x x x;

16 [(D) [Personal] **ADDITIONAL Exemptions.** –

x x x”]

17 (E) x x x

18 SEC. 20. Section 84 of the NIRC, as amended, is hereby further amended to read
 19 as follows:

20 “SEC. 84. *Rate[s] of Estate Tax.* – There shall be levied, assessed,
 21 collected and paid upon the transfer of the net estate as determined in accordance
 22 with Sections 85 and 86 of every decedent, whether resident or nonresident of the
 23 Philippines, a tax **AT THE RATE OF SIX PERCENT (6%)** based on the value of
 24 such net estate[, as computed in accordance with the following schedule:].

25 [If the net estate is:

26 Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over
	27 P200,000	Exempt		
28 P200,000	500,000	0	5%	P200,000

1	500,000	2,000,000	P15,000	8%	500,000
2	2,000,000	5,000,000	135,000	11%	2,000,000
3	5,000,000	10,000,000	465,000	15%	5,000,000
4	10,000,000	And Over	1,215,000	20%	10,000,000]

5 SEC. 21. Section 86 of the NIRC, as amended, is hereby further amended to read
6 as follows:

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

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

12 [(1) *Expenses, Losses, Indebtedness, and Taxes.* - Such amounts -

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

16 (b) For judicial expenses of the testamentary or intestate proceedings;]

17 (1) *Standard Deduction.* - An amount equivalent to [One] **FIVE** million pesos
18 (P[1]5, 000,000)

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

24 [(d)] (3) For claims of the deceased against insolvent persons where the
25 value of decedent's interest therein is included in the value of the gross estate; and

26 [(e)] (4) For unpaid mortgages upon, or any indebtedness in respect to,
27 property where the value of decedent's interest therein, undiminished by such
28 mortgage or indebtedness, is included in the value of the gross estate, but not
29 including any income tax upon income received after the death of the decedent, or
30 property taxes not accrued before his death, or any estate tax. The deduction herein
31 allowed in the case of claims against the estate, unpaid mortgages or any

1 indebtedness shall, when founded upon a promise or agreement, be limited to the
 2 extent that they were contracted bona fide and for an adequate and full
 3 consideration in money or money's worth. There shall also be deducted losses
 4 incurred during the settlement of the estate arising from fires, storms, shipwreck, or
 5 other casualties, or from robbery, theft or embezzlement, when such losses are not
 6 compensated for by insurance or otherwise, and if at the time of the filing of the
 7 return such losses have not been claimed as a deduction for the income tax
 8 purposes in an income tax return, and provided that such losses were incurred not
 9 later than the last day for the payment of the estate tax as prescribed in Subsection
 10 (A) of Section 91.]

11 ~~[(2)]~~ **(5)** *Property Previously Taxed.* – x x x

12 ~~[(3)]~~ **(6)** *Transfers for Public Use.* - x x x

13 **(7)** *The Family Home.* - An amount equivalent to the current fair market value
 14 of the decedent's family home: Provided, however, That if the said current fair
 15 market value exceeds **TEN**[One] million pesos **(P10,000,000)**[(P1,000,000)], the
 16 excess shall be subject to estate tax. [As a sine qua non condition for the
 17 exemption or deduction, said family home must have been the decedent's family
 18 home as certified by the barangay captain of the locality.]

19 ~~[(5)]~~**(6)** *Standard Deduction.* - An amount equivalent to One million pesos
 20 (P1, 000,000).]

21 ~~[(5)]~~ **(5)** *Medical Expenses.* - Medical Expenses incurred by the decedent within
 22 one (1) year prior to his death which shall be duly substantiated with receipts:
 23 Provided, That in no case shall the deductible medical expenses exceed Five
 24 Hundred Thousand Pesos (P500, 000).]

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

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

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

1 ~~[(2)](1) Property Previously Taxed.~~ – x x x

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

5 (C) *Share in the Conjugal Property.* – x x x

6 (D) *Miscellaneous Provisions.* – x x x

7 (E) *Tax Credit for Estate Taxes Paid to a Foreign Country.* – x x x”

8 SEC. 22. Section 89 of the NIRC, as amended, is hereby repealed.

9 SEC. 23. Section 90 of the NIRC, as amended, is hereby further amended to
10 read as follows:

11 “SEC. 90. *Estate Tax Returns.* –

12 (A) *Requirements.* – In all cases of transfers subject to the tax imposed
13 herein, or where, though exempt from tax, the gross value of the estate exceeds
14 Two hundred thousand pesos (P200,000), or regardless of the gross value of the
15 estate, where the said estate consists of registered or registrable property such as
16 real property, motor vehicle, shares of stock or other similar property for which a
17 clearance from the Bureau of Internal Revenue is required as a condition precedent
18 for the transfer of ownership thereof in the name of the transferee, the executor, or
19 the administrator, or any of the legal heirs, as the case may be, shall file a return
20 under oath in duplicate, setting forth:

21 (1) x x x

 x x x

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

24 *Provided, however,* That estate tax returns showing a gross value
25 exceeding [Two Hundred Thousand] **FIVE MILLION** pesos [(P200,000)]
26 **(P5,000,000)** shall be supported with a statement duly certified to by a Certified
27 Public Accountant containing the following:

 x x x

1 (A) *Time for Filing.* - For the purpose of determining the estate tax
 2 provided for in Section 84 of this Code, the estate tax return required under the
 3 preceding Subsection (A) shall be filed within [six (6) months] **ONE YEAR** from the
 4 decedent's death.

5 x x x”

6 SEC. 24. Section 91 of the NIRC, as amended, is hereby further amended to
 7 read as follows:

8 “SEC. 91. Payment of Tax. –

9 (A) x x x

10 (B) x x x

11 (C) **PAYMENT BY INSTALLMENT. – IN CASE THE AVAILABLE**
 12 **CASH OF THE ESTATE IS INSUFFICIENT TO PAY THE TOTAL ESTATE TAX**
 13 **DUE, PAYMENT BY INSTALLMENT SHALL BE ALLOWED WITHIN TWO (2)**
 14 **YEARS FROM THE STATUTORY DATE FOR ITS PAYMENT WITHOUT CIVIL**
 15 **PENALTY AND INTEREST.**

16 (D) [(C)] x x x

17 SEC. 25. Section 97 of the NIRC, as amended, is hereby further amended
 18 to read as follows:

19 “SEC. 97. *Payment of Tax Antecedent to the Transfer of Shares, Bonds or*
 20 *Rights.* - xxx.

21 If a bank has knowledge of the death of a person, who maintained a bank
 22 deposit account alone, or jointly with another, it shall [not] allow any withdrawal from
 23 the said deposit account, **SUBJECT TO A FINAL WITHHOLDING TAX OF SIX**
 24 **PERCENT (6%)**[unless the Commissioner has certified that the taxes imposed
 25 thereon by this Title have been paid: Provided, however, That the administrator of
 26 the estate or any one (1) of the heirs of the decedent may, upon authorization by
 27 the Commissioner, withdraw an amount not exceeding Twenty thousand pesos

1 (P20,000) without the said certification.] For this purpose, all withdrawal slips shall
 2 contain a statement to the effect that all of the joint depositors are still living at the
 3 time of withdrawal by any one of the joint depositors and such statement shall be
 4 under oath by the said depositors.”

5 SEC. 26. Section 99 of the NIRC, as amended, is hereby further amended to read
 6 as follows:

7 “SEC. 99. *Rate[s] of Tax Payable by Donor.* –

8 (A) *In General.* – The tax for each calendar year shall be **SIX**
 9 **PERCENT (6%)** computed on the basis of the total [net] gifts **IN EXCESS OF**
 10 **TWO HUNDRED FIFTY THOUSAND PESOS (P250,000) EXEMPT GIFT** made
 11 during the calendar year. [in accordance with the following schedule:]

12 [If the net gift is:

13 Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over
	P100,000	Exempt		
15 P100,000	200,000	0	2%	P100,000
16 200,000	500,000	2,000	4%	200,000
17 500,000	1,000,000	14,000	6%	500,000
18 1,000,000	3,000,000	44,000	8%	1,000,000
19 3,000,000	5,000,000	204,000	10%	3,000,000
20 5,000,000	10,000,000	404,000	12%	5,000,000
21 10,000,000		1,004,000	15%	10,000,000]

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

25 (1) Brother, sister (whether by whole or half-blood), spouse, ancestor, and
 26 lineal descendant; or

27 (2) Relative by consanguinity in the collateral line within the fourth degree of
 28 relationship.]

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

1 SEC. 27. Section 100 of the NIRC, as amended, is hereby further amended
2 to read as follows:

3 “SEC. 100. *Transfer for Less Than Adequate and Full Consideration.* -
4 Where property, other than real property referred to in Section 24(D) is transferred
5 for less than an adequate and full consideration in money or money's worth, then
6 the amount by which the fair market value of the property exceeded the value of the
7 consideration shall, for the purpose of the tax imposed by this Chapter, be deemed
8 a gift, and shall be included in computing the amount of gifts made during the
9 calendar year[.]: **PROVIDED, HOWEVER, THAT A SALE, EXCHANGE, OR**
10 **OTHER TRANSFER OF PROPERTY MADE IN THE ORDINARY COURSE OF**
11 **BUSINESS (A TRANSACTION WHICH IS A *BONA FIDE*, AT ARM'S LENGTH,**
12 **AND FREE FROM ANY DONATIVE INTENT), WILL BE CONSIDERED AS MADE**
13 **FOR AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S**
14 **WORTH.”**

15 SEC. 28. Section 101 of the NIRC, as amended, is hereby further amended
16 to read as follows:

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

19 (A) *In the Case of Gifts Made by a Resident.* -

20 [(1) Dowries or gifts made on account of marriage and before its celebration
21 or within one year thereafter by parents to each of their legitimate, recognized
22 natural, or adopted children to the extent of the first Ten thousand pesos
23 (P10,000):]

24 [(2)] (1) Gifts made to or for the use of the National Government or any entity
25 created by any of its agencies which is not conducted for profit, or to any political
26 subdivision of the said Government; and

27 [(3)] (2) Gifts in favor of an educational and/or charitable, religious, cultural or
28 social welfare corporation, institution, accredited nongovernment organization, trust
29 or philanthropic organization or research institution or organization: Provided,
30 however, That not more than thirty percent (30%) of said gifts shall be used by such

1 donee for administration purposes. For the purpose of this exemption, a 'non-profit
 2 educational and/or charitable corporation, institution, accredited nongovernment
 3 organization, trust or philanthropic organization and/or research institution or
 4 organization' is a school, college or university and/or charitable corporation,
 5 accredited nongovernment organization, trust or philanthropic organization and/or
 6 research institution or organization, incorporated as a non-stock entity, paying no
 7 dividends, governed by trustees who receive no compensation, and devoting all its
 8 income, whether students' fees or gifts, donation, subsidies or other forms of
 9 philanthropy, to the accomplishment and promotion of the purposes enumerated in
 10 its Articles of Incorporation.

x x x”

11 SEC. 29. Section 106 of the NIRC, as amended, is hereby further amended
 12 to read as follows:

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

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

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

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

26 (1) x x x

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

1 (a) *Export Sales*. – The term “export sales” means:

2 (1) The sale and actual shipment of goods from the Philippines to a foreign
3 country, irrespective of any shipping arrangement that may be agreed upon which
4 may influence or determine the transfer of ownership of the goods so exported and
5 paid for in acceptable foreign currency or its equivalent in goods or services, and
6 accounted for in accordance with the rules and regulations of the *Bangko Sentral*
7 *ng Pilipinas* (BSP);

8 **(2) THE SALE AND ACTUAL SHIPMENT OF GOODS TO SPECIAL**
9 **ECONOMIC ZONES, TOURISM ENTERPRISE ZONES AS DECLARED BY**
10 **THE TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY**
11 **(TIEZA) UNDER REPUBLIC ACT NO. 9593 OR THE TOURISM ACT OF 2009**
12 **AND FREEPORT ZONES;**

13 [(2)] **(3)** Sale of raw materials or packaging materials to a nonresident buyer
14 for delivery to a resident local export-oriented enterprise to be used in
15 manufacturing, processing, packing or repacking in the Philippines of the said
16 buyer’s goods and paid for in acceptable foreign currency and accounted for in
17 accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas*
18 (BSP);

19 [(3)]**(4)** Sale of raw materials or packaging materials to export-oriented
20 enterprise whose export sales exceed seventy percent (70%) of total annual
21 production;

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

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

26 (6) The sale of goods, supplies, equipment and fuel to persons engaged in
27 international shipping or international air transport operations[.]: **PROVIDED,**

1 THAT THE GOODS, SUPPLIES, EQUIPMENT AND FUEL SHALL BE USED
2 FOR INTERNATIONAL SHIPPING OR AIR TRANSPORT OPERATIONS.

3 *PROVIDED*, THAT SUBPARAGRAPHS (3), (4), AND (5) HEREOF SHALL
4 BE SUBJECT TO THE TWELVE PERCENT (12%) VALUE-ADDED TAX AND
5 NO LONGER BE CONSIDERED EXPORT SALES SUBJECT TO ZERO
6 PERCENT (0%) VAT RATE UPON SATISFACTION OF THE FOLLOWING
7 CONDITIONS:

8 1. THE SUCCESSFUL ESTABLISHMENT AND IMPLEMENTATION
9 OF AN ENHANCED VAT REFUND SYSTEM THAT GRANTS REFUNDS OF
10 CREDITABLE INPUT TAX WITHIN NINETY (90) DAYS FROM THE FILING OF
11 THE VAT REFUND APPLICATION WITH THE BUREAU: *PROVIDED*, THAT, TO
12 DETERMINE THE EFFECTIVITY OF ITEM NO. 1, ALL APPLICATION FILED
13 FROM JANUARY 1, 2018 SHALL BE PROCESSED AND MUST BE DECIDED
14 WITHIN NINETY (90) DAYS FROM THE FILING OF THE VAT REFUND
15 APPLICATION;

16 2. ALL PENDING VAT REFUND CLAIMS AS OF DECEMBER 31,
17 2018 SHALL BE FULLY PAID IN CASH BY DECEMBER 31, 2019.

18 *PROVIDED*, THAT THE DEPARTMENT OF FINANCE SHALL FORM A
19 ONE STOP SHOP THAT WILL HANDLE PROCESSING REFUND CLAIMS,
20 GRANTING OF CASH REFUND AND ISSUANCE OF TAX CREDIT
21 CERTIFICATES: *PROVIDED, FURTHER*, THAT THE BUREAU SHALL BE
22 REQUIRED TO SUBMIT TO THE CONGRESSIONAL OVERSIGHT COMMITTEE
23 ON THE COMPREHENSIVE TAX REFORM PROGRAM (COCCTRP) A
24 QUARTERLY REPORT OF ALL PENDING CLAIMS FOR REFUND.

25 AN AMOUNT EQUIVALENT TO FIVE PERCENT (5%) OF THE TOTAL
26 VALUE-ADDED TAX COLLECTION OF THE BIR AND THE BOC FOR THE
27 IMMEDIATELY PRECEDING YEAR SHALL BE AUTOMATICALLY
28 APPROPRIATED ANNUALLY AND SHALL BE TREATED AS SPECIAL
29 ACCOUNT IN THE GENERAL FUND FOR THE PURPOSE OF FUNDING

1 **CLAIMS FOR VAT REFUND: PROVIDED, THAT ANY UNUSED FUND, AT THE**
2 **END OF THE YEAR WILL REVERT TO THE GENERAL FUND.**

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

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

12 x x x”

13 SEC. 30. Section 107 of the NIRC, as amended, is hereby further amended to
14 read as follows:

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

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

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

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

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

4 SEC. 31. Section 108 of the NIRC, as amended, is hereby further amended to
5 read as follows:

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

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

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

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

19 The phrase ‘sale or exchange of services’ means the performance of all
20 kinds of services in the Philippines for others for a fee, remuneration or
21 consideration, including those performed or rendered by construction and service
22 contractors; stock, real estate, commercial, customs and immigration brokers;
23 lessors of property, whether personal or real; warehousing services; lessors or
24 distributors of cinematographic films; persons engaged in milling, processing,
25 manufacturing or repacking goods for others; proprietors, operators or keepers of
26 hotels, motels, resthouses, pension houses, inns, resorts; proprietors or operators
27 of restaurants, refreshment parlors, cafes and other eating places, including clubs
28 and caterers; dealers in securities; lending investors; transportation contractors on
29 their transport of goods or cargoes, including persons who transport goods or
30 cargoes for hire and other domestic common carriers by land relative to their
31 transport of goods or cargoes; common carriers by air and sea relative to their

1 transport of passengers, goods or cargoes from one place in the Philippines to
2 another place in the Philippines; sales of electricity by generation companies,
3 transmission **BY ANY ENTITY**, and distribution companies, **INCLUDING**
4 **ELECTRIC COOPERATIVES**; services of franchise grantees of electric utilities,
5 telephone and telegraph, radio and television broadcasting and all other franchise
6 grantees except those under Section 119 of this Code and non-life insurance
7 companies (except their crop insurances), including surety, fidelity, indemnity and
8 bonding companies; and similar services regardless of whether or not the
9 performance thereof calls for the exercise or use of the physical or mental faculties.
10 The phrase 'sale or exchange of services' shall likewise include:

11 X X X

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

15 (1) X X X

16 **(2) SERVICES RENDERED TO ENTITIES REGISTERED WITH THE**
17 **SPECIAL ECONOMIC ZONES, TOURISM ENTERPRISE ZONES AS DECLARED**
18 **BY THE TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY**
19 **(TIEZA) UNDER REPUBLIC ACT NO. 9593 OR THE TOURISM ACT OF 2009,**
20 **AND FREEPORT ZONES;**

21 **[(2)] (3)** Services other than those mentioned in the preceding paragraph,
22 rendered to a person engaged in business conducted outside the Philippines or to a
23 nonresident person not engaged in business who is outside the Philippines when
24 the services are performed, the consideration for which is paid for in acceptable
25 foreign currency and accounted for in accordance with the rules and regulations of
26 the Bangko Sentral ng Pilipinas (BSP);

27 **[(3)] (4)** Services rendered to persons or entities whose exemption under
28 special laws or international agreements to which the Philippines is a signatory
29 effectively subjects the supply of such services to zero percent (0%) rate;

1 [(4)] (5) Services rendered to persons engaged in international shipping or
2 international air transport operations, including leases of property for use thereof:
3 **PROVIDED, THAT THESE SERVICES SHALL BE EXCLUSIVELY FOR**
4 **INTERNATIONAL SHIPPING OR AIR TRANSPORT OPERATIONS;**

5 [(5)] (6) Services performed by subcontractors and/or contractors in
6 processing, converting, or manufacturing goods for an enterprise whose export
7 sales exceed seventy percent (70%) of total annual production;

8 [(6)] (7) Transport of passengers and cargo by **DOMESTIC** air or sea
9 vessels from the Philippines to a foreign country; and

10 [(7)] (8) Sale of power or fuel generated through renewable sources of
11 energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal,
12 ocean energy, and other emerging energy sources using technologies such as fuel
13 cells and hydrogen fuels.

14 **PROVIDED, THAT SUBPARAGRAPH (B)(1) AND (B)(6) HEREOF SHALL BE**
15 **SUBJECT TO THE TWELVE PERCENT (12%) VALUE-ADDED TAX AND NO**
16 **LONGER BE SUBJECT TO ZERO PERCENT (0%) VAT RATE UPON**
17 **SATISFACTION OF THE FOLLOWING CONDITIONS:**

18 1. **THE SUCCESSFUL ESTABLISHMENT AND IMPLEMENTATION**
19 **OF AN ENHANCED VAT REFUND SYSTEM THAT GRANTS REFUNDS OF**
20 **CREDITABLE INPUT TAX WITHIN NINETY (90) DAYS FROM THE FILING OF**
21 **THE VAT REFUND APPLICATION WITH THE BUREAU: PROVIDED, THAT, TO**
22 **DETERMINE THE EFFECTIVITY OF ITEM NO. 1, ALL APPLICATION FILED**
23 **FROM JANUARY 1, 2018 SHALL BE PROCESSED AND MUST BE DECIDED**
24 **WITHIN NINETY (90) DAYS FROM THE FILING OF THE VAT REFUND**
25 **APPLICATION;**

26 2. **ALL PENDING VAT REFUND CLAIMS AS OF DECEMBER 31,**
27 **2018 SHALL BE FULLY PAID IN CASH BY DECEMBER 31, 2019[18].**

28 **PROVIDED, THAT THE DEPARTMENT OF FINANCE SHALL FORM**

1 **ONE-STOP-SHOP THAT WILL HANDLE PROCESSING OF REFUND CLAIMS,**
 2 **GRANTING OF CASH REFUND, AND ISSUANCE OF TAX CREDIT**
 3 **CERTIFICATES: PROVIDED, FURTHER, THAT THE BUREAU SHALL BE**
 4 **REQUIRED TO SUBMIT TO THE COCCTRP A QUARTERLY REPORT OF ALL**
 5 **PENDING CLAIMS FOR REFUND.**

6
 7 **AN AMOUNT EQUIVALENT TO FIVE PERCENT (5%) OF THE TOTAL**
 8 **VALUE-ADDED TAX COLLECTION OF THE BIR AND BOC FOR THE**
 9 **IMMEDIATELY PRECEDING YEAR SHALL BE AUTOMATICALLY**
 10 **APPROPRIATED ANNUALLY AND SHALL BE TREATED AS SPECIAL**
 11 **ACCOUNT IN THE GENERAL FUND FOR THE PURPOSE OF FUNDING**
 12 **CLAIMS FOR VAT REFUND: PROVIDED, THAT ANY UNUSED FUND AT THE**
 13 **END OF THE YEAR WILL REVERT TO THE GENERAL FUND.**

14 SEC. 32. Section 109 of the NIRC, as amended, is hereby further amended to
 15 read as follows:

16 “SEC. 109. *Exempt Transactions.* – **(1) SUBJECT TO THE PROVISIONS**
 17 **OF SUBSECTION (2) HEREOF, THE** following **TRANSACTIONS** shall be exempt
 18 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 implements, wearing
 23 apparel, domestic animals, and personal household effects (except any vehicle,
 24 vessel, aircraft, machinery, other goods for use in the manufacture and
 25 merchandise of any kind in commercial quantity) belonging to persons coming to
 26 settle in the Philippines, for their own use and not for sale, barter or exchange,
 27 accompanying such persons, or arriving within ninety (90) days before or after their
 28 arrival, upon the production of evidence satisfactory to the Commissioner, that
 29 such persons are actually coming to settle in the Philippines and that the change of
 30 residence is bona fide;]

31 **(D). IMPORTATION OF PROFESSIONAL INSTRUMENTS AND**
 32 **IMPLEMENTS, TOOLS OF TRADE, OCCUPATION OR EMPLOYMENT,**

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

X X X

19 (P) Sale of real properties not primarily held for sale to customers or held for
20 lease in the ordinary course of trade or business[, or]; **SALE OF** real property
21 utilized for [low-cost and] socialized housing as defined by Republic Act No. 7279,
22 otherwise known as the Urban Development and Housing Act of 1992[, and other
23 related laws, residential lot valued at One million five hundred thousand pesos
24 (P1,500,000) and below,] **SALE OF** house and lot, and other residential dwellings
25 **LOCATED OUTSIDE METRO MANILA WITH SELLING PRICE OF NOT MORE**
26 **THAN TWO MILLION PESOS (P2,000,000)** [valued at Two million five hundred
27 thousand pesos (P2,500,000) and below [: *Provided*, That not later than January
28 31, [2009] 2021 and every three (3) years thereafter, the amounts herein stated
29 shall be adjusted to their present values using the Consumer Price Index, as
30 published by the National Statistics Office (NSO)];

1 (Q). Lease of a residential unit with a monthly rental not exceeding
 2 **FIFTEEN** [Ten] thousand pesos [(P10,000)] **(P15,000)** [: *Provided*, That not later
 3 than January 31, [2009] **2021** and every three (3) years thereafter, the amount
 4 herein stated shall be adjusted to its present value using the Consumer Price
 5 Index, as published by the National Statistics Office (NSO)];

X X X

6 (U). Importation of fuel, goods and supplies by persons engaged in
 7 international shipping or air transport operations: **PROVIDED, THAT THE FUEL,**
 8 **GOODS, AND SUPPLIES SHALL BE USED FOR INTERNATIONAL SHIPPING**
 9 **OR AIR TRANSPORT OPERATIONS;**

10 (V). Services of bank, non-bank financial intermediaries performing quasi-
 11 banking functions, and other non-bank financial intermediaries; [and]

12 **(W). SALE OR LEASE OF GOODS AND SERVICES TO SENIOR**
 13 **CITIZENS AND PERSONS WITH DISABILITIES, AS PROVIDED UNDER**
 14 **REPUBLIC ACT NOS. 9994 (EXPANDED SENIOR CITIZENS ACT OF 2010)**
 15 **AND 10754 (AN ACT EXPANDING THE BENEFITS AND PRIVILEGES OF**
 16 **PERSONS WITH DISABILITY), RESPECTIVELY;**

17 **(X). TRANSFER OF PROPERTY PURSUANT TO SECTION 40(C)(2)**
 18 **OF THE NIRC, AS AMENDED;**

19 [(W).] **(Y).** Sale or lease of goods or properties or the performance of
 20 services other than the transactions mentioned in the preceding paragraphs, the
 21 gross annual sales and/or receipts do not exceed the amount of [One million five
 22 hundred thousand] **THREE MILLION** pesos [(P1,500,000)] **(P3,000,000)**[:
 23 *Provided*, That not later than January 31, [2009] **2021** and every three (3) years
 24 thereafter, the amount herein stated shall be adjusted to its present value using the
 25 Consumer Price Index, as published by the National Statistics Office (NSO);

26 **(Z) SALE OF PRESCRIPTION DRUGS AND MEDICINES BEGINNING**
 27 **JANUARY 1, 2019;**

28 **(AA) ASSOCIATION DUES, MEMBERSHIP FEES, AND OTHER**
 29 **ASSESSMENTS AND CHARGES COLLECTED BY HOMEOWNERS**
 30 **ASSOCIATIONS AND CONDOMINIUM CORPORATIONS; AND**

31 **(BB) SALE OF GOLD TO THE BANGKO SENTRAL NG PILIPINAS.**

1 SEC. 33. Section 110 of the NIRC, as amended, is hereby further amended
2 to read as follows:

3 “(A). Creditable Input Tax. –

4 x x x

5 (2) x x x

6 (a) x x x

7 (b) x x x

8 *Provided*, That the input tax on goods purchased or imported in a calendar
9 month for use in trade or business for which deduction for depreciation is allowed
10 under this Code shall be spread evenly over the month of acquisition and the
11 fifty0nine (59) succeeding months if the aggregate acquisition cost for such goods,
12 excluding the VAT component thereof, exceeds One million pesos (P1,000,000):

13 *Provided, however*, That if the estimated useful life of the capital good is less than
14 five (5) years, as used for depreciation purposes, then the input VAT shall be
15 spread over such a shorter period: **PROVIDED, FURTHER, THAT THE**
16 **AMORTIZATION OF THE INPUT VAT SHALL ONLY BE ALLOWED UNTIL**
17 **DECEMBER 31, 2019 AFTER WHICH TAXPAYERS WITH UNUTILIZED INPUT**
18 **VAT ON CAPITAL GOODS PURCHASED OR IMPORTED SHALL BE**
19 **ALLOWED TO APPLY THE SAME AS SCHEDULED UNTIL FULLY UTILIZED:**

20 *Provided, finally*, That in the case of purchase of services, lease or use of
21 properties, the input tax shall be creditable to the purchaser, lessee or license
22 upon payment of the compensation, rental , royalty or free.

23 SEC. 34. Section 112 of the NIRC, as amended, is hereby further amended
24 to read as follows:

25 “SEC. 112. *Refunds or Tax Credits of Input Tax.* -

26 (A) x x x

x x x

27 (C) Period within which Refund [or Tax Credit] of Input Taxes shall be
28 Made. - In proper cases, the Commissioner shall grant a refund [or issue the tax
29 credit certificate] for creditable input taxes within [one hundred twenty (120)]

1 **NINETY (90) days from the date of submission of THE OFFICIAL RECEIPTS**
 2 **OR INVOICES AND OTHER DOCUMENTS [complete documents]** in support
 3 of the application filed in accordance with Subsections (A) **AND (B)** hereof:
 4 **PROVIDED, THAT, SHOULD THE COMMISSIONER FIND THAT THE GRANT**
 5 **OF REFUND IS NOT PROPER, THE COMMISSIONER MUST STATE IN**
 6 **WRITING THE LEGAL AND FACTUAL BASIS FOR THE DENIAL.**

7 In case of full or partial denial of the claim for tax refund [or tax credit, or the
 8 failure on the part of the Commissioner to act on the application within the period
 9 prescribed above], the taxpayer affected may, within thirty (30) days from the
 10 receipt of the decision denying the claim [or after the expiration of the one hundred
 11 twenty day-period], appeal the decision [or the unacted claim] with the Court of Tax
 12 Appeals: **PROVIDED, HOWEVER, THAT FAILURE ON THE PART OF**
 13 **COMMISSIONER TO ACT ON THE APPLICATION WITHIN THE NINETY (90)-**
 14 **DAY PERIOD SHALL AUTOMATICALLY RESULT IN THE APPROVAL OF THE**
 15 **CLAIM FOR REFUND WITHOUT PREJUDICE TO A SUBSEQUENT AUDIT TO**
 16 **BE CONDUCTED BY THE BIR.**

x x x”

17 SEC. 35. Section 114 of the NIRC, as amended, is hereby further amended
 18 to read as follows:

19 “SEC. 114. *Return and Payment of Value-Added Tax.* -

20 (A) In General. – Every person liable to pay the value-added tax imposed
 21 under this Title shall file a quarterly return of the amount of his gross sales or
 22 receipts within twenty-five (25) days following the close of each taxable quarter
 23 prescribed for each taxpayer: *Provided , however,* That VAT-registered persons
 24 shall pay the value-added tax on a monthly basis: **PROVIDED, FINALLY, THAT**
 25 **BEGINNING JANUARY 1, 2020, THE FILING AND PAYMENT REQUIRED**
 26 **UNDER THIS SUBSECTION SHALL BE DONE WITHIN TWENTY-FIVE (25)**
 27 **DAYS FOLLOWING THE CLOSE OF EACH TAXABLE QUARTER.**

28 (B) x x x

1 (C) *Withholding of Value-added Tax.* – The Government or any of its political
 2 subdivisions, instrumentalities or agencies, including government-owned or -
 3 controlled corporations (GOCCs) shall, before making payment on account of each
 4 purchase of goods and services which are subject to the value-added tax imposed
 5 in Sections 106 and 108 of this Code, deduct and withhold the value-added tax
 6 imposed in Sections 106 and 108 of this Code, deduct and withhold a final value-
 7 added tax at the rate of five percent (5%) of the gross payment thereof: *Provided,*
 8 That **BEGINNING JANUARY 1, 2020, THE VAT WITHHOLDING SYSTEM UNDER**
 9 **THIS SUBSECTION SHALL SHIFT FROM FINAL TO A CREDITABLE SYSTEM:**
 10 **PROVIDED, FURTHER, THAT** the payment for lease or use of properties or
 11 property rights to nonresident owners shall be subject to [ten] **TWELVE** percent
 12 [(10%)] **(12%)** withholding tax at the time of payment[.]; **PROVIDED, HOWEVER,**
 13 **THAT PAYMENTS FOR PURCHASES OF GOODS AND SERVICES ARISING**
 14 **FROM PROJECTS FUNDED BY OFFICIAL DEVELOPMENT ASSISTANCE**
 15 **(ODA) AS DEFINED UNDER REPUBLIC ACT NO. 8182, OTHERWISE KNOWN**
 16 **AS THE “OFFICIAL DEVELOPMENT ASSISTANCE ACT OF 1996”, AS**
 17 **AMENDED, SHALL NOT BE SUBJECT TO THE FINAL WITHHOLDING TAXES**
 18 **AS IMPOSED IN THIS SUBSECTION.** For purposes of this Section, the payor or
 19 person in control of the payment shall be considered as the withholding agent.

x x x”

20 SEC. 36. Section 116 of the NIRC, as amended, is hereby further amended to read
 21 as follows:

22 “SEC. 116. *Tax on Persons Exempt from Value-added Tax (VAT).* – Any
 23 person whose sales or receipts are exempt under Section 109 [(V)] (Y) of
 24 this Code from the payment of value-added tax and who is not a VAT-
 25 registered person shall pay a tax equivalent to three percent (3%) of his
 26 gross quarterly sales or receipts: *Provided,* That **THE FOLLOWING**
 27 **SHALL BE EXEMPT FROM THE THREE PERCENT (3%) GROSS**
 28 **RECEIPTS TAX HEREIN IMPOSED:**

29 (A) **SELF-EMPLOYED AND PROFESSIONALS WHOSE GROSS**
 30 **SALES OR GROSS RECEIPTS DO NOT EXCEED THE VAT**

1 **THRESHOLD AND WHO OPT TO PAY THE EIGHT**
 2 **PERCENT (8%) TAX;**

3 **(B) THOSE WHOSE GROSS SALES OR GROSS RECEIPTS DO**
 4 **NOT EXCEED FIVE HUNDRED THOUSAND PESOS**
 5 **(P500,000.00); AND**

6 **(C) Cooperatives [shall be exempt from the three percent (3%)**
 7 **gross receipts tax herein imposed].”**

8 SEC. 37. Section 128 of the NIRC, as amended, is hereby further
 9 amended to read as follows:

10 “SEC. 128. Returns and Payment of Percentage Taxes. –

11 (A) x x x

12 (1) x x x

13 (2) x x x

14 [(3) Exceptions. – The Commissioner may, by rules and
 15 regulations, prescribe:

16 (a) The time for filing the return at intervals other than the time
 17 prescribed in the preceding paragraphs for a particular class or
 18 classes of taxpayers after considering such factors as volume of
 19 sales, financial conditions, adequate measures of security, and
 20 such other relevant information required to be submitted under the
 21 pertinent provisions of this Code; and

22 (b) The manner and time of payment of percentage taxes other
 23 than as hereinabove prescribed, including a scheme of tax
 24 prepayment.]”

25 SEC. 38. Section 148 of the NIRC, as amended, is hereby further amended
 26 to read as follows:

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

1 **EFFECTIVE JANUARY 1, 2018**

2 (a) Lubricating oils and greases, including but not limited to, basestock for
3 lube oils and greases, high vacuum distillates, aromatic extracts and other similar
4 preparations, and additives for lubricating oils and greases, whether such additives
5 are petroleum based or not, per liter and kilogram, respectively, of volume capacity
6 or weight, **[Four pesos and fifty centavos (P4.50)] SIX PESOS (P6.00):***[Provided,*
7 *however,* That the excise taxes paid on the purchased feedstock (bunker) used in
8 the manufacture of excisable articles and forming part thereof shall be credited
9 against the excise tax due therefrom:] *Provided, [further,]* That lubricating oils and
10 greases produced from basestocks and additives on which the excise tax has
11 already been paid shall no longer be subject to excise tax: *Provided, [finally,]*
12 **FURTHER,** That locally produced or imported oils previously taxed as such but are
13 subsequently reprocessed, refined or recycled shall likewise be subject to the tax
14 imposed under this **[Section] SUBSECTION.**

15 (b) Processed gas, per liter of volume capacity, **[Five centavos (P0.05)]**
16 **ONE PESO AND SEVENTY FIVE CENTAVOS (P1.75);**

17 (c) Waxes and petrolatum, per kilogram, **[Three pesos and fifty centavos**
18 **(P3.50)] SIX PESOS (P6.00);**

19 (d) On denatured alcohol to be used for motive power, per liter of volume
20 capacity, **[Five centavos (P0.05)] ONE PESO AND SEVENTY FIVE CENTAVOS**
21 **(P1.75):** *Provided,* That unless otherwise provided by special laws, if the denatured
22 alcohol is mixed with gasoline, the excise tax on which has already been paid, only
23 the alcohol content shall be subject to the tax herein prescribed. For purposes of
24 this Subsection, the removal of denatured alcohol of not less than one hundred
25 eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be
26 deemed to have been removed for motive power, unless shown otherwise;

27 (e) Naphtha, regular gasoline, **PYROLYSIS GASOLINE** and other similar
28 products of distillation, per liter of volume capacity, **[Four pesos and thirty-five**
29 **centavos (P4.35)] SIX PESOS (P6.00):** *Provided, however,* That naphtha **AND**
30 **PYROLYSIS GASOLINE,** when used as a raw material in the production of
31 petrochemical products, **OR IN THE REFINING OF PETROLEUM PRODUCTS,** or
32 as replacement fuel for natural-gas-fired-combined cycle power plant[,] in lieu of

1 locally-extracted natural gas during the non-availability thereof, subject to the rules
2 and regulations to be promulgated by the Secretary of Energy, in consultation with
3 the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided,*
4 *further,* That **THE PRODUCTION OF PETROLEUM PRODUCTS, WHETHER OR**
5 **NOT THEY ARE CLASSIFIED AS PRODUCTS OF DISTILLATION AND FOR**
6 **USE SOLELY FOR THE PRODUCTION OF GASOLINE SHALL BE EXEMPT**
7 **FROM EXCISE TAX: PROVIDED, FURTHERMORE, THAT** the by-product
8 including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum
9 gases, and similar oils having more or less the same generating power, which are
10 produced in the processing of naphtha into petrochemical products shall be subject
11 to the applicable excise tax specified in this Section, except when such by-
12 products are transferred to any of the local oil refineries through sale, barter or
13 exchange, for the purpose of further processing or blending into finished products
14 which are subject to excise tax under this Section;

15 (f) [Leaded premium gasoline, per liter of volume capacity, Five pesos and
16 thirty-five centavos (P5.35);] [u]Unleaded premium gasoline, per liter of volume
17 capacity, [Four pesos and thirty-five centavos (P4.35);] **SIX PESOS (P6.00);**

18 (g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos and
19 sixty-seven centavos (P3.67)] **FOUR PESOS (P4.00);**

20 (h) Kerosene, per liter of volume capacity, zero (P0.00): *Provided,* That
21 kerosene, when used as aviation fuel, shall be subject to the same tax on aviation
22 turbo jet fuel under the preceding paragraph [(g)] (F), such tax to be assessed on
23 the user thereof;

24 (i) Diesel fuel oil, and on similar fuel oils having more or less the same
25 generating power, per liter of volume capacity, [zero (P0.00)] **ONE PESO AND**
26 **SEVENTY FIVE CENTAVOS (P1.75);**

27 (j) Liquefied petroleum gas, per **KILOGRAM,** [zero (P0.00)] **ONE PESO**
28 **(P1.00): PROVIDED, THAT LIQUEFIED PETROLEUM GAS WHEN USED AS**
29 **RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS,**
30 **SUBJECT TO THE RULES AND REGULATIONS TO BE PROMULGATED BY**
31 **THE SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY**
32 **OF FINANCE, SHALL BE TAXED ZERO (P0.00) PER KILOGRAM:**

33 *Provided, FINALLY,* That liquefied petroleum gas used for motive power shall be
7a taxed at the equivalent rate as the excise tax on diesel fuel oil;

1 (k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] **ONE PESO AND**
2 **SEVENTY FIVE CENTAVOS (P1.75);**

3 (l) Bunker fuel oil, and on similar fuel oils having more or less the same
4 generating power, per liter of volume capacity, [zero (P0.00).] **ONE PESO AND**
5 **SEVENTY FIVE CENTAVOS (P1.75): PROVIDED, HOWEVER, THAT THE**
6 **EXCISE TAXES PAID ON THE PURCHASED BASESTOCK (BUNKER) USED**
7 **IN THE MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART**
8 **THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE**
9 **THEREFROM; AND**

10 (m) PETROLEUM COKE, PER METRIC TON, ONE PESO AND SEVENTY
11 FIVE CENTAVOS (P1.75): *PROVIDED, HOWEVER, THAT, PETROLEUM COKE,*
12 *WHEN USED AS FEEDSTOCK TO ANY POWER GENERATING FACILITY, PER*
13 *METRIC TON, (P0.00)."*

14 **EFFECTIVE JANUARY 1, 2019**

15 (A) LUBRICATING OILS AND GREASES, INCLUDING BUT NOT
16 LIMITED TO, BASESTOCK FOR LUBE OILS AND GREASES, HIGH VACUUM
17 DISTILLATES, AROMATIC EXTRACTS AND OTHER SIMILAR
18 PREPARATIONS, AND ADDITIVES FOR LUBRICATING OILS AND GREASES,
19 WHETHER SUCH ADDITIVES ARE PETROLEUM BASED OR NOT, PER LITER
20 AND KILOGRAM, RESPECTIVELY, OF VOLUME CAPACITY OR WEIGHT,
21 EIGHT PESOS (P8.00): *PROVIDED, THAT LUBRICATING OILS AND*
22 *GREASES PRODUCED FROM BASESTOCKS AND ADDITIVES ON WHICH*
23 *THE EXCISE TAX HAS ALREADY BEEN PAID SHALL NO LONGER BE*
24 *SUBJECT TO EXCISE TAX: PROVIDED, FURTHER, THAT LOCALLY*
25 *PRODUCED OR IMPORTED OILS PREVIOUSLY TAXED AS SUCH BUT ARE*
26 *SUBSEQUENTLY REPROCESSED, REREFINED OR RECYCLED SHALL*
27 *LIKEWISE BE SUBJECT TO THE TAX IMPOSED UNDER THIS SUBSECTION.*

28 (B) PROCESSED GAS, PER LITER OF VOLUME CAPACITY, THREE
29 PESOS AND SEVENTY FIVE CENTAVOS (P3.75);

30 (C) WAXES AND PETROLATUM, PER KILOGRAM, EIGHT PESOS
31 (P8.00);

1 (D) ON DENATURED ALCOHOL TO BE USED FOR MOTIVE POWER,
2 PER LITER OF VOLUME CAPACITY, THREE PESOS AND SEVENTY FIVE
3 CENTAVOS (P3.75): *PROVIDED*, THAT UNLESS OTHERWISE PROVIDED BY
4 SPECIAL LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH GASOLINE,
5 THE EXCISE TAX ON WHICH HAS ALREADY BEEN PAID, ONLY THE
6 ALCOHOL CONTENT SHALL BE SUBJECT TO THE TAX HEREIN
7 PRESCRIBED. FOR PURPOSES OF THIS SUBSECTION, THE REMOVAL OF
8 DENATURED ALCOHOL OF NOT LESS THAN ONE HUNDRED EIGHTY
9 DEGREES (180°) PROOF (NINETY PERCENT (90%) ABSOLUTE ALCOHOL)
10 SHALL BE DEEMED TO HAVE BEEN REMOVED FOR MOTIVE POWER,
11 UNLESS SHOWN OTHERWISE;

12 (E) NAPHTHA, REGULAR GASOLINE, PYROLYSIS GASOLINE,
13 AND OTHER SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF
14 VOLUME CAPACITY, EIGHT PESOS (P8.00): *PROVIDED, HOWEVER*, THAT
15 NAPHTHA AND PYROLYSIS GASOLINE, WHEN USED AS A RAW MATERIAL
16 IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS, OR IN THE
17 REFINING OF PETROLEUM PRODUCTS, OR AS REPLACEMENT FUEL FOR
18 NATURAL-GAS-FIRED-COMBINED CYCLE POWER PLANT IN LIEU OF
19 LOCALLY-EXTRACTED NATURAL GAS DURING THE NON-AVAILABILITY
20 THEREOF, SUBJECT TO THE RULES AND REGULATIONS TO BE
21 PROMULGATED BY THE SECRETARY OF ENERGY, IN CONSULTATION
22 WITH THE SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY,
23 ZERO (P0.00): *PROVIDED, FURTHER*, THAT THE PRODUCTION OF
24 PETROLEUM PRODUCTS, WHETHER OR NOT THEY ARE CLASSIFIED AS
25 PRODUCTS OF DISTILLATION AND FOR USE SOLELY FOR THE
26 PRODUCTION OF GASOLINE SHALL BE EXEMPT FROM EXCISE TAX:
27 *PROVIDED, FURTHERMORE*, THAT THE BY-PRODUCT INCLUDING FUEL
28 OIL, DIESEL FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED
29 PETROLEUM GASES AND SIMILAR OILS HAVING MORE OR LESS THE
30 SAME GENERATING POWER, WHICH ARE PRODUCED IN THE
31 PROCESSING OF NAPHTHA INTO PETROCHEMICAL PRODUCTS SHALL BE
32 SUBJECT TO THE APPLICABLE EXCISE TAX SPECIFIED IN THIS SECTION,
33 EXCEPT WHEN SUCH BY-PRODUCTS ARE TRANSFERRED TO ANY OF THE
34 LOCAL OIL REFINERIES THROUGH SALE, BARTER OR EXCHANGE, FOR

1 THE PURPOSE OF FURTHER PROCESSING OR BLENDING INTO FINISHED
2 PRODUCTS WHICH ARE SUBJECT TO EXCISE TAX UNDER THIS SECTION;

3 (F) UNLEADED PREMIUM GASOLINE, PER KILOGRAM, EIGHT
4 PESOS (P8.00);

5 (G) AVIATION TURBO JET FUEL, PER KILOGRAM, FOUR PESOS
6 (P4.00);

7 (H) KEROSENE, PER KILOGRAM, ZERO (P0.00): *PROVIDED*, THAT
8 KEROSENE, WHEN USED AS AVIATION FUEL, SHALL BE SUBJECT TO THE
9 SAME TAX ON AVIATION TURBO JET FUEL UNDER THE PRECEDING
10 PARAGRAPH (F), SUCH TAX TO BE ASSESSED ON THE USER THEREOF;

11 (I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS HAVING MORE
12 OR LESS THE SAME GENERATING POWER, PER KILOGRAM, THREE
13 PESOS AND SEVENTY FIVE CENTAVOS (P3.75);

14 (J) LIQUEFIED PETROLEUM GAS, PER KILOGRAM, TWO PESOS
15 (P2.00): *PROVIDED*, THAT LIQUEFIED PETROLEUM GAS WHEN USED AS
16 RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS,
17 SUBJECT TO THE RULES AND REGULATIONS TO BE PROMULGATED BY
18 THE SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY
19 OF FINANCE, PER KILOGRAM, ZERO (P0.00): *PROVIDED, FINALLY*, THAT
20 LIQUEFIED PETROLEUM GAS USED FOR MOTIVE POWER SHALL BE
21 TAXED AT THE EQUIVALENT RATE AS THE EXCISE TAX ON DIESEL FUEL
22 OIL;

23 (K) ASPHALTS, PER KILOGRAM, THREE PESOS AND SEVENTY FIVE
24 CENTAVOS (P3.75);

25 (L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS HAVING
26 MORE OR LESS THE SAME GENERATING POWER, PER KILOGRAM, THREE
27 PESOS AND SEVENTY FIVE CENTAVOS (P3.75): *PROVIDED, HOWEVER*,
28 THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK
29 (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE ARTICLES AND
30 FORMING PART THEREOF SHALL BE CREDITED AGAINST THE EXCISE
31 TAX DUE THEREFROM; AND

32 (M) PETROLEUM COKE, PER METRIC TON, THREE PESOS AND
33 SEVENTY FIVE CENTAVOS (P3.75): *PROVIDED, HOWEVER*, THAT,

1 PETROLEUM COKE, WHEN USED AS FEEDSTOCK TO ANY POWER
2 GENERATING FACILITY, PER METRIC TON, (P0.00).

3 EFFECTIVE JANUARY 1, 2020

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

17 (B) PROCESSED GAS, PER LITER OF VOLUME CAPACITY, SIX
18 PESOS (P6.00);

19 (C) WAXES AND PETROLATUM, PER KILOGRAM, TEN PESOS
20 (P10.00);

21 (D) ON DENATURED ALCOHOL TO BE USED FOR MOTIVE
22 POWER, PER LITER OF VOLUME CAPACITY, SIX PESOS (P6.00):
23 *PROVIDED*, THAT UNLESS OTHERWISE PROVIDED BY SPECIAL LAWS, IF
24 THE DENATURED ALCOHOL IS MIXED WITH GASOLINE, THE EXCISE TAX
25 ON WHICH HAS ALREADY BEEN PAID, ONLY THE ALCOHOL CONTENT
26 SHALL BE SUBJECT TO THE TAX HEREIN PRESCRIBED. FOR PURPOSES
27 OF THIS SUBSECTION, THE REMOVAL OF DENATURED ALCOHOL OF NOT
28 LESS THAN ONE HUNDRED EIGHTY DEGREES (180°) PROOF (NINETY
29 PERCENT (90%) ABSOLUTE ALCOHOL) SHALL BE DEEMED TO HAVE BEEN
30 REMOVED FOR MOTIVE POWER, UNLESS SHOWN OTHERWISE;

31 (E) NAPHTHA, REGULAR GASOLINE, PYROLYSIS GASOLINE AND
32 OTHER SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF VOLUME

1 CAPACITY, TEN PESOS (P10.00): *PROVIDED, HOWEVER,* THAT NAPHTHA
2 AND PYROLYSIS GASOLINE, WHEN USED AS A RAW MATERIAL IN THE
3 PRODUCTION OF PETROCHEMICAL PRODUCTS, OR IN THE REFINING OF
4 PETROLEUM PRODUCTS OR AS REPLACEMENT FUEL FOR NATURAL-
5 GAS-FIRED-COMBINED CYCLE POWER PLANT IN LIEU OF LOCALLY-
6 EXTRACTED NATURAL GAS DURING THE NON-AVAILABILITY THEREOF,
7 SUBJECT TO THE RULES AND REGULATIONS TO BE PROMULGATED BY
8 THE SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY
9 OF FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00): *PROVIDED,*
10 *FURTHER,* THAT THE PRODUCTION OF PETROLEUM PRODUCTS,
11 WHETHER OR NOT THEY ARE CLASSIFIED AS PRODUCTS OF
12 DISTILLATION AND FOR USE SOLELY FOR THE PRODUCTION OF
13 GASOLINE SHALL BE EXEMPT FROM EXCISE TAX: *PROVIDED,*
14 *FURTHERMORE,* THAT THE BY-PRODUCT INCLUDING FUEL OIL, DIESEL
15 FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED PETROLEUM
16 GASES AND SIMILAR OILS HAVING MORE OR LESS THE SAME
17 GENERATING POWER, WHICH ARE PRODUCED IN THE PROCESSING OF
18 NAPHTHA INTO PETROCHEMICAL PRODUCTS SHALL BE SUBJECT TO THE
19 APPLICABLE EXCISE TAX SPECIFIED IN THIS SECTION, EXCEPT WHEN
20 SUCH BY-PRODUCTS ARE TRANSFERRED TO ANY OF THE LOCAL OIL
21 REFINERIES THROUGH SALE, BARTER OR EXCHANGE, FOR THE
22 PURPOSE OF FURTHER PROCESSING OR BLENDING INTO FINISHED
23 PRODUCTS WHICH ARE SUBJECT TO EXCISE TAX UNDER THIS SECTION;

24 (F) UNLEADED PREMIUM GASOLINE, PER LITER OF VOLUME
25 CAPACITY, TEN PESOS (P10.00);

26 (G) AVIATION TURBO JET FUEL, PER LITER OF VOLUME
27 CAPACITY, FOUR PESOS (P4.00);

28 (H) KEROSENE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00):
29 *PROVIDED,* THAT KEROSENE, WHEN USED AS AVIATION FUEL, SHALL BE
30 SUBJECT TO THE SAME TAX ON AVIATION TURBO JET FUEL UNDER THE
31 PRECEDING PARAGRAPH (F), SUCH TAX TO BE ASSESSED ON THE USER
32 THEREOF;

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

4 (J) LIQUEFIED PETROLEUM GAS, PER KILOGRAM, THREE
5 PESOS (P3.00): *PROVIDED*, THAT LIQUEFIED PETROLEUM GAS WHEN
6 USED AS RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL
7 PRODUCTS, SUBJECT TO THE RULES AND REGULATIONS TO BE
8 PROMULGATED BY THE SECRETARY OF ENERGY, IN CONSULTATION WITH
9 THE SECRETARY OF FINANCE, PER KILOGRAM, ZERO (P0.00): *PROVIDED*,
10 *FINALLY*, THAT LIQUEFIED PETROLEUM GAS USED FOR MOTIVE POWER
11 SHALL BE TAXED AT THE EQUIVALENT RATE AS THE EXCISE TAX ON
12 DIESEL FUEL OIL;

13 (K) ASPHALTS, PER KILOGRAM, SIX PESOS (P6.00);

14 (L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS HAVING
15 MORE OR LESS THE SAME GENERATING POWER, PER KILOGRAM, SIX
16 PESOS (P6.00): *PROVIDED, HOWEVER*, THAT THE EXCISE TAXES PAID ON
17 THE PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE
18 OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL BE
19 CREDITED AGAINST THE EXCISE TAX DUE THEREFROM; AND

20 (M) PETROLEUM COKE, PER METRIC TON, SIX PESOS (P6.00):
21 *PROVIDED, HOWEVER*, THAT, PETROLEUM COKE, WHEN USED AS
22 FEEDSTOCK TO ANY POWER GENERATING FACILITY, PER METRIC TON,
23 (P0.00).

24 FOR THE PERIOD COVERING 2018 TO 2020, THE SCHEDULED
25 INCREASE IN THE EXCISE TAX ON FUEL AS IMPOSED IN THIS SECTION
26 SHALL BE SUSPENDED WHEN ANY OF THE FOLLOWING CONDITIONS
27 HAVE BEEN MET:

28 1) THE AVERAGE DUBAI CRUDE OIL PRICE FOR THE FIRST
29 FIFTEEN (15) DAYS OF THE MONTH BASED ON MEAN OF PLATTS
30 SINGAPORE (MOPS) REACHES OR EXCEEDS EIGHTY DOLLARS (USD 80)
31 PER BARREL COST, INSURANCE, AND FREIGHT (CIF); OR

32 2) WHEN THE INFLATION RATE EXCEEDS THE HIGHER
33 END OF THE ANNUAL INFLATION TARGET RANGE SET BY THE

1 DEVELOPMENT BUDGET AND COORDINATION COMMITTEE (DBCC) AND
2 THE *BANGKO SENTRAL NG PILIPINAS* (BSP).

3 *PROVIDED*, THAT THE DEPARTMENT OF FINANCE SHALL PERFORM
4 AN ANNUAL REVIEW OF THE IMPLEMENTATION OF THE EXCISE TAX ON
5 FUEL AND SHALL, BE BASED ON PROJECTIONS PROVIDED AND
6 RECOMMENDATIONS OF THE DBCC, AS RECONCILED FROM THE
7 CONDITIONS AS PROVIDED ABOVE, RECOMMEND THE IMPLEMENTATION
8 OR SUSPENSION OF THE EXCISE TAX ON FUEL: PROVIDED, FURTHER,
9 THAT THE RECOMMENDATION SHALL BE GIVEN ON A YEARLY BASIS:
10 *PROVIDED, FINALLY*, THAT ANY SUSPENSION OF THE INCREASE IN
11 EXCISE TAX SHALL NOT RESULT IN ANY REDUCTION OF THE EXCISE TAX
12 BEING IMPOSED AT THE TIME OF THE SUSPENSION.”

13 SEC. 39. A new section designated as Section 148-A under Chapter V of the
14 NIRC, as amended, is hereby added to read as follows:

15 “SECTION 148-A. *MARKING OF PETROLEUM PRODUCTS.* – IN
16 ACCORDANCE WITH RULES AND REGULATIONS TO BE ISSUED BY THE
17 SECRETARY OF FINANCE IN CONSULTATION WITH THE COMMISSIONER OF
18 INTERNAL REVENUE AND COMMISSIONER OF CUSTOMS AND IN
19 COORDINATION WITH THE SECRETARY OF ENERGY, THE SECRETARY OF
20 FINANCE MAY REQUIRE THE USE OF FUEL MARKING OR SIMILAR
21 TECHONOLOGY ON PETROLEUM PRODUCTS, SUBJECT TO THE
22 ESTABLISHMENT OF NECESSARY LOGISTICAL AND ENFORCEMENT
23 REQUIREMENTS SUCH AS BUT NOT LIMITED TO STORAGE AND HAULING
24 FACILITIES AND SIMILAR ANCILLARY REQUIREMENTS. FUEL MARKING
25 MAY BE REQUIRED ON PETROLEUM PRODUCTS SUCH AS BUT NOT
26 LIMITED TO UNLEADED PREMIUM GASOLINE, KEROSENE, AND DIESEL
27 FUEL OIL BEFORE REMOVAL FROM THE PLACE OF PRODUCTION OR, FOR
28 PETROLEUM PRODUCTS BROUGHT OR IMPORTED INTO THE PHILIPPINES,
29 BEFORE THE RELEASE OF SUCH ARTICLES FROM CUSTOMS CUSTODY.
30 ALL COSTS IN CONNECTION WITH THE IMPLEMENTATION OF THIS

1 **SECTION SHALL BE BORNE BY THE IMPORTER OR MANUFACTURER OF**
 2 **PETROLEUM PRODUCTS.”**

3 SEC. 40. Section 149 of the NIRC, as amended, is hereby further amended to read
 4 as follows:

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

9 [Net Manufacturer's Price/Importer's Selling Price	Rate
10 up to P600 Thousand	2%
11 Over P600 Thousand to P1.1 Million	P12,000 + 20% value in
12	excess of P600 Thousand
13 Over P1.1 Million to P2.1 Million	P112, 000 + 40% of value in
14	excess of P1.1 Million
15 Over P2.1 Million	P512,000 + 60% of value in
16	excess of P2.1 Million]

17 **EFFECTIVE JANUARY 1, 2018**

18 NET MANUFACTURER'S PRICE/	RATE
19 IMPORTER'S SELLING PRICE	
20 UP TO P1,000,000	10%
21 OVER P1,000,000	20%

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

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

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

10 As used in this Section –

11 (a) Automobile shall mean any four (4) or more wheeled motor vehicle
 12 regardless of seating capacity, which is propelled by gasoline, diesel, **OR**
 13 electricity or any other motive power: *Provided,* That for purposes of this Act,
 14 buses, trucks, cargo vans, [jeeps/]jeepneys/jeepney substitutes, single cab
 15 chassis, and special-purpose vehicles, **AND VEHICLES PURELY POWERED BY**
 16 **ELECTRICITY OR HYBRID VEHICLES** shall not [be considered as automobiles]
 17 **BE SUBJECT TO EXCISE TAX AS PROVIDED UNDER THIS SECTION.**

X X X

18 **(G) HYBRID ELECTRIC VEHICLE SHALL MEAN A MOTOR VEHICLE**
 19 **POWERED BY ELECTRIC ENERGY, WITH OR WITHOUT PROVISION FOR**
 20 **OFF-VEHICLE CHARGING, IN COMBINATION WITH GASOLINE, DIESEL OR**
 21 **ANY OTHER MOTIVE POWER: *PROVIDED, THAT, FOR PURPOSES OF THIS***
 22 **ACT, A HYBRID ELECTRIC VEHICLE MUST BE ABLE TO PROPEL ITSELF**
 23 **FROM A STATIONARY CONDITION USING SOLELY ELECTRIC MOTOR.**

X X X”

24 SEC. 41. Section 150 of the NIRC, as amended, is hereby further amended
 25 to read as follows:

1 “*SEC. 150. Non-essential Goods AND SERVICES.* -

2 **(A) ON GOODS.** – There shall be levied, assessed and collected a tax
3 equivalent to twenty-percent (20%) based on the wholesale price or the value of
4 importation used by the Bureau of Customs in determining tariff and customs
5 duties, net of excise tax and value-added tax of the following goods:

6 (a) All goods commonly x x x

7 (b) x x x

8 (c) Yachts and other vessels intended for pleasure or sports.

9 **(B) ON SERVICES.** – **THERE SHALL BE LEVIED, ASSESSED AND**
10 **COLLECTED A TAX EQUIVALENT TO TEN PERCENT (10%) BASED ON THE**
11 **GROSS SALES OR RECEIPTS DERIVED FROM THE PERFORMANCE OF**
12 **SERVICES, NET OF EXCISE TAX AND VALUE-ADDED TAX ON COSMETIC**
13 **PROCEDURES, SURGERIES, AND BODY ENHANCEMENTS UNDERTAKEN**
14 **FOR AESTHETIC REASONS: *PROVIDED*, THAT, FOR PURPOSES OF THIS**
15 **ACT, COSMETIC PROCEDURES ARE THOSE ENTIRELY FOCUSED ON**
16 **ALTERING AND ENHANCING A PATIENT’S APPEARANCE, IMPROVING**
17 **AESTHETIC APPEAL, SYMMETRY, AND PROPORTION: *PROVIDED*,**
18 ***FURTHER*, THAT RECONSTRUCTIVE SURGERY OR THE REPAIR,**
19 **RECONSTRUCTION, AND RESTORATION OF FACIAL AND BODILY**
20 **FUNCTIONS DUE TO CONGENITAL DISORDERS, TRAUMA, BURNS,**
21 **INFECTIONS, DISEASE, AND THOSE INTENDED TO CORRECT**
22 **DYSFUNCTIONAL AREAS OF THE BODY SHALL BE EXEMPT.”**

23 SEC. 42. A new section designated as Section 150-A under Chapter VI, Title
24 VI of the NIRC, as amended, is hereby inserted to read as follows:

25 “**SEC. 150-A. SWEETENED BEVERAGES.** –

26 **(A) RATE AND BASE OF TAX.** – **EFFECTIVE JANUARY 1, 2018**

1 **(1) A TAX OF FOUR PESOS AND FIFTY CENTAVOS (P4.50) PER LITER**
2 **OF VOLUME CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED**
3 **ON SWEETENED BEVERAGES USING PURELY CALORIC SWEETENERS**
4 **EXCEPT HIGH FRUCTOSE CORN SYRUP: *PROVIDED*, THAT SWEETENED**
5 **BEVERAGES USING PURELY COCONUT SAP SUGAR SHALL BE EXEMPT**
6 **FROM THIS TAX;**

7 **(2) A TAX OF NINE PESOS (P9.00) PER LITER OF VOLUME CAPACITY**
8 **SHALL BE LEVIED, ASSESSED, AND COLLECTED ON SWEETENED**
9 **BEVERAGES USING PURELY HIGH FRUCTOSE CORN SYRUP OR IN**
10 **COMBINATION WITH ANY CALORIC OR NON-CALORIC SWEETENER; AND**

11 **(3) A TAX OF FOUR PESOS AND FIFTY CENTAVOS (P4.50) PER LITER**
12 **OF VOLUME CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED**
13 **ON SWEETENED BEVERAGES USING PURELY NON-CALORIC**
14 **SWEETENERS OR A MIX OF CALORIC AND NON-CALORIC SWEETENERS:**
15 ***PROVIDED*, THAT SWEETENED BEVERAGES USING PURELY STEVIOL**
16 **GLYCOSIDES SHALL BE EXEMPT FROM THIS TAX.**

17 **(B) *DEFINITION OF TERMS.* – AS USED IN THIS ACT:**

18 **(1) *SWEETENED BEVERAGES (SBS)* REFER TO NON-ALCOHOLIC**
19 **BEVERAGES OF ANY CONSTITUTION (LIQUID, POWDER, OR**
20 **CONCENTRATES) THAT ARE PRE-PACKAGED AND SEALED IN**
21 **ACCORDANCE WITH THE FOOD AND DRUG ADMINISTRATION (FDA)**
22 **STANDARDS, THAT CONTAIN CALORIC AND/OR NON-CALORIC**
23 **SWEETENERS ADDED BY THE MANUFACTURERS, AND SHALL INCLUDE,**
24 **BUT NOT BE LIMITED TO THE FOLLOWING, AS DESCRIBED IN THE FOOD**
25 **CATEGORY SYSTEM FROM CODEX ALIMENTARIUS FOOD CATEGORY**
26 **DESCRIPTORS (CODEX STAN 192-1995, REV 2017 OR THE LATEST) AS**
27 **ADOPTED BY THE FDA:**

28 **(A). SWEETENED JUICE DRINKS;**

29 **(B). SWEETENED TEA [AND COFFEE];**

30 **(C). ALL CARBONATED BEVERAGES;**

- 1 (D). FLAVORED WATER;
2 (E). ENERGY AND SPORTS DRINKS;
3 (F). POWDERED DRINKS NOT CLASSIFIED AS MILK, JUICE, TEA,
4 AND COFFEE;
5 (G). CEREAL AND GRAIN BEVERAGES; AND
6 (H). OTHER NON-ALCOHOLIC BEVERAGES THAT CONTAIN
7 ADDED SUGAR.

8 (2) *CALORIC SWEETENER* REFERS TO A SUBSTANCE THAT IS
9 SWEET AND INCLUDES SUCROSE, FRUCTOSE, INCLUDING HIGH
10 FRUCTOSE CORN SYRUP, AND GLUCOSE THAT PRODUCES A
11 DESIRED SWEETNESS;

12 (3) *NON-CALORIC SWEETENER* REFERS TO A SUBSTANCE THAT
13 ARE ARTIFICIALLY OR CHEMICALLY PROCESSED THAT PRODUCES A
14 DESIRED SWEETNESS. THESE ARE SUBSTANCES WHICH CAN BE
15 DIRECTLY ADDED TO BEVERAGES, SUCH AS ASPARTAME, SUCRALOSE,
16 SACCHARIN, ACESULFAME POTASSIUM, NEOTAME, CYCLAMATES AND
17 OTHER NON-NUTRITIVE SWEETENERS APPROVED BY THE CODEX
18 ALIMENTARIUS AND ADOPTED BY THE FDA.

19 (C) *EXCLUSIONS*. – THE FOLLOWING PRODUCTS, AS
20 DESCRIBED IN THE FOOD CATEGORY SYSTEM FROM CODEX
21 ALIMENTARIUS FOOD CATEGORY DESCRIPTORS (CODEX STAN 192-1995,
22 REV 2017 OR THE LATEST) AS ADOPTED BY THE FDA, ARE EXCLUDED
23 FROM THE SCOPE OF THIS ACT:

- 24 (1) PLAIN MILK, INFANT FORMULA MILK, AND GROWING UP MILK;
25 (2) POWDERED MILK, READY TO DRINK MILK AND FLAVORED MILK,
26 AND FERMENTED MILK;
27 (3) ONE HUNDRED PERCENT (100%) NATURAL FRUIT JUICES –
28 ORIGINAL LIQUID RESULTING FROM THE PRESSING OF FRUIT,
29 THE LIQUID RESULTING FROM THE RECONSTITUTION OF
30 NATURAL FRUIT JUICE CONCENTRATE, OR THE LIQUID
31 RESULTING FROM THE RESTORATION OF WATER TO

1 DEHYDRATED NATURAL FRUIT JUICE THAT DO NOT HAVE
2 ADDED SUGAR OR CALORIC SWEETENER;

3 (4) ONE HUNDRED PERCENT (100%) NATURAL VEGETABLE
4 JUICES – ORIGINAL LIQUID RESULTING FROM THE PRESSING
5 OF VEGETABLES, THE LIQUID RESULTING FROM THE
6 RECONSTITUTION OF NATURAL VEGETABLE JUICE
7 CONCENTRATE, OR THE LIQUID RESULTING FROM THE
8 RESTORATION OF WATER TO DEHYDRATED NATURAL
9 VEGETABLE JUICE THAT DO NOT HAVE ADDED SUGAR OR
10 CALORIC SWEETENER;

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

19 (6) GROUND COFFEE, INSTANT SOLUBLE COFFEE, AND PRE-
20 PACKAGED POWDERED COFFEE PRODUCTS WITH OR
21 WITHOUT ADDED SUGAR; AND

22 (7) UNSWEETENED TEA.

23 (D) *FILING OF RETURN AND PAYMENT OF EXCISE TAX AND*
24 *PENALTY.* –

25 (1) FILING OF RETURN AND PAYMENT OF EXCISE TAX ON
26 DOMESTIC AND IMPORTED SWEETENED BEVERAGES – THE PROVISION
27 OF SECTIONS 130 AND 131 OF THE NIRC, AS APPROPRIATE, SHALL
28 APPLY TO SWEETENED BEVERAGES .

29 (2) PENALTY – UPON FINAL FINDINGS BY THE COMMISSIONER
30 OF INTERNAL REVENUE AND/OR CUSTOMS THAT ANY MANUFACTURER
31 OR IMPORTER, IN VIOLATION OF THIS SECTION, MISDECLARES OR
32 MISREPRESENTS IN THE SWORN STATEMENT PROVIDED IN SECTION 130
33 (C) OF THE NIRC, AS AMENDED, ANY PERTINENT DATA OR INFORMATION,

1 THE PENALTY OF SUMMARY CANCELLATION OR WITHDRAWAL OF THE
2 PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF
3 SWEETENED BEVERAGES AS PROVIDED UNDER SECTION 268 OF THE
4 NIRC, AS AMENDED, SHALL BE IMPOSED.

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

9 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
10 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND
11 PENALIZED UNDER SECTION 254 OF THE NIRC, AS AMENDED. ANY
12 PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY
13 SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME
14 MANNER AS THE PRINCIPAL.

15 IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER SHALL BE
16 DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE WITHOUT
17 FURTHER PROCEEDINGS FOR DEPORTATION.

18 *(E) SPECIFIC RESPONSIBILITY OF THE FOOD AND DRUG*
19 *ADMINISTRATION (FDA).* – STARTING MAY 1, 2018, THE FDA SHALL
20 REQUIRE ALL MANUFACTURERS AND IMPORTERS OF SWEETENED
21 BEVERAGES COVERED BY THIS ACT TO INDICATE ON THE LABEL THE
22 TYPE OF SWEETENER USED.

23 THE FDA SHALL ALSO CONDUCT POST
24 MARKETING SURVEILLANCE OF THE SWEETENED BEVERAGES ON
25 DISPLAY IN SUPERMARKETS, GROCERIES OR RETAIL STORES AND/OR
26 INSPECTION OF MANUFACTURING SITES TO DETERMINE COMPLIANCE
27 WITH THE REQUIREMENTS OF THIS SECTION. VIOLATIONS OF THE
28 PROVISIONS OF THIS ACT, INCLUDING BUT NOT LIMITED TO MISLABELING

1 OR MISBRANDING, SHALL, TO THE EXTENT APPLICABLE, BE PUNISHABLE
2 UNDER EXISTING LAWS.

3 (F) REVIEW OF IMPLEMENTATION OF THE SWEETENED
4 BEVERAGE TAX. – AT THE START OF THE IMPLEMENTATION OF THE
5 SUGAR SWEETENED BEVERAGE TAX AND EVERY YEAR THEREAFTER,
6 THE DEPARTMENT OF HEALTH, DEPARTMENT OF SCIENCE AND
7 TECHNOLOGY AND DEPARTMENT OF FINANCE SHALL REVIEW THE
8 IMPACT OF THESE PROVISIONS ON ITS HEALTH OBJECTIVES WITH THE
9 VIEW TO MAKING RECOMMENDATIONS ON THE TAX RATE ON THESE
10 BEVERAGES.”

11 SEC. 43. Section 151 of the NIRC, as amended, is hereby further amended
12 to read as follows:

13 “SEC. 151. *Mineral Products.* -

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

16 (1) On coal and coke;

17 **EFFECTIVE JANUARY 1, 2018; ONE HUNDRED PESOS (P100) PER**
18 **METRIC TON.**

19 **EFFECTIVE JANUARY 1, 2019; TWO HUNDRED PESOS (P200) PER**
20 **METRIC TON**

21 **EFFECTIVE JANUARY 1, 2020; THREE HUNDRED PESOS (P300) PER**
22 **METRIC TON**

23 **THESE TAXES WILL BE IMPOSED ON LOCAL EXTRACTION OR**
24 **IMPORTATION THEREOF. THE EXCISE TAX IMPOSED HEREIN SHALL BE IN**
25 **ADDITION TO THE VALUE-ADDED TAX IMPOSED UNDER TITLE IV OF THE**
26 **NATIONAL INTERNAL REVENUE CODE, AS AMENDED. ALL EXEMPTIONS**
27 **AS PROVIDED BY PRESIDENTIAL DECREE NO. 972, AS AMENDED BY**
28 **PRESIDENTIAL DECREE NO. 1174, AND ANY OTHER LAWS, DECREES, OR**

1 **EXECUTIVE ORDERS, TO THE CONTRARY, ARE HEREBY REPEALED.**[, a
2 tax of Ten pesos (P10.00) per metric ton];

3 (2) On all nonmetallic minerals and quarry resources, a tax of [two percent
4 (2%)] **FOUR PERCENT (4%)** based on the actual market value of the gross
5 output thereof at the time of removal, in the case of those locally extracted or
6 produced; or the value used by the Bureau of Customs in determining. Tariff and
7 customs duties, net of excise tax and value-added tax in the case of importation.

8 xxx.

9 (3) xxx

10 (a) xxx

11 (i)xxx

12 (ii)xxx

13 (iii) On the sixth year and thereafter, [two percent (2%)] **FOUR**
14 **PERCENT (4%)**.

15 (b) Gold and chromite, [two percent (2%)] **FOUR PERCENT (4%)**.

16 (4) On indigenous petroleum, a tax of [three percent (3%)] **SIX PERCENT**
17 **(6%)** of the fair international market price thereof, on the first taxable sale, barter,
18 exchange or such similar transaction, such tax to be paid by the buyer or
19 purchaser before removal from the place of production.

x x x”

20 SEC. 44. Section 155 of the NIRC, as amended, is hereby further amended
21 to read as follows:

22 “SEC. 155. *Manufacturers AND/OR IMPORTERS to Provide Themselves*
23 *with Counting or Metering Devices to Determine VOLUME OF Production AND*
24 **IMPORTATION.** – Manufacturers of cigarettes, alcoholic products, oil products,
25 and other articles subject to excise tax that can be similarly measured shall provide
26 themselves with such necessary number of suitable counting or metering devices
27 to determine as accurately as possible the volume, quantity or number of the
28 articles produced by them under rules and regulations promulgated by the
29 Secretary of Finance, upon recommendation of the Commissioner[: **PROVIDED,**
30 **THAT THE DEPARTMENT OF FINANCE SHALL MAINTAIN A REGISTRY OF**

1 ALL PETROLEUM MANUFACTURERS AND/OR IMPORTERS AND THE
2 ARTICLES BEING MANUFACTURED AND/OR IMPORTED BY THEM:
3 *PROVIDED, FURTHER,* THAT THE DEPARTMENT OF FINANCE SHALL
4 MANDATE THE CREATION OF A REAL-TIME INVENTORY OF PETROLEUM
5 ARTICLES BEING MANUFACTURED, IMPORTED OR FOUND IN STORAGE
6 DEPOTS OF SUCH PETROLEUM MANUFACTURERS AND/OR IMPORTERS:
7 *PROVIDED, FINALLY,* THAT IMPORTERS OF FINISHED PETROLEUM
8 PRODUCTS SHALL ALSO PROVIDE THEMSELVES WITH BUREAU-
9 ACCREDITED METERING DEVICES TO DETERMINE AS ACCURATELY AS
10 POSSIBLE THE VOLUME OF PETROLEUM PRODUCTS IMPORTED BY THEM.

11 This requirement shall be complied with before commencement of
12 operations.”

13 SEC. 45. Section 171 of the NIRC, as amended, is hereby further amended
14 to read as follows:

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

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

24 **SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE**
25 **SECRETARY OF FINANCE, THE COMMISSIONER OF INTERNAL REVENUE**
26 **OR HIS AUTHORIZED REPRESENTATIVES MAY CONDUCT PERIODIC,**
27 **RANDOM, AND CONFIRMATORY FIELD TEST ON FUELS REQUIRED TO BE**
28 **MARKED UNDER SECTION 148-A FOUND IN STORAGE DEPOTS, GAS**
29 **STATIONS AND OTHER RETAIL OUTLETS, AND IN SUCH OTHER**

1 **PROPERTIES OF PERSONS ENGAGED IN THE SALE, DELIVERY, TRADING,**
2 **TRANSPORTATION, DISTRIBUTION, OR IMPORTATION OF FUEL INTENDED**
3 **FOR THE DOMESTIC MARKET.”**

4 SEC. 46. Section 174 of the NIRC, as amended, is hereby further
5 amended to read as follows:

6 “SEC. 174. *Stamp Tax on Original Issue of Shares of Stock.* – On every
7 original issue, whether on organization, reorganization or for any lawful purpose, of
8 shares of stock by any association, company, or corporation, there shall be
9 collected a documentary stamp tax of [One peso (P1.00)] **TWO PESOS (P2.00)** on
10 each Two hundred pesos (P200), or fractional part thereof, of the par value, of such
11 shares of stock: *Provided*, That in the case of the original issue of shares of stock
12 without par value, the amount of the documentary stamp tax herein prescribed shall
13 be based upon the actual consideration for the issuance of such shares of stock:
14 *Provided, further*, that in the case of stock dividends, on the actual value
15 represented by each share.”

16 SEC. 47. Section 175 of the NIRC, as amended, is hereby further amended
17 to read as follows:

18 “SEC. 175. *Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales,*
19 *Deliveries or Transfer of Shares or Certificates of Stock.* – On all sales, or
20 agreements to sell, or memoranda of sales, or deliveries or transfer of such
21 securities by assignment in blank, or by delivery, or by any paper or agreement, or
22 memorandum or other evidences o transfer or sale whether entitling the holder in
23 any manner to the benefit of such stock, or to secure the future payment of money,
24 or for the future transfer of any stock, there shall be collected a documentary stamp
25 tax of [Seventy-five centavos (P0.75)] **ONE PESO AND FIFTY CENTAVOS (P1.50)**
26 on each Two hundred pesos (P200), or fractional part thereof, of the par value of
27 such stock: *Provided*, That only one tax shall be collected on each sale or transfer
28 of stock from one person to another, regardless of whether or not a certificate of
29 stock or obligation is issued, indorsed, or delivered in pursuance of such sale or
30 transfer: *and Provided, further*, That in the case of stock without par value the

1 amount of the documentary stamp tax herein prescribed shall be equivalent to
2 **[twenty-five percent] FIFTY PERCENT** of the documentary stamp tax paid upon the
3 original issue of said stock.”

4 SEC. 48. Section 177 of the NIRC, as amended, is hereby further amended
5 to read as follows:

6 “SEC. 177. *Stamp Tax on Certificates of Profits or Interest in Property or*
7 *Accumulations.* – On all certificates of profits, or any certificate or memorandum
8 showing interest in the property or accumulations of any association, company or
9 corporation, and on all transfers of such certificates or memoranda, there shall be
10 collected a documentary stamp tax of **[Fifty centavos (P0.50)] ONE PESO (P1.00)**
11 on each Two hundred pesos, or fractional part thereof, of the face value of such
12 certificates or memorandum.”

13 SEC. 49. Section 178 of the NIRC, as amended, is hereby further amended
14 to read as follows:

15 “SEC. 178. *Stamp Tax on Bank Checks, Drafts, Certificates of Deposit not*
16 *Bearing Interest, and Other Instruments.* – On each bank check, draft, or certificate
17 of deposit not drawing interest, or order for the payment of any sum of money
18 drawn upon or issued by any bank, trust company, or any person or persons,
19 companies or corporations, at sight or on demand, there shall be collected a
20 documentary stamp tax of **[One peso and fifty centavos (P1.50)] THREE PESOS**
21 **(P3.00).**”

22 SEC. 50. Section 179 of the NIRC, as amended, is hereby further amended
23 to read as follows:

24 “SEC. 179. *Stamp Tax on All Debt Instruments.* – On every original issue of
25 debt instruments, there shall be collected a documentary stamp tax of **[One peso**
26 **(P1.00)] ONE PESO AND FIFTY CENTAVOS (P1.50)** on each Two hundred pesos
27 (P200.00), or fractional part thereof, of the issue price of any such debt instruments:
28 *Provided*, that for such debt instruments with terms of less than one (1) year, the

1 documentary stamp tax to be collected shall be of a proportional amount in
2 accordance with the ratio of its term in number of days to three hundred sixty-five
3 (365) days: *Provided, further,* That only one documentary stamp tax shall be
4 imposed on either loan agreement, or promissory notes issued to secure such loan.

5 x x x”

6 SEC. 51. Section 180 of the NIRC, as amended, is hereby further amended
7 to read as follows:

8 “SEC. 180. *Stamp Tax on All Bills of Exchange or Drafts.* – On all bills of
9 exchange (between points within the Philippines) or drafts, there shall be collected
10 a documentary stamp tax of [~~Thirty centavos (P0.30)] **SIXTY CENTAVOS (P0.60)**
11 on each Two hundred pesos (P200.00) or fractional part thereof, of the face value
12 of any such bill of exchange or draft.”~~

13 SEC. 52. Section 181 of the NIRC, as amended, is hereby further amended
14 to read as follows:

15 “SEC. 181. *Stamp Tax Upon Acceptance of Bills of Exchange and Others.* –
16 Upon any acceptance or payment of any bill of exchange or order for the payment
17 of money purporting to be drawn in a foreign country but payable in the Philippines,
18 there shall be collected a documentary stamp tax of [~~Thirty centavos (P0.30)]
19 **SIXTY CENTAVOS (P0.60)** on each Two hundred pesos (P200) or fractional part
20 thereof, of the face value of any such bill of exchange, or order, or the Philippine
21 equivalent of such value, if expressed in foreign currency.”~~

22 SEC. 53. Section 182 of the NIRC, as amended, is hereby further amended
23 to read as follows:

24 “SEC. 182. *Stamp Tax on Foreign Bills of Exchange and Letters of Credit.* –
25 On all foreign bills of exchange and letter of credit (including orders, by telegraph or
26 otherwise, for the payment of money issued by express or steamship companies or
27 by any person or persons) drawn in but payable out of the Philippines in a set of

1 three (3) or more according to the custom of merchants and bankers, there shall be
2 collected a documentary stamp tax of [Thirty centavos (P0.30)] **SIXTY CENTAVOS**
3 **(P0.60)** on each Two hundred pesos (P200), or fractional part thereof, of the face
4 value of any such bill of exchange or letter of credit, or the Philippine equivalent of
5 such face value, if expressed in foreign currency.”

6 SEC. 54. Section 183 of the NIRC, as amended, is hereby further amended
7 to read as follows:

8 “SEC. 183. *Stamp Tax on Life Insurance Policies.* – On all policies of
9 insurance or other instruments by whatever name the same may be called,
10 whereby any insurance shall be made or renewed upon any life or lives, there shall
11 be collected a documentary stamp tax of [Fifty centavos (P0.50)] **ONE PESO**
12 **(P1.00)** on each Two hundred pesos (P200), or fractional part thereof, of the
13 amount of premium collected.”

14 SEC. 55. Section 184 of the NIRC, as amended, is hereby further amended
15 to read as follows:

16 “SEC. 184. *Stamp tax on Policies of Insurance Upon Property.* – On all
17 policies of insurance or other instruments by whatever name the same may be
18 called, by which insurance shall be made or renewed upon property of any
19 description, including rents or profits, against peril by sea or on inland waters, or by
20 fire or lightning, there shall be collected a documentary stamp tax of [Fifty centavos
21 (P0.50)] **ONE PESO (P1.00)** on each Four pesos (P4.00), or fractional part thereof,
22 of the amount of premium charged: *Provided, however,* That no documentary
23 stamp tax shall be collected on reinsurance contracts or on any instrument by which
24 reinsurance contracts or on any instrument by which cession or acceptance of
25 insurance risks under any reinsurance agreement is effected or recorded.”

26 SEC. 56. Section 185 of the NIRC, as amended, is hereby further amended
27 to read as follows:

1 “SEC. 185. *Stamp Tax on Fidelity Bonds and Other Insurance Policies.* –
2 On all policies of insurance or bonds or obligations of the nature of indemnity for
3 loss, damage, or liability made or renewed by any person, association, company or
4 corporation transacting the business of accident, fidelity, employer’s liability, plate,
5 glass, steam boiler, burglar, elevator, automatic sprinkler, or other branch of
6 insurance (except life, marine, inland, and fire insurance), and all bonds,
7 undertakings, or recognizances, conditioned for the performance of the duties of
8 any office or position, for the doing or not doing of anything therein specified, and
9 on all obligations guaranteeing the validity or legality of any bond or other
10 obligations issued by any province, city, municipality, or other public body or
11 organization, and on all obligations guaranteeing the title to any real estate, or
12 guaranteeing any mercantile credits, which may be made or renewed by any such
13 person, company or corporation, there shall be collected a documentary stamp tax
14 of [Fifty centavos (P0.50)] **ONE PESO (P1.00)** on each Four pesos (P4.00), or
15 fractional part thereof, of the premium charged.”

16 SEC. 57. Section 186 of the NIRC, as amended, is hereby further amended
17 to read as follows:

18 “SEC. 186. *Stamp Tax on Policies of Annuities and Pre-Need Plans.* – On
19 all policies of annuities, or other instruments by whatever name the same may be
20 called, whereby an annuity may be made, transferred or redeemed, there shall be
21 collected a documentary stamp tax of [Fifty centavos (P0.50)] **ONE PESO (P1.00)**
22 on each Two hundred pesos (P200), or fractional part thereof, of the premium or
23 installment payment on contract price collected. On pre-need plans, the
24 documentary stamp tax shall be [Twenty centavos (P0.20)] **FORTY CENTAVOS**
25 **(P0.40)** on each Two hundred pesos (P200), or fractional part thereof, of the
26 premium or contribution collected.”

27 SEC. 58. Section 187 of the NIRC, as amended, is hereby further amended
28 to read as follows:

29 “SEC. 187. *Stamp Tax on Indemnity Bonds.* – On all bonds for indemnifying
30 any person, firm or corporation who shall become bound or engaged as surety for

1 the payment of any sum of money or for the due execution or performance of the
2 duties of any office or position or to account for money received by virtue thereof,
3 and on all other bonds of any description, except such as may be required in legal
4 proceedings, or are otherwise provided for herein, there shall be collected a
5 documentary stamp tax of [Thirty centavos (P0.30)] **SIXTY CENTAVOS (P0.60)** on
6 each Four pesos (P4.00), or fractional part thereof, of the premium charged.”

7 SEC. 59. Section 188 of the NIRC, as amended, is hereby further amended
8 to read as follows:

9 “SEC. 188. *Stamp Tax on Certificates.* – On each certificate of damage or
10 otherwise, and on every other certificate or document issued by any customs
11 officer, marine surveyor, or other person acting as such, and on each certificate
12 issued by a notary public, and on each certificate of any description required by
13 law or by rules or regulations of a public office, or which is issued for the purpose
14 of giving information, or establishing proof of a fact, and not otherwise specified
15 herein, there shall be collected a documentary stamp tax of [Fifteen pesos
16 (P15.00)] **THIRTY PESOS (P30.00).**”

17 SEC. 60. Section 189 of the NIRC, as amended, is hereby further amended
18 to read as follows:

19 “SEC. 189. *Stamp Tax on Warehouse Receipts.* – On each warehouse
20 receipt for property held in storage in a public or private warehouse or yard for any
21 person other than the proprietor of such warehouse or yard, there shall be collected
22 a documentary stamp tax of [Fifteen pesos (P15.00)] **THIRTY PESOS (P30.00):**
23 *Provided,* That no tax shall be collected on each warehouse receipt issued to any
24 one person in any one calendar month covering property the value of which does
25 not exceed Two hundred pesos (P200).”

26 SEC. 61. Section 190 of the NIRC, as amended, is hereby further amended
27 to read as follows:

1 “SEC. 190. *Stamp Tax on Jai-alai, Horse Race, Tickets, Lotto, or Other*
2 *Authorized Numbers Games.* – On each jai-alai, horse race ticket, lotto, or other
3 authorized numbers games, there shall be collected a documentary stamp tax of
4 **[Ten centavos (P0.10)] TWENTY CENTAVOS (P0.20)**: *Provided*, That if the cost of
5 the ticket exceed One peso (P1.00), an additional tax of **[Ten centavos (P0.10)]**
6 **TWENTY CENTAVOS (P0.20)** on every One peso (P1.00). or fractional part
7 thereof, shall be collected.”

8 SEC. 62. Section 191 of the same Code, as amended, is hereby further
9 amended to read as follows:

10 “SEC. 191. *Stamp Tax on Bills of Lading or Receipts.* – On each set of bills
11 of lading or receipts (except charter party) for any goods, merchandise, or effects
12 shipped from one port or place in the Philippines (except on ferries across rivers),
13 or to any foreign port, there shall be collected a documentary stamp tax of **[One**
14 **peso (P1.00)] TWO PESOS (P2.00)**, if the value of such goods exceeds One
15 hundred pesos (P100) and does not exceed One thousand pesos (P1,000); **[Ten**
16 **pesos (P10.00)] TWENTY PESOS (P20.00)**, if the value exceeds One thousand
17 pesos (P1,000); *Provided, however*, That freight tickets covering goods,
18 merchandise or effects carried as accompanied baggage of passengers on land
19 and water carriers primarily engaged in the transportation of passengers are
20 hereby exempt.”

21 SEC. 63. Section 192 of the NIRC, as amended, is hereby further amended
22 to read as follows:

23 “SEC. 192. *Stamp Tax on Proxies.* – On each proxy for voting at any
24 election of officers of any company or association. Or for any other purpose,
25 except proxies issued affecting the affairs of associations or corporations
26 organized for religious, charitable, or literary purposes, there shall be collected a
27 documentary stamp tax of **[Fifteen pesos (P15.00)] THIRTY PESOS (P30.00)**.”

1 SEC. 64. Section 193 of the NIRC, as amended, is hereby further amended
2 to read as follows:

3 “SEC. 193. *Stamp on Tax Powers of Attorney.* – On each power of attorney
4 to perform any act whatsoever, except acts connected with the collection of claims
5 due from or accruing to the Government of the Republic of the Philippines, or the
6 government of any province, city or municipality, there shall be collected a
7 documentary stamp tax of [Five pesos (P5.00)] **TEN PESOS (P10.00).**”

8 SEC. 65. Section 194 of the NIRC, as amended, is hereby further amended
9 to read as follows:

10 “SEC. 194. *Stamp Tax on Leases and Other Hiring Agreements.* – On each
11 lease, agreement, memorandum, or contract for hire, use or rent of any lands or
12 tenements, or portions thereof, there shall be collected a documentary stamp tax of
13 [Three pesos (P3.00)] **SIX PESOS (P6.00)** for the first Two thousand pesos
14 (P2,000), or fractional part thereof, and an additional [One peso (P1.00)] **TWO**
15 **PESOS (P2.00)** for every One thousand pesos (P1,000) or fractional part thereof,
16 in excess of the first Two thousand pesos (P2,000) for each year of the term of
17 said contract or agreement.”

18 SEC. 66. Section 195 of the NIRC, as amended, is hereby further amended
19 to read as follows:

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

1 (a) When the amount secured does not exceed Five thousand pesos
2 (P5,000), [Twenty pesos (P20.00)] **FORTY PESOS (P40.00)**.

3 (b) On each Five thousand pesos (P5,000), or fractional part thereof in
4 excess of Five thousand pesos (P5,000), an additional tax of [Ten pesos (P10.00)]
5 **TWENTY PESOS (P20.00)**.

6 X X X

7 SEC. 67. Section 196 of the NIRC, as amended, is hereby further amended
8 to read as follows:

9 “SEC. 196. *Stamp tax on Deeds of Sale, [and] Conveyances* **AND**
10 **DONATION** of Real Property. - On all conveyances, **DONATIONS**, deeds,
11 instruments, or writings, other than grants, patents or original certificates of
12 adjudication issued by the Government, whereby any land, tenement, or other
13 realty sold shall be granted, assigned, transferred, **DONATED** or otherwise
14 conveyed to the purchaser, or purchasers, or to any other person or persons
15 designated by such purchaser or purchasers, **OR DONEE**, there shall be collected
16 a documentary stamp tax, at the rates herein below prescribed, based on the
17 consideration contracted to be paid for such realty or on its fair market value
18 determined in accordance with Section 6(E) of this Code, whichever is higher:
19 Provided, That when one of the contracting parties is the Government the tax
20 herein imposed shall be based on the actual consideration.

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

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

27 X X X

1 **TRANSFERS EXEMPT FROM DONOR’S TAX UNDER SECTION 101 (A)**
2 **AND (B) OF THIS CODE SHALL BE EXEMPT FROM THE TAX IMPOSED**
3 **UNDER THIS SECTION.**

4 When it appears that the amount of the documentary stamp tax payable
5 hereunder has been reduced by an incorrect statement of the consideration in any
6 conveyance, deed, instrument or writing subject to such tax the Commissioner,
7 provincial or city Treasurer, or other revenue officer shall, from the assessment rolls
8 or other reliable source of information, assess the property of its true market value
9 and collect the proper tax thereon.”

10 SEC. 68. Section 197 of the NIRC, as amended, is hereby further amended
11 to read as follows:

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

20 (a) If the registered gross tonnage of the ship, vessel or steamer does not
21 exceed one thousand (1,000) tons, and the duration of the charter or contract does
22 not exceed six (6) months, [~~Five hundred pesos (P500)] **ONE THOUSAND PESOS**~~
23 **(P1,000)**; and for each month or fraction of a month in excess of six (6) months, an
24 additional tax of [~~Fifty pesos (P50.00)] **ONE HUNDRED PESOS (P100)** shall be
25 paid.~~

26 (b) If the registered gross tonnage exceeds one thousand (1,000) tons
27 and does not exceed ten thousand (10,000) tons, and the duration of the charter or
28 contract does not exceed six (6) months, [~~One thousand pesos (P1,000)] **TWO**~~
29 **THOUSAND PESOS (P2,000)**; and for each month or fraction of a month in excess

1 of six (6) months, an additional tax of [One hundred pesos (P100)] **TWO**
2 **HUNDRED PESOS (P200)** shall be paid.

3 (c) If the registered gross tonnage exceeds ten thousand (10,000) tons
4 and the duration of the charter or contract does not exceed six (6) months, [One
5 thousand five hundred pesos (P1,500)] **THREE THOUSAND PESOS (P3,000)**;
6 and for each month or fraction of a month in excess of six (6) months, an additional
7 tax of [One hundred fifty pesos (P150)] **THREE HUNDRED PESOS (P300)** shall
8 be paid.”

9 SEC. 69. Section 232 of the NIRC, as amended, is hereby further amended to read
10 as follows:

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

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

30 (B) x x x

1 (C) BOOKKEEPING REQUIREMENTS, FINANCIAL STATEMENTS AND
2 SCHEDULE OF AUDITS. – SELF-EMPLOYED INDIVIDUALS AVAILING OF
3 THE PRESCRIBED RATES IN SECTION 24(A)(2)(B) OF THE NIRC SHALL BE
4 REQUIRED TO KEEP AND USE A SIMPLIFIED SET OF BOOKKEEPING
5 RECORDS THAT WILL CONTAIN THE FOLLOWING ACCOUNTS: CASH
6 RECEIPTS AND CASH DISBURSEMENTS.

7 SEC. 70. Section 236 of the NIRC, as amended, is hereby further
8 amended to read as follows:

9 (A) x x x

10 The registration shall contain the taxpayer’s name, style, place of
11 residence, business and such other information as may be required by the
12 Commissioner in the form prescribed therefor[.] : **PROVIDED, THAT THE**
13 **COMMISSIONER SHALL SIMPLIFY THE BUSINESS REGISTRATION AND TAX**
14 **COMPLIANCE REQUIREMENTS OF SELF-EMPLOYED INDIVIDUALS AND/OR**
15 **PROFESSIONALS.**

16 x x x

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

18 (1) x x x

19 (a) His gross sales or receipts for the past twelve (12) months, other than
20 those that are exempt under Section 109(A) to [(V)] **(DD)**, have exceeded [One
21 million five hundred thousand pesos (P1,500,00)] **THREE MILLION PESOS**
22 **(P3,000,000)**; or

23 (b) There are reasonable grounds to believe that his gross sales or receipts
24 for the next twelve (12) months, other than those that are exempt under Section
25 109(A) to [(V)] **(DD)**, will exceed [One million five hundred pesos (P1,500,000)]
26 **THREE MILLION PESOS (P3,000,000)**

27 (H) **Optional Registration for Value-Added Tax of Exempt Person.** –

28 (1) Any person who is not required to register for value-added tax under
29 Subsection (G) hereof may elect to register for value-added tax by registering with
30 the Revenue District Office that has a jurisdiction over the head office of that
31 person, and paying the annual registration fee in Subsection (B) hereof.

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

4 **PROVIDED, THAT ANY PERSON TAXED UNDER SECTION 24(B) OF**
5 **THE NIRC OPTS WHO TO PAY THE 8% TAX ON GROSS SALES/RECEIPTS**
6 **SHALL NOT BE ALLOWED TO AVAIL OF THIS OPTION.**

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

11 SEC. 71. Section 237 of the NIRC, as amended, is hereby further
12 amended to read as follows:

13 "SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.*
14 **[ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR COMMERCIAL**
15 **INVOICES.] –**

16 **(A) ISSUANCE.** – All persons subject to an internal revenue tax shall, [for]
17 **AT THE POINT OF** each sale and transfer of merchandise or for services
18 rendered valued at [Twenty-five] **ONE HUNDRED** pesos (P[25]100.00) or more,
19 issue duly registered receipts or saleS or commercial invoices, [prepared at least
20 in duplicate,] showing the date of transaction, quantity, unit cost and description of
21 merchandise or nature of service: *Provided, however,* That where the receipt is
22 issued to cover payment made as rentals, commissions, compensation or fees,
23 receipts or invoices shall be issued which shall show the name, business style, if
24 any, and address of the purchaser, customer or client: *Provided, Further,* That
25 where the purchaser is a VAT-registered person, in addition to the information
26 herein required, the invoice or receipt shall further show the Taxpayer Identification
27 Number (TIN) of the purchaser.

28 **WITHIN FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT AND UPON**
29 **THE ESTABLISHMENT OF A SYSTEM CAPABLE OF SUCCESSFULLY**

1 **STORING AND PROCESSING THE REQUIRED DATA, THE BUREAU SHALL**
2 **REQUIRE ALL EXPORT ENTERPRISES AND TAXPAYERS UNDER THE**
3 **JURISDICTION OF THE LARGE TAXPAYERS SERVICE TO ISSUE**
4 **ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL INVOICES IN LIEU**
5 **OF MANUAL RECEIPTS OR SALES OR COMMERCIAL INVOICES,**
6 **SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE**
7 **SECRETARY OF FINANCE UPON RECOMMENDATION OF THE**
8 **COMMISSIONER AND AFTER A PUBLIC HEARING SHALL HAVE BEEN**
9 **HELD FOR THIS PURPOSE: *PROVIDED*, THAT THE COMMISSIONER OF**
10 **INTERNAL REVENUE SHALL PILOT TEST THE ISSUANCE OF**
11 **ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL INVOICES ON**
12 **SUCH BUSINESSES OR INDUSTRIES UNDER THE LARGE TAXPAYERS**
13 **SERVICE, WHICH IN THE COMMISSIONER'S DISCRETION, HAVE THE**
14 **FINANCIAL CAPACITY TO ADOPT THIS ELECTRONIC SYSTEM:**
15 ***PROVIDED, FURTHER*, THAT THE BIR SHALL BE REQUIRED TO SUBMIT**
16 **REPORTS TO THE COCTRP AS TO THE STATUS AND/OR RESULTS OF**
17 **THE PILOT TESTS.**

18 The original of each receipt or invoice shall be issued to the purchaser,
19 customer or client at the time the transaction is effected, who, if engaged in
20 business or in the exercise of profession, shall keep and preserve the same in his
21 place of business for a period of three (3) years from the close of the taxable year in
22 which such invoice or receipt was issued, while the duplicate shall be kept and
23 preserved by the issuer, also in his place of business, for a like period: ***PROVIDED*,**
24 **THAT IN CASE OF ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL**
25 **INVOICES, THE DIGITAL RECORDS OF THE SAME SHALL BE KEPT BY THE**
26 **PURCHASER, CUSTOMER OR CLIENT AND THE ISSUER FOR THE SAME**
27 **PERIOD ABOVE STATED.**

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

30 SEC. 72. A new section designated as Section 237-A under Chapter II, Title IX
31 of the NIRC, as amended, is hereby inserted to read as follows:

1 **“SEC. 237-A. ELECTRONIC SALES REPORTING SYSTEM. – WITHIN**
2 **FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT AND UPON THE**
3 **ESTABLISHMENT OF A SYSTEM CAPABLE OF SUCCESSFULLY STORING**
4 **AND PROCESSING THE REQUIRED DATA, THE BUREAU SHALL REQUIRE**
5 **ALL EXPORT ENTERPRISES AND TAXPAYERS UNDER THE LARGE**
6 **TAXPAYERS SERVICE TO ELECTRONICALLY REPORT THEIR SALES DATA**
7 **TO THE BUREAU THROUGH THE USE OF ELECTRONIC POINT OF SALES**
8 **SYSTEMS, SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE**
9 **SECRETARY OF FINANCE AS RECOMMENDED BY THE COMMISSIONER OF**
10 **INTERNAL REVENUE: PROVIDED, THAT THE MACHINES AND OTHER**
11 **ANCILLARY DEVICES SHALL BE AT THE EXPENSE OF THE TAXPAYERS:**
12 ***PROVIDED, FURTHER,* THAT WITHIN THREE (3) YEARS FROM THE**
13 **EFFECTIVITY OF THIS ACT, THE ELECTRONIC SALES REPORTING SYSTEM**
14 **SHALL UNDERGO A PILOT TEST TO BE APPLIED TO PARTICULAR EXPORT**
15 **ENTERPRISES AND TAXPAYERS UNDER THE LARGE TAXPAYERS**
16 **SERVICE TO BE SELECTED BY THE SECRETARY OF FINANCE: *PROVIDED,***
17 ***FINALLY,* THAT THE BUREAU SHALL BE REQUIRED TO SUBMIT REPORTS**
18 **TO THE COCCTRP AS TO THE STATUS AND/OR RESULTS OF THE PILOT**
19 **TESTS.**

20 **THE DATA PROCESSING OF SALES AND PURCHASE DATA SHALL**
21 **COMPLY WITH THE PROVISIONS OF REPUBLIC ACT NO. 10173**
22 **OTHERWISE KNOWN AS THE “DATA PRIVACY ACT” AND SECTION 270 OF**
23 **THE NIRC, AS AMENDED, ON UNLAWFUL DIVULGENCE OF TAXPAYER**
24 **INFORMATION AND SUCH OTHER LAWS RELATING TO THE**
25 **CONFIDENTIALITY OF INFORMATION.**

26 **THE BUREAU SHALL ALSO ESTABLISH POLICIES, RISK**
27 **MANAGEMENT APPROACHES, ACTIONS, TRAININGS, AND**
28 **TECHNOLOGIES TO PROTECT THE CYBER ENVIRONMENT,**
29 **ORGANIZATION, AND DATA IN COMPLIANCE WITH REPUBLIC ACT NO.**
30 **10175 OR THE “CYBERCRIME PREVENTION ACT OF 2012”.**

1 SEC. 73. Section 249 of the NIRC, as amended, is hereby further amended
2 to read as follows:

3 “SEC. 249. *Interest.* –

4 (A) *In General.* - There shall be assessed and collected on any unpaid
5 amount of tax, interest at the rate of **DOUBLE THE LEGAL INTEREST RATE**
6 **FOR LOANS OR FORBEARANCE OF ANY MONEY IN THE ABSENCE OF AN**
7 **EXPRESS STIPULATION AS SET BY THE BANGKO SENTRAL NG PILIPINAS**
8 [twenty percent (20%) per annum, or such higher rate as may be prescribed by
9 rules and regulations, from the date prescribed for payment until the amount is fully
10 paid].

11 (B) *Deficiency Interest.* - Any deficiency in the tax due, as the term is
12 defined in this Code, shall be subject to the interest prescribed in Subsection (A)
13 hereof, which interest shall be assessed and collected from the date prescribed for
14 its payment until the full payment thereof, **OR UPON ISSUANCE OF A NOTICE**
15 **AND DEMAND BY THE COMMISSIONER OF INTERNAL REVENUE,**
16 **WHICHEVER COMES EARLIER.**

17 (C) *Delinquency Interest.* – x x x”

18 SEC. 74. A new section designated as Section 264-A under Chapter II, Title X of
19 the NIRC, as amended, is hereby inserted as follows:

20 “**SEC. 264-A. FAILURE TO TRANSMIT SALES DATA ENTERED ON**
21 **CASH REGISTER MACHINE (CRM)/POINT OF SALES SYSTEM (POS)**
22 **MACHINES TO THE BIR’S ELECTRONIC SALES REPORTING SYSTEM. –**
23 **ANY TAXPAYER REQUIRED BY RULES AND REGULATIONS TO TRANSMIT**
24 **SALES DATA TO THE BUREAU’S ELECTRONIC SALES REPORTING**
25 **SYSTEM BUT FAILS TO DO SO, SHALL PAY, FOR EACH DAY OF**
26 **VIOLATION, A PENALTY AMOUNTING TO ONE-TENTH OF ONE PERCENT**
27 **(1/10 OF 1%) OF THE ANNUAL NET INCOME AS REFLECTED IN THE**
28 **TAXPAYER’S AUDITED FINANCIAL STATEMENT FOR THE SECOND YEAR**

1 PRECEDING THE CURRENT TAXABLE YEAR FOR EACH DAY OF VIOLATION
2 OR TEN THOUSAND PESOS (P10,000), WHICHEVER IS HIGHER; *PROVIDED*,
3 THAT SHOULD THE AGGREGATE NUMBER OF DAYS OF VIOLATION
4 EXCEED ONE-HUNDRED EIGHTY (180) DAYS WITHIN A TAXABLE YEAR, AN
5 ADDITIONAL PENALTY OF PERMANENT CLOSURE OF THE TAXPAYER
6 SHALL BE IMPOSED: *PROVIDED, FURTHER*, THAT IF THE FAILURE TO
7 TRANSMIT IS DUE TO FORCE MAJEURE OR ANY CAUSES BEYOND THE
8 CONTROL OF THE TAXPAYER THE PENALTY SHALL NOT APPLY.”

9 SEC. 75. A new section designated as Section 264-B under Chapter II, Title X of
10 the NIRC, as amended, is hereby inserted to read as follows:

11 “**SEC. 264-B. PURCHASE, USE, POSSESSION, SALE OR OFFER TO**
12 **SELL, INSTALLATION, TRANSFER, UPDATE, UPGRADE, KEEPING OR**
13 **MAINTAINING OF SALES SUPPRESSION DEVICES. – ANY PERSON WHO**
14 **SHALL SELL, INSTALL, TRANSFER, UPDATE, UPGRADE, KEEP, OR**
15 **MAINTAIN ANY SOFTWARE OR DEVICE DESIGNED FOR, OR IS CAPABLE**
16 **OF: (A) SUPPRESSING THE CREATION OF ELECTRONIC RECORDS OF**
17 **SALE TRANSACTIONS THAT A TAXPAYER IS REQUIRED TO KEEP UNDER**
18 **EXISTING TAX LAWS AND/OR REGULATIONS; OR (B) MODIFYING, HIDING,**
19 **OR DELETING ELECTRONIC RECORDS OF SALES TRANSACTIONS AND**
20 **PROVIDING A READY MEANS OF ACCESS TO THEM, SHALL BE PUNISHED**
21 **BY A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS**
22 **(P500,000) BUT NOT MORE THAN TEN MILLION PESOS (P10,000,000), AND**
23 **SUFFER IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS BUT NOT**
24 **MORE THAN FOUR (4) YEARS: *PROVIDED*, THAT A CUMULATIVE**
25 **SUPPRESSION OF ELECTRONIC SALES RECORD IN EXCESS OF THE**
26 **AMOUNT OF FIFTY MILLION PESOS (P50,000,000) SHALL BE CONSIDERED**
27 **AS ECONOMIC SABOTAGE AND SHALL BE PUNISHED IN THE MAXIMUM**
28 **PENALTY PROVIDED FOR UNDER THIS PROVISION.”**

29 SEC. 76. A new section designated as Section 265-A under Chapter II, Title X
30 of the NIRC, as amended, is hereby inserted to read as follows:

1 **“SEC. 265-A. OFFENSES RELATING TO FUEL MARKING. – ALL**
2 **OFFENSES RELATING TO FUEL MARKING SHALL, IN ADDITION TO THE**
3 **PENALTIES IMPOSED UNDER TITLE X OF THE NIRC, AS AMENDED,**
4 **SECTION 1401 OF REPUBLIC ACT NO. 10863, OTHERWISE KNOWN AS THE**
5 **CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA), AND OTHER**
6 **RELEVANT LAWS, BE PUNISHABLE AS FOLLOWS:**

7 **(A) ANY PERSON WHO IS FOUND TO BE ENGAGED IN THE SALE,**
8 **TRADE, DELIVERY, DISTRIBUTION OR TRANSPORTATION OF UNMARKED**
9 **FUEL IN COMMERCIAL QUANTITY HELD FOR DOMESTIC USE OR**
10 **MERCHANDISE SHALL, UPON CONVICTION, SUFFER THE PENALTIES OF:**

11 **(1) FOR THE FIRST OFFENSE, A FINE OF TWO MILLION**
12 **FIVE HUNDRED THOUSAND PESOS (P2,500,000);**

13 **(2) FOR THE SECOND OFFENSE, A FINE OF FIVE MILLION**
14 **PESOS (P5,000,000); AND**

15 **(3) FOR THE THIRD OFFENSE, A FINE OF TEN MILLION**
16 **PESOS (P10,000,000) AND REVOCATION OF LICENSE TO ENGAGE IN ANY**
17 **TRADE OR BUSINESS.**

18 **(B) ANY PERSON WHO CAUSES THE REMOVAL OF THE OFFICIAL**
19 **FUEL MARKING AGENT FROM MARKED FUEL, AND THE ADULTERATION**
20 **OR DILUTION OF FUEL INTENDED FOR SALE TO THE DOMESTIC MARKET,**
21 **OR THE KNOWING POSSESSION, STORAGE, TRANSFER OR OFFER FOR**
22 **SALE OF FUEL OBTAINED AS A RESULT OF SUCH REMOVAL,**
23 **ADULTERATION OR DILUTION SHALL BE PENALIZED IN THE SAME**
24 **MANNER AND EXTENT AS PROVIDED FOR IN THE PRECEDING**
25 **SUBSECTION.**

26 **(C) ANY PERSON WHO COMMITS ANY OF THE ACTS ENUMERATED**
27 **HEREUNDER SHALL, UPON CONVICTION, BE PUNISHED BY A FINE OF**
28 **NOT LESS THAN ONE MILLION PESOS (P1,000,000) BUT NOT MORE THAN**
29 **FIVE MILLION PESOS (P5,000,000), AND SUFFER IMPRISONMENT OF NOT**
30 **LESS THAN FOUR (4) YEARS BUT NOT MORE THAN EIGHT (8) YEARS:**

31 **(1) MAKING, IMPORTING, SELLING, USING OR POSSESSING**
32 **FUEL MARKERS WITHOUT EXPRESS AUTHORITY;**

1 (2) **MAKING, IMPORTING, SELLING, USING OR POSSESSING**
2 **COUNTERFEIT FUEL MARKERS; OR**

3 (3) **CAUSING ANOTHER PERSON OR ENTITY TO COMMIT**
4 **ANY OF THE TWO (2) PRECEEDING ACTS.**

5 (D) **ANY PERSON WHO WILLFULLY INSERTS, PLACES, ADDS OR**
6 **ATTACHES DIRECTLY OR INDIRECTLY, THROUGH ANY OVERT OR**
7 **COVERT ACT, WHATEVER QUANTITY OF ANY UNMARKED FUEL,**
8 **COUNTERFEIT ADDITIVE OR CHEMICAL IN THE PERSON, HOUSE,**
9 **EFFECTS, INVENTORY, OR IN THE IMMEDIATE VICINITY OF AN INNOCENT**
10 **INDIVIDUAL FOR THE PURPOSE OF IMPLICATING, INCRIMINATING OR**
11 **IMPUTING THE COMMISSION OF ANY VIOLATION OF THIS ACT SHALL,**
12 **UPON CONVICTION, BE PUNISHED BY A FINE OF NOT LESS THAN FIVE**
13 **MILLION PESOS (P5,000,000) BUT NOT MORE THAN TEN MILLION PESOS**
14 **(P10,000,000), AND SUFFER IMPRISONMENT OF NOT LESS THAN FOUR (4)**
15 **YEARS BUT NOT MORE THAN EIGHT (8) YEARS.**

16 (E) **ANY PERSON WHO IS AUTHORIZED, LICENSED OR ACCREDITED**
17 **UNDER THIS ACT AND ITS IMPLEMENTING RULES TO CONDUCT FUEL**
18 **TESTS, WHO ISSUES FALSE OR FRAUDULENT FUEL TEST RESULTS**
19 **KNOWINGLY, WILLFULLY OR THROUGH GROSS NEGLIGENCE, SHALL**
20 **SUFFER THE ADDITIONAL PENALTY OF IMPRISONMENT RANGING FROM**
21 **ONE (1) YEAR AND ONE (1) DAY TO TWO (2) YEARS AND SIX (6) MONTHS.**

22 **THE ADDITIONAL PENALTIES OF REVOCATION OF THE LICENSE TO**
23 **PRACTICE HIS/HER PROFESSION IN CASE OF A PRACTITIONER, AND THE**
24 **CLOSURE OF THE FUEL TESTING FACILITY, MAY ALSO BE IMPOSED AT**
25 **THE INSTANCE OF THE COURT.”**

26 SEC. 77. Section 288 of the NIRC, as amended, is hereby further amended
27 to read as follows:

28 “SEC. 288. *Disposition of Incremental Revenue.* –

29 (A) x x x

1 (B) x x x

2 (C) x x x

3 (D) x x x

4 (E) x x x

5 (F) **INCREMENTAL REVENUES FROM THE TAX REFORM FOR**
6 **ACCELERATION AND INCLUSION (TRAIN).** – FOR FIVE (5) YEARS FROM THE
7 EFFECTIVITY OF THIS ACT, THE YEARLY INCREMENTAL REVENUES
8 GENERATED SHALL BE AUTOMATICALLY APPROPRIATED AS FOLLOWS:
9 NOT MORE THAN SIXTY PERCENT (60%) TO INFRASTRUCTURE PROJECTS
10 SUCH AS BUT NOT LIMITED TO THE BUILD, BUILD, BUILD PROGRAM; NOT
11 MORE THAN TWENTY SEVEN PERCENT (27%) TO SOCIAL MITIGATING
12 MEASURES AND INVESTMENTS IN EDUCATION, HEALTH, TARGETED
13 NUTRITION, AND ANTI-HUNGER PROGRAMS FOR MOTHERS, INFANTS, AND
14 YOUNG CHILDREN, SOCIAL PROTECTION, EMPLOYMENT, AND HOUSING
15 THAT PRIORITIZE AND DIRECTLY BENEFIT BOTH THE POOR AND NEAR-
16 POOR HOUSHOLDS INCLUDING THE UNCONDITIONAL CASH TRANSFER TO
17 HOUSEHOLDS IN THE FIRST TO SEVENTH INCOME DECILES OF THE
18 NATIONAL HOUSEHOLD TARGETING SYSTEM FOR POVERTY REDUCTION
19 (NHTS-PR) FOR THE FIRST THREE (3) YEARS: *PROVIDED*, THAT THE
20 UNCONDITIONAL CASH TRANSFER SHALL BE THREE HUNDRED PESOS
21 (P300.00) PER MONTH FOR A PERIOD OF THREE (3) YEARS FORM THE
22 EFFECTIVITY OF THIS ACT AND NOT MORE THAN THIRTEEN PERCENT
23 (13%) TO THE MODERNIZATION PROGRAM OF THE ARMED FORCES OF THE
24 PHILIPPINES.

25 WITHIN SIXTY (60) DAYS FROM THE END OF THE THREE (3) YEAR
26 PERIOD FROM THE EFFECTIVITY OF THIS ACT, THE RESPECTIVE
27 IMPLEMENTING AGENCIES FOR THE ABOVE PROGRAMS SHALL SUBMIT
28 CORRESPONDING PROGRAM ASSESSMENTS TO THE COCTRIP. THE
29 NATIONAL EXPENDITURE PROGRAM FROM 2019 ONWARDS SHALL
30 PROVIDE LINE ITEMS THAT CORRESPOND TO THE ALLOCATIONS
31 MANDATED IN THE PROVISIONS ABOVE.

1 **AT THE END OF FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS**
2 **ACT, ALL EARMARKING PROVISIONS UNDER SUBSECTION (F), SHALL**
3 **CEASE TO EXIST AND ALL INCREMENTAL REVENUES DERIVED UNDER**
4 **THIS ACT SHALL ACCRUE TO THE GENERAL FUND OF THE GOVERNMENT.”**

5 SEC. 78. *Reportorial Requirements.* – The concerned departments,
6 agencies, and beneficiaries under Section 43 of this Act shall submit to the
7 President of the Senate of the Philippines, the Speaker of the House of
8 Representatives, the Senate Committee on Finance and the House Committee on
9 Appropriations a detailed report on the expenditure of the amounts earmarked
10 hereon copy furnished the Chairpersons of the Committee on Ways and Means of
11 both Houses of Congress. The report shall likewise be posted on the official
12 website of the agencies concerned.

13 SEC. 79. *Implementing Rules and Regulations.* – Within sixty (60) days from
14 the effectivity of this Act, the Secretary of Finance shall, upon the recommendation
15 of the Commissioner of Internal Revenue, promulgate the necessary rules and
16 regulations for its effective implementation: Provided, That, the failure of the
17 Secretary of Finance to promulgate the said rules and regulations shall not prevent
18 the implementation of this Act upon its effectivity.

19 SEC. 80. *Separability Clause.* – If any provision of this Act is subsequently
20 declared invalid or unconstitutional, the other provisions hereof which are not
21 affected thereby shall remain in full force and effect.

22 SEC. 81. *Repealing Clause.* – The following laws or provisions of laws are
23 hereby repealed and the persons and/or transactions affected herein are made
24 subject to the VAT provision of Title IV of the NIRC, as amended:

- 25 a) Section 13(1) and (2), insofar as VAT exemption is concerned, of
26 Presidential Decree No. (P.D.) 1869 s. 1983 providing for the franchise
27 and powers of the Philippine Amusement and Gaming Corporation;

- 1 b) Section 3 of P.D. 1972, s. 1985, as amended, Sections 4 and 5 of
2 Executive Order No. (E.O.) 1057, s. 1985, and Section 4 of E.O. 1064, s.
3 1985, insofar as the VAT tax exemption and tax credit is concerned;
- 4 c) Section 10, insofar as VAT exemption is concerned, of Republic Act No.
5 (R.A.) 6807 or An Act Converting the Mati Community College to Davao
6 Oriental State College of Science and Technology, Providing for a Charter
7 for this Purpose, Expanding its Curricular Offerings, Redirecting its
8 Objectives, and Appropriating Funds Therefor;
- 9 d) Sections 18 and 19, insofar as VAT exemption is concerned, of R.A. 6847
10 or The Philippine Sports Commission Act;
- 11 e) Section 8 (d) last paragraph, insofar as VAT exemption is concerned, of
12 R.A. 7278 or An Act Amending Commonwealth Act No. 111, as amended
13 by P.D. 460 or An Act to Create a Public Corporation to be known as the
14 Boy Scouts of the Philippines, and to Define its Powers and Purposes by
15 Strengthening the Volunteer and Democratic Character of the Boy Scouts
16 of the Philippines and for Other Purposes;
- 17 f) Section 1, insofar as VAT exemption is concerned, of R.A. 7291 or An Act
18 Restoring the Tax and Duty Incentives Previously Enjoyed by the
19 Veterans Federation of the Philippines under R.A. 2640;
- 20 g) Section 21, insofar as VAT exemption is concerned, of R.A. 7306 or the
21 Charter of the People's Television Network, Inc.;
- 22 h) Section 14, insofar as VAT exemption is concerned, of R.A. 7354 or the
23 Postal Service Act of 1992;
- 24 i) Section 9(c), insofar as VAT exemption is concerned, of R.A. 7355 or the
25 Manlilikha ng Bayan Act;
- 26 j) Section 21, insofar as VAT exemption is concerned, of R.A. 7356 or the
27 Law Creating the National Commission for Culture and the Arts;
- 28 k) Section 7(f), insofar as VAT exemption is concerned, of R.A. 7371 or An
29 Act Converting the Aklan Agricultural College into Aklan State College of
30 Agriculture, and Appropriating Funds Therefor;
- 31 l) Section 12 second sentence, insofar as VAT exemption is concerned, of
32 R.A. 7373 or An Act Establishing the Eastern Visayas Science High
33 School;

- 1 m) Section 11(j), insofar as VAT exemption is concerned, of R.A. 7605 or the
2 Charter of the Philippine State College of Aeronautics;
- 3 n) Section 126, insofar as VAT exemption is concerned, of R.A. 7653 or The
4 New Central Bank Act;
- 5 o) Section 14 insofar as VAT exemption is concerned, of R.A. 7875 or the
6 National Health Insurance Act of 1995;
- 7 p) Section 18, insofar as VAT exemption is concerned, and Section 18 last
8 paragraph of R.A. 7884 or the National Dairy Development Act of 1995;
- 9 q) Section 8, insofar as VAT exemption is concerned, R.A. 8160 or the Act
10 Granting the University of the Philippines a Franchise to Construct, Install,
11 Operate and Maintain for Educational and Other Related Purposes, Radio
12 and Television Broadcasting Stations Within the University of the
13 Philippines and in Such Other Areas Within the Scope of its Operation;
- 14 r) Sections 2 and 16, insofar as VAT exemption is concerned, of R.A. 8282
15 or The Social Security Act of 1997;
- 16 s) Section 39, insofar as VAT exemption is concerned, of R.A. 8291 or The
17 Government Service Insurance System Act of 1997;
- 18 t) Section 4 (c) and (f), insofar as VAT exemption is concerned, of R.A. 8292
19 or the Higher Education Modernization Act of 1997;
- 20 u) Section 25, insofar as VAT exemption is concerned, of R.A. 8492 or the
21 National Museum Act of 1998;
- 22 v) Section 3(h), insofar as VAT exemption is concerned, of R.A. 8502 or the
23 Jewelry Industry Development Act of 1998;
- 24 w) Article 65, insofar as VAT exemption and zero rating is concerned, of
25 regional or area headquarters and zero-rating of the sale or lease of
26 goods and property and the rendition of services to regional or area
27 headquarters, and Article 67, insofar as VAT exemption is concerned, of
28 R.A. 8756; Provided, That existing RHQs and ROHQs enjoying VAT
29 exemption and zero-rating at the time of the effectivity of TRAIN shall not
30 be affected;
- 31 x) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9045 or An
32 Act Creating the Batangas State University;

- 1 y) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9055 or An
2 Act Converting the Aklan State College of Agriculture into the Aklan State
3 University;
- 4 z) Section 13, insofar as VAT exemption is concerned, of R.A. 9083 or An
5 Act Establishing the Sta. Rosa Science and Technology High School in
6 Sta. Rosa, Laguna;
- 7 aa) Section 7(c) and (f), insofar as VAT exemption is concerned, of R.A. 9138
8 or An Act Establishing the Guimaras State College;
- 9 bb) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9141 or An
10 Act Converting the Negros Occidental Agricultural College into State
11 College to be known as the Negros Occidental Agricultural College;
- 12 cc) Section 16, insofar as VAT exemption is concerned, of R.A. 9497 or The
13 Civil Aviation Authority Act of 2008;
- 14 dd) Section 25 (b) and c, insofar as VAT exemption is concerned, and (d),
15 insofar as VAT zero-rating is concerned, of R.A. 9500 or the University of
16 the Philippines Charter of 2008;
- 17 ee) Section 25(b) and (c), insofar as VAT exemption concerned, and (d)
18 insofar as VAT zero-rating is concerned, of R.A. 9519 or An Act
19 Converting Mindanao Polytechnic State College into a State University to
20 be known as the Mindanao University of Science and Technology;
- 21 ff) Section 17(c), insofar as VAT exemption is concerned, of R.A. 3591,
22 otherwise known as the PDIC Charter, as amended by Section 8 of RA
23 9576 otherwise known as An Act Increasing the Maximum Deposit
24 Insurance Coverage, and in Connection Therewith, to Strengthen the
25 Regulatory and Administrative Authority, and Financial Capability of the
26 Philippine Deposit Insurance Corporation (PDIC), Amending for this
27 Purpose Republic Act Numbered Three Thousand Five Hundred Ninety-
28 One, as Amended, Otherwise Known as the PDIC Charter, and for other
29 Purposes;
- 30 gg) Sections 2 and 19, insofar as VAT exemption is concerned, of R.A. 9679
31 or An Act Further Strengthening the Home Development Mutual Fund, and
32 for other purposes;

- 1 hh) Section 23, insofar as VAT exemption is concerned of the National
2 Historical Commission of the Philippines, of R.A. 10086, or the
3 Strengthening Peoples' Nationalism Through Philippine History Act;
- 4 ii) Section 7(b) and (c), insofar as VAT exemption is concerned, and (d),
5 insofar as VAT zero-rating is concerned, of R.A. 9647 or The Philippine
6 Normal University Modernization Act of 2009;
- 7 jj) Section 17, insofar as VAT exemption is concerned, of R.A. 7898,
8 Establishing The Revised AFP Modernization Program And For Other
9 Purposes, as amended by R.A. 10349;
- 10 kk) Section 56, insofar as VAT exemption is concerned, of R.A. 10801 or the
11 Overseas Workers Welfare Administration Act.
- 12 ll) Section 9 (e)(2) and (j), with respect to VAT, of R.A. 7900 or The High
13 Value Crops Development Act of 1995;
- 14 mm) Section 24(e) of R.A. 10068 or The Organic Agriculture Act of 2010;
- 15 nn) Section 14(b), with respect to VAT, R.A. 7308 or The Seed Industry
16 Development Act of 1992;
- 17 oo) Section 35 (b)(c), with respect to VAT, of R.A. 8550 or The Philippine
18 Fisheries Code of 1998;
- 19 pp) Section 16(a) and (b), and Section 17 (a), with respect to VAT and excise
20 tax, of P.D. 972 s. 1976 or The Coal Development Act of 1976;
- 21 qq) Section 13, 2nd paragraph, with respect to VAT, of R.A. 10817 or The
22 Philippine Halal Export Development and Promotion Act of 2016;
- 23 rr) Section 9 (3) (4) (8), with respect to VAT, of R.A. 8479 or The Downstream
24 Oil Industry Deregulation Act of 1998;
- 25 ss) Section 6 (c)(d), with respect to VAT, of R.A. 7103 or The Iron and Steel
26 Industry Act;
- 27 tt) Section 10, with respect to VAT, of R.A. 7718 or An Act Amending R.A.
28 No. 6957;
- 29 uu) Section 26 (B) (3), with respect to VAT, of R.A. 9275 or The Philippine
30 Clean Water Act of 2004;
- 31 vv) Section 20 (d)(3) of R.A. 7279 or The Urban Development and Housing
32 Act of 1992;
- 33 ww) Section 20 (d)(3) of R.A. 10884 or An Act Strengthening the Balanced
34 Housing Development Program, Amending for the Purpose R.A. 7279, as

- 1 Amended, Otherwise Known as the Urban and Development Housing Act
2 of 1992;
- 3 xx) Section 14, with respect to VAT, of R.A. 8423 or The Traditional and
4 Alternative Medicines Act (TAMA) of 1997;
- 5 yy) Section 22(b) of R.A. 10747 or The Rare Diseases of the Philippines;
- 6 zz) Section 45 (a) (b) (c), with respect to VAT, of R.A. 9003 or The Ecological
7 Solid Waste Management Act of 2000;
- 8 aaa) Section 5(b), with respect to VAT, of R.A. 10771 or The Philippine
9 Green Jobs Act of 2016;
- 10 bbb) Section 6, with respect to VAT, of R.A. 7459 or The Investors and
11 Inventions Incentives Act of the Philippines;
- 12 ccc) Section 24, insofar as VAT exemption of foundations for scientific
13 advancements is concerned, of R.A. 2067, as amended, or The Science
14 Act of 1958; and
- 15 ddd) Section 9, with respect to VAT, of Republic Act No. 9511 or the
16 National Grid Corporation of the Philippines Act.

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

25 SEC. 82. *Effectivity*. – This Act shall take effect fifteen (15) days after its
26 complete publication in the *Official Gazette* or in at least two (2) newspapers of
27 general circulation.

Approved,