

17 SEP 20 P1:56

SENATE

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)

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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

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AN ACT

AMENDING SECTIONS 5, 6, 24, 25, 31, 34, 35, 51, 79, 84, 86, 89, 90, 97, 99, 100, 101, 106, 107, 108, 109, 112, 114, 116, 148, 149, 150, 151, 155, 171, 196, 232, 237, 249, 264, 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  
6           promoting sustainable economic growth;  
7           b. To provide, as much as possible, an equitable relief to a greater  
8           number of taxpayers and their families in order to improve levels of  
9           disposable income and increase economic activity; and  
10          c. To ensure that the government is able to provide for the needs of those  
11          under its jurisdiction and care through the provision of better

1 infrastructure, health, education, jobs, and social protection for the  
2 people.

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

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

(A) x x x;

11 (B) To obtain on a regular basis from any person other than the  
12 person whose internal revenue tax liability is subject to audit or  
13 investigation, or from any office or officer of the national and local  
14 governments, government agencies and instrumentalities, including [the  
15 Bangko Sentral ng Pilipinas] **GOVERNMENT FINANCIAL**  
16 **INSTITUTIONS** and government-owned or -controlled corporations, any  
17 **RELEVANT** information such as, but not limited to, costs and volume of  
18 production, receipts or sales and gross incomes of taxpayers, and the  
19 names, addresses, and financial statements of corporations, mutual fund  
20 companies, insurance companies, regional operating headquarters of  
21 multinational companies, joint accounts, associations, joint ventures or  
22 consortia and registered partnerships, and their members: **PROVIDED,**  
23 **THAT INFORMATION RELATING TO THE BANK ACCOUNTS OF**  
24 **TAXPAYERS SHALL ONLY BE DISCLOSED SUBJECT TO THE**  
25 **PROVISIONS IN THE SUCCEEDING SECTION: PROVIDED,**  
26 **FURTHER, THAT THE BUREAU OF INTERNAL REVENUE (BUREAU)**  
27 **AND OTHER NATIONAL GOVERNMENT AGENCIES, LOCAL**  
28 **GOVERNMENT UNITS (LGU), AND GOVERNMENT AGENCIES AND**  
29 **INSTRUMENTALITIES, INCLUDING GOVERNMENT FINANCIAL**



1 INSTITUTIONS (GFI) AND GOVERNMENT-OWNED OR -  
2 CONTROLLED CORPORATIONS (GOCC), SHALL ESTABLISH  
3 ELECTRONIC INTERCONNECTIVITY THAT WILL ALLOW  
4 EXCHANGE OF INFORMATION RELEVANT TO THE NEEDS OF  
5 EACH AGENCY AS DETERMINED UNDER JOINT RULES ISSUED  
6 BY THE HEADS OF THE SAID OFFICES AND THE SECRETARY OF  
7 FINANCE: *PROVIDED, FURTHER,* THAT IF THE DATA  
8 REQUIREMENTS CONSIST OF INFORMATION FOUND IN THE  
9 INCOME TAX RETURN OF TAXPAYERS, THE REQUIREMENTS  
10 UNDER SECTION 71 OF THE NATIONAL INTERNAL REVENUE  
11 CODE (NIRC), AS AMENDED, SHALL STILL BE COMPLIED WITH:  
12 *PROVIDED, FURTHER,* THAT THE COOPERATIVES DEVELOPMENT  
13 AUTHORITY (CDA) SHALL SUBMIT TO THE BUREAU A TAX  
14 INCENTIVE REPORT, WHICH SHALL INCLUDE INFORMATION ON  
15 THE INCOME TAX, VALUE-ADDED TAX AND OTHER TAX  
16 INCENTIVES AVAILED OF BY COOPERATIVES REGISTERED AND  
17 ENJOYING INCENTIVES UNDER REPUBLIC ACT NO. 6938, AS  
18 AMENDED, OTHERWISE KNOWN AS THE "COOPERATIVE CODE  
19 OF THE PHILIPPINES": *PROVIDED, FINALLY,* THAT THE  
20 INFORMATION SUBMITTED BY THE CDA TO THE BUREAU SHALL  
21 BE SUBMITTED TO THE DEPARTMENT OF FINANCE (DOF) AND  
22 SHALL BE INCLUDED IN THE DATABASE CREATED UNDER  
23 REPUBLIC ACT NO. 10708, OTHERWISE KNOWN AS THE "TAX  
24 INCENTIVES MANAGEMENT AND TRANSPARENCY ACT (TIMTA)";

x x x"

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

27 *"SEC. 6. Power of the Commissioner to Make Assessments and*  
28 *Prescribe Additional Requirements for Tax Administration and*  
29 *Enforcement. -*

1 (A). *Examination of Returns and Determination of Tax Due.* –

2 After a return has been filed as required under the provisions of this  
3 Code, the Commissioner or his duly authorized representative may  
4 authorize the examination of any taxpayer and the assessment of the  
5 correct amount of tax, **NOTWITHSTANDING ANY LAW REQUIRING**  
6 **THE PRIOR AUTHORIZATION OF ANY GOVERNMENT AGENCY OR**  
7 **INSTRUMENTALITY**: *Provided, however,* That failure to file a return  
8 shall not prevent the Commissioner from authorizing the examination of  
9 any taxpayer.

X X X

10 (B). *Authority of the Commissioner to Prescribe Real Property*

11 *Values.* - The Commissioner is hereby authorized to divide the  
12 Philippines into different zones or areas and shall, upon **MANDATORY**  
13 consultation with competent appraisers both from the private and public  
14 sectors, **AND WITH PRIOR NOTICE TO AFFECTED TAXPAYERS,**  
15 determine the fair market value of real properties located in each zone or  
16 area: **PROVIDED, THAT NO ADJUSTMENT IN ZONAL VALUATION**  
17 **SHALL BE VALID UNLESS PUBLISHED IN A NEWSPAPER OF**  
18 **GENERAL CIRCULATION IN THE PROVINCE, CITY OR**  
19 **MUNICIPALITY CONCERNED, OR IN THE ABSENCE THEREOF,**  
20 **SHALL BE POSTED IN THE PROVINCIAL CAPITOL, CITY OR**  
21 **MUNICIPAL HALL AND IN TWO (2) OTHER CONSPICUOUS PUBLIC**  
22 **PLACES THEREIN: PROVIDED, FURTHER, THAT SUCH**  
23 **VALUATION SHALL BE AUTOMATICALLY ADJUSTED ONCE**  
24 **EVERY THREE (3) YEARS THROUGH RULES AND REGULATIONS**  
25 **ISSUED BY THE SECRETARY OF FINANCE BASED ON THE**  
26 **CURRENT PHILIPPINE VALUATION STANDARDS: PROVIDED,**  
27 **FINALLY, THAT THE BASIS OF ANY VALUATION, INCLUDING THE**  
28 **RECORDS OF CONSULTATIONS DONE, SHALL BE PUBLIC**  
29 **RECORDS OPEN TO THE INQUIRY OF ANY TAXPAYER.** For  
30 purposes of computing any internal revenue tax, the value of the  
31 property shall be, whichever is the higher of:



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

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

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

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

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

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

27 (3) A specific taxpayer or taxpayers, **UPON AN**  
28 **OBLIGATION TO EXCHANGE TAX INFORMATION WITH A**  
29 **FOREIGN TAX AUTHORITY, WHETHER ON REQUEST OR**  
30 **AUTOMATIC,** [subject of a request for the supply of tax  
31 information from a foreign tax authority] pursuant to an  
32 international convention or agreement on tax matters to which

1 the Philippines is a signatory or a party of: *Provided*, That the  
2 information obtained from the banks and other financial  
3 institutions may be used by the Bureau of Internal Revenue for  
4 tax assessment, verification, audit and enforcement purposes.

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

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

X X X

20 The term "foreign tax authority", as used herein, shall refer to the  
21 tax authority or tax administration of the requesting State under the tax  
22 treaty or convention to which the Philippines is a signatory or a party of.

23 **(4) ANY TAXPAYER UPON ORDER OF ANY COURT OF**  
24 **COMPETENT JURISDICTION IN CASES INVOLVING OFFENSES**  
25 **COVERED UNDER SECTIONS 254 AND 255 OF THE NIRC, AS**  
26 **AMENDED, SUBJECT TO RULES AND REGULATIONS**  
27 **PRESCRIBED BY THE SECRETARY OF FINANCE UPON**

1 RECOMMENDATION OF THE COMMISSIONER OF INTERNAL  
2 REVENUE.

(G) x x x

x x x<sup>7</sup>

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

5 "SEC. 24. *Income Tax Rates.* –

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

(1) x x x

x x x

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

11	[Not over P10,000	5.00%
12	Over P10,000 but not over P30,000	P500 + 10% of the excess over P10,000
13	Over P30,000 but not over P70,000	P2,500 + 15% of the excess over P30,000
14	Over P70,000 but not over P140,000	P8,500 + 20% of the excess over P70,000
15	Over P140,000 but not over P250,000	P22,500 + 25% of the excess over P140,000
16	Over P250,000 but not over P500,000	P50,000 + 30% of the excess over P250,000
17	Over P500,000	P125,000 + 32% of the excess over P500,000]

18



1 (A) ON COMPENSATION INCOME EARNERS. – TAX  
2 SCHEDULE EFFECTIVE JANUARY 1, 2018, 2019 AND 2020:

3 NOT OVER P150,000	0%
4 OVER P150,000 BUT NOT OVER P250,000	15% OF THE EXCESS OVER
5	P150,000
6 OVER P250,000 BUT NOT OVER P400,000	P15,000 + 20% OF THE
7	EXCESS OVER P250,000
8 OVER P400,000 BUT NOT OVER P800,000	P45,000 + 25% OF THE
9	EXCESS OVER P400,000
10 OVER P800,000 BUT NOT OVER P2,000,000	P145,000 + 30% OF THE
11	EXCESS OVER P800,000
12 OVER P2,000,000	P505,000 + 32% OF THE
13	EXCESS OVER P2,000,000

14 PROVIDED, THAT BEGINNING 2021 AND EVERY THREE (3)  
15 YEARS THEREAFTER, THE TAXABLE INCOME LEVELS AND BASE IN  
16 THE ABOVE SCHEDULE SHALL AUTOMATICALLY BE ADJUSTED  
17 UPWARD TO ITS PRESENT VALUE USING THE CUMULATIVE  
18 CONSUMER PRICE INDEX (CPI), AS PUBLISHED BY THE PHILIPPINE  
19 STATISTICS AUTHORITY (PSA), THROUGH RULES AND  
20 REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

X X X

21 (B) RATE OF TAX FOR PURELY SELF-EMPLOYED AND/OR  
22 PROFESSIONALS. – SELF-EMPLOYED INDIVIDUALS AND  
23 PROFESSIONALS ENGAGED IN THE EXERCISE OF THEIR  
24 PROFESSION SHALL, AT THEIR OPTION, BE SUBJECT TO EITHER OF  
25 THE FOLLOWING TAXES:

- 26 1. EIGHT PERCENT (8%) ON GROSS SALES OR RECEIPTS AND  
27 OTHER NON-OPERATING INCOME IN EXCESS OF THE INCOME  
28 SUBJECT TO ZERO PERCENT UNDER SECTION 24(A)(2)(A); OR



1           2. THE RATES PRESCRIBED UNDER SUBSECTION 2(A) OF THIS  
2           SECTION ON TAXABLE INCOME.

3           (C) *RATE OF TAX FOR MIXED INCOME EARNERS.* –  
4           TAXPAYERS EARNING BOTH COMPENSATION INCOME AND INCOME  
5           FROM BUSINESS OR PRACTICE OF PROFESSION SHALL BE  
6           SUBJECT TO THE FOLLOWING TAXES:

- 7           1. THE RATES PRESCRIBED UNDER SUBSECTION 2(A) OF THIS  
8           SECTION FOR INCOME FROM COMPENSATION; AND  
9           2. THE RATES PRESCRIBED UNDER SUBSECTION 2(A) OF THIS  
10          SECTION ON TAXABLE INCOME OR EIGHT PERCENT (8%) TAX  
11          BASED ON GROSS SALES OR RECEIPTS AND OTHER NON-  
12          OPERATING INCOME FOR INCOME FROM BUSINESS OR  
13          PRACTICE OF PROFESSION IN EXCESS OF THE INCOME  
14          SUBJECT TO ZERO PERCENT TAX, AT THE OPTION OF THE  
15          TAXPAYER.

16          WITH RESPECT TO THE INCOME FROM BUSINESS OR  
17          PRACTICE OF PROFESSION, THE TAXPAYERS WHO ARE PURELY  
18          SELF-EMPLOYED AND/OR PROFESSIONALS OR MIXED INCOME  
19          EARNERS SHALL SIGNIFY IN THE TAX RETURN THE CHOICE TO BE  
20          SUBJECT TO THE EIGHT PERCENT (8%) TAX OR TO BE TAXED  
21          BASED ON THEIR TAXABLE INCOME UNDER SUBSECTION (2)(A).  
22          UNLESS THE TAXPAYER SIGNIFIES IN THE RETURN THE INTENTION  
23          TO ELECT THE EIGHT PERCENT (8%) TAX, THE TAXPAYER SHALL BE  
24          CONSIDERED AS HAVING AVAILED OF THE TAX PROVIDED IN  
25          SUBSECTION (2)(A) OF THIS SECTION: *PROVIDED*, THAT AN  
26          ELECTION MADE UNDER THIS SUBSECTION SHALL BE  
27          IRREVOCABLE FOR A PERIOD OF THREE (3) YEARS FROM THE  
28          TAXABLE YEAR THE ELECTION WAS MADE.

29

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

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

x x x

27 (2) *Cash and/or Property Dividends.* – A final tax **AT THE RATE OF**  
28 **TWENTY PERCENT (20%)** [at the following rates] shall be imposed upon the  
29 cash and/or property dividends actually or constructively received by an  
30 individual from a domestic corporation or from a joint stock company,  
31 insurance or mutual fund companies and regional operating headquarters of  
32 multinational companies, or on the share of an individual in the distributable



1 net income after tax of a partnership (except a general professional  
2 partnership) of which he is a partner, or on the share of an individual in the net  
3 income after tax of an association, a joint account, or a joint venture or  
4 consortium taxable as a corporation of which he is a member or co-venturer.]:

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

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

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

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

12 (C) *Capital Gains from Sale of Shares of Stock not Traded in the Stock*  
13 *Exchange.* – The provisions of Section 39(B) notwithstanding, a final tax at  
14 the rate[s prescribed below] **OF TWENTY PERCENT (20%)** is hereby  
15 imposed upon the net capital gains realized during the taxable year from the  
16 sale, barter, exchange or other disposition of shares of stock in a domestic  
17 corporation, except 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"

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

20 "SEC. 25. *Tax on Nonresident Alien Individual.* –

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

x x x

1 (F) THE PREFERENTIAL TAX TREATMENT PROVIDED IN  
2 SUBSECTIONS (C), (D), AND (E) OF THIS SECTION SHALL NOT BE  
3 APPLICABLE TO INDIVIDUALS EMPLOYED BY REGIONAL  
4 HEADQUARTERS (RHQS), REGIONAL OPERATING HEADQUARTERS  
5 (ROHQS), OFFSHORE BANKING UNITS (OBUS) OR PETROLEUM  
6 SERVICE CONTRACTORS AND SUBCONTRACTORS BEGINNING  
7 JANUARY 1, 2018: *PROVIDED, HOWEVER*, THAT EMPLOYEES  
8 ENJOYING THIS PREFERENTIAL TAX TREATMENT PRIOR TO  
9 JANUARY 1, 2018 SHALL CONTINUE TO DO SO UNTIL THE END OF  
10 THEIR CURRENT EMPLOYMENT."

11 **SEC. 7.** Section 31 of the NIRC, as amended, is hereby further amended to  
12 read as follows:

13 "SEC. 31. *Taxable Income Defined.* – The term "taxable income"  
14 means the pertinent items of gross income specified in this Code, less [the]  
15 deductions and/or [personal and] additional exemptions, if any, authorized  
16 for such types of income by this Code or other special laws."

17 **SEC. 8.** Section 34 of the NIRC, as amended, is hereby further amended to  
18 read as follows:

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

26 (A) x x x  
x x x

27 (L) *Optional Standard Deduction (OSD).* – In lieu of the deductions  
28 allowed under the preceding Subsections, an individual subject to tax under  
29 SectionS 24(A)(2)(B), AND 26, other than a nonresident alien, [may elect a



1 standard deduction in an amount not exceeding forty percent (40%) of his  
2 gross sales or gross receipts, as the case may be. In the case of] **A**  
3 **GENERAL PROFESSIONAL PARTNERSHIP OR ANY OF ITS MEMBERS**  
4 **UNDER SECTION 26 AND** a corporation subject to tax under Sections  
5 27(A) and 28(A)(1), [it] may elect a standard deduction in an amount not  
6 exceeding forty percent (40%) of its gross income as defined in Section 32 of  
7 this Code. Unless the taxpayer signifies in his return his intention to elect the  
8 optional standard deduction, he shall be considered as having availed  
9 himself of the deductions allowed in the preceding Subsections. Such  
10 election when made in the return shall be irrevocable for the taxable year for  
11 which the return is made: *Provided*, That an individual who is entitled to and  
12 claimed for the optional standard deduction shall not be required to submit  
13 with his tax return such financial statements otherwise required under this  
14 Code: **PROVIDED, FURTHER, A GENERAL PROFESSIONAL**  
15 **PARTNERSHIP AND THE PARTNERS COMPRISING SUCH**  
16 **PARTNERSHIP MAY AVAIL OF THE OPTIONAL STANDARD**  
17 **DEDUCTION ONLY ONCE, EITHER BY THE GENERAL PROFESSIONAL**  
18 **PARTNERSHIP OR THE PARTNERS COMPRISING THE PARTNERSHIP:**  
19 *Provided, [further] FINALLY*, That except when the Commissioner otherwise  
20 permits, the said individual shall keep such records pertaining to his gross  
21 sales or gross receipts, or the said corporation shall keep such records  
22 pertaining to his gross income as defined in Section 32 of this Code during  
23 the taxable year, as may be required by the rules and regulations  
24 promulgated by the Secretary of Finance, upon recommendation of the  
25 Commissioner.

26 (M) *Premium Payments on Health and/or Hospitalization Insurance of*  
27 *an Individual Taxpayer.* - The amount of premiums not to exceed [Two  
28 thousand four hundred] **SIX THOUSAND** pesos [(P2,400)] **(P6,000)** per  
29 family or [Two] **FIVE** hundred pesos [(P200)] **(P500)** a month paid during the  
30 taxable year for health and/or hospitalization insurance taken by the taxpayer  
31 for himself, including his family, shall be allowed as a deduction from his  
32 gross income: *Provided*, That said family has a gross income of not more  
33 than [Two hundred fifty] **FIVE HUNDRED** thousand pesos [(P250,000)]

1 (P500,000) for the taxable year: *Provided*, [finally] **FURTHER**, That in the  
2 case of married taxpayers, only the spouse claiming the additional exemption  
3 for dependents shall be entitled to this deduction[.]; **PROVIDED, THAT**  
4 **BEGINNING 2021 AND EVERY THREE (3) YEARS THEREAFTER, THE**  
5 **AMOUNT OF PREMIUMS AND THE FAMILY GROSS INCOME HEREIN**  
6 **PROVIDED SHALL AUTOMATICALLY BE ADJUSTED UPWARD TO ITS**  
7 **PRESENT VALUE USING THE CUMULATIVE CONSUMER PRICE INDEX**  
8 **(CPI), AS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY**  
9 **(PSA), THROUGH RULES AND REGULATIONS TO BE ISSUED BY THE**  
10 **SECRETARY OF FINANCE.**

x x x"

11 **SEC. 9.** Section 35 of the NIRC, as amended, is hereby further amended to  
12 read as follows:

13 "SEC. 35. [Allowance of Personal] **ADDITIONAL ExemptionS** for  
14 *Individual Taxpayer.* -

15 [(A) In General. - For purposes of determining the tax provided in  
16 Section 24 (A) of this Title, there shall be allowed a basic personal exemption  
17 amounting to Fifty Thousand Pesos (P50,000) for each individual taxpayer.

18 In the case of married individuals where only one of the spouses is  
19 deriving gross income, only such spouse shall be allowed the personal  
20 exemption.]

21 [(B)] **(A) Additional Exemption for Dependents.** - There shall be  
22 allowed an **ANNUAL** additional exemption of Twenty-five thousand pesos  
23 (P25,000) for each dependent not exceeding four (4): **PROVIDED, THAT**  
24 **BEGINNING 2021, THE ADDITIONAL EXEMPTION SHALL**  
25 **AUTOMATICALLY BE ADJUSTED UPWARD TO ITS PRESENT VALUE**  
26 **USING THE CUMULATIVE CONSUMER PRICE INDEX (CPI), AS**  
27 **PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA),**  
28 **THROUGH RULES AND REGULATIONS TO BE ISSUED BY THE**  
29 **SECRETARY OF FINANCE.**



X X X

1 In the case of [legally] separated spouses, additional exemptions may  
2 be claimed only by the spouse who has custody of the child or children:  
3 *Provided*, That the total amount of additional exemptions that may be claimed  
4 by both shall not exceed the maximum additional exemptions herein allowed.

X X X

5 [(C)] (B) *Change of Status.* - x x x

X X X

6 [(D)] (C) *Personal Exemption Allowable to Nonresident Alien*  
7 *Individual.* - x x x"

8 **SEC. 10.** Section 51 of the NIRC, as amended, is hereby further amended to  
9 read as follows:

10 \*SEC. 51. *Individual Return.* -

(A) x x x

(1) x x x

X X X

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

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

X X X"

1           **SEC. 11.** Section 79 of the NIRC, as amended, is hereby further amended to  
2 read as follows:

3           \*SEC. 79. *Income Tax Collected at Source.* –

4           (A) x x x;

          x x x;

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

          x x x\*

6           **SEC. 12.** Section 84 of the NIRC, as amended, is hereby further amended to  
7 read as follows:

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

14           [If the net estate is:

15	Over	But Not Over	The Tax Shall Be Plus	Of the Excess Over
16		P200,000	Exempt	
17	P200,000	500,000	0	5% P200,000
18	500,000	2,000,000	P15,000	8% 500,000
19	2,000,000	5,000,000	135,000	11% 2,000,000
20	5,000,000	10,000,000	465,000	15% 5,000,000
21	10,000,000	And Over	1,215,000	20% 10,000,000

22           **SEC. 13.** Section 86 of the NIRC, as amended, is hereby further amended to  
23 read as follows:

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



1           “(A) *Deductions Allowed to the Estate of a Citizen or a Resident.* –

2 In the case of a citizen or resident of the Philippines, by deducting from the  
3 value of the gross estate –

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

5           (a) For actual funeral expenses or in an amount equal to five percent  
6           (5%) of the gross estate, whichever is lower, but in no case to exceed  
7           Two hundred thousand pesos (P200,000);

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

9 **(1) Standard Deduction.** - An amount equivalent to [One] **FIVE** million pesos  
10 (P[1]5, 000,000): **PROVIDED, THAT BEGINNING 2023 AND EVERY FIVE**  
11 **(5) YEARS THEREAFTER, THE STANDARD DEDUCTION SHALL SHALL**  
12 **AUTOMATICALLY BE ADJUSTED UPWARD TO ITS PRESENT VALUE**  
13 **USING THE CUMULATIVE CONSUMER PRICE INDEX (CPI), AS**  
14 **PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA),**  
15 **THROUGH RULES AND REGULATIONS TO BE ISSUED BY THE**  
16 **SECRETARY OF FINANCE.**

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

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

24 **[(e)] (4)** For unpaid mortgages upon, or any indebtedness in respect to,  
25 property where the value of decedent's interest therein, undiminished by such  
26 mortgage or indebtedness, is included in the value of the gross estate, but not  
27 including any income tax upon income received after the death of the  
28 decedent, or property taxes not accrued before his death, or any estate tax.

29 The deduction herein allowed in the case of claims against the estate, unpaid  
30 mortgages or any indebtedness shall, when founded upon a promise or  
31 agreement, be limited to the extent that they were contracted bona fide and  
32 for an adequate and full consideration in money or money's worth. There shall  
33 also be deducted losses incurred during the settlement of the estate arising  
34 from fires, storms, shipwreck, or other casualties, or from robbery, theft or

1 embezzlement, when such losses are not compensated for by insurance or  
2 otherwise, and if at the time of the filing of the return such losses have not  
3 been claimed as a deduction for the income tax purposes in an income tax  
4 return, and provided that such losses were incurred not later than the last day  
5 for the payment of the estate tax as prescribed in Subsection (A) of Section  
6 91.]

7 ~~[(2)] (5) Property Previously Taxed. - x x x~~

8 ~~[(3)] (6) Transfers for Public Use. - x x x~~

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

15 ~~[(5)(6) Standard Deduction. - An amount equivalent to One million pesos  
16 (P1, 000,000).]~~

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

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

25 ~~(8) THE FAMILY FARM. - AN AMOUNT EQUIVALENT TO THE CURRENT  
26 FAIR MARKET VALUE OF THE DECEDENT'S FAMILY FARM UP TO  
27 THREE (3) HECTARES OF AGRICULTURAL LAND, WHICH MAY COVER  
28 A CONTIGUOUS TRACT OF LAND OR CUMULATED SEVERAL  
29 PARCELS OF LAND, SUBJECT TO THE FOLLOWING CONDITIONS:~~

30 ~~(A) MUST BE OWNED, OCCUPIED, AND USED FOR THREE (3) YEARS  
31 PRIOR TO DEATH OF THE DECEDENT. THE FARM MUST HAVE  
32 BEEN OWNED AND ACTUALLY TILLED OR DIRECTLY MANAGED BY  
33 THE DECEDENT FOR THREE (3) YEARS PRIOR TO DEATH.~~



1 (B) MUST PASS TO OR BE ACQUIRED BY AN HEIR WHO MUST  
2 CONTINUE TO TILL OR DIRECTLY MANAGE THE LAND FOR  
3 AGRICULTURAL PURPOSES FOR THREE (3) YEARS FROM DEATH  
4 OF THE DECEDENT.

5 (C) MUST NOT BE TRANSFERRED, SOLD OR CONVERTED FOR THREE  
6 (3) YEARS FROM DEATH OF THE DECEDENT. THE LAND ACQUIRED  
7 BY THE HEIR MAY NOT BE SOLD, TRANSFERRED OR CONVEYED  
8 EXCEPT THROUGH HEREDITARY SUCCESSION OR DONATION TO  
9 ANOTHER HEIR, OR TO THE GOVERNMENT FOR A PERIOD OF  
10 THREE (3) YEARS FOLLOWING THE DECEDENT'S DEATH. IT MAY  
11 ALSO NOT BE CONVERTED TO RESIDENTIAL, COMMERCIAL OR  
12 INDUSTRIAL FOR THE SAME PERIOD.

13 THE GOVERNMENT COULD RECAPTURE ALL THE ESTATE TAXES  
14 NOT PAID IF THE PROPERTY CEASES TO BE USED FOR  
15 AGRICULTURAL PURPOSES OR IS SOLD, TRANSFERRED,  
16 CONVEYED, OR CONVERTED AT ANY POINT WITHIN THE THREE (3)  
17 YEAR PERIOD.

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

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

26 *"[(2)](1) Property Previously Taxed. – x x x*

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

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

2           “(D) *Miscellaneous Provisions.* – x x x

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

4           **SEC. 14.** Section 89 of the NIRC, as amended, is hereby repealed.

5           **SEC. 15.** Section 90 of the NIRC, as amended, is hereby further amended to  
6 read as follows:

7           “SEC. 90. *Estate Tax Returns.* – In all cases of transfers subject to the  
8 tax imposed herein, or where, though exempt from tax, the gross value of the  
9 estate exceeds Two hundred thousand pesos (P200,000), or regardless of the  
10 gross value of the estate, where the said estate consists of registered or  
11 registrable property such as real property, motor vehicle, shares of stock or  
12 other similar property for which a clearance from the Bureau of Internal  
13 Revenue is required as a condition precedent for the transfer of ownership  
14 thereof in the name of the transferee, the executor, or the administrator, or  
15 any of the legal heirs, as the case may be, shall file a return under oath in  
16 duplicate, setting forth:

17           (A) *Requirements.* –

18           (1) x x x

19           x x x

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

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

x x x



1 (B) *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  
3 the preceding Subsection (A) shall be filed within [six (6) months] **ONE YEAR**  
4 from the decedent's death.

x x x

5 **SEC. 16.** Section 97 of the NIRC, as amended, is hereby further amended to  
6 read as follows:

7 "SEC. 97. *Payment of Tax Antecedent to the Transfer of Shares,*  
8 *Bonds or Rights.* - xxx.

9 If a bank has knowledge of the death of a person, who maintained a  
10 bank deposit account alone, or jointly with another, it shall not allow any  
11 withdrawal from the said deposit account, unless the Commissioner has  
12 certified that the taxes imposed thereon by this Title have been paid:  
13 Provided, however, That the administrator of the estate or any one (1) of the  
14 heirs of the decedent may, upon authorization by the Commissioner, withdraw  
15 an amount not exceeding [Twenty thousand pesos (P20,000)] **FIVE**  
16 **HUNDRED THOUSAND PESOS (P500,000.00)** without the said certification.  
17 For this purpose, all withdrawal slips shall contain a statement to the effect  
18 that all of the joint depositors are still living at the time of withdrawal by any  
19 one of the joint depositors and such statement shall be under oath by the said  
20 depositors."

21 **SEC. 17.** Section 99 of the NIRC, as amended, is hereby further amended to  
22 read as follows:

23 "SEC. 99. *Rate[s] of Tax Payable by Donor.* -

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

1 [If the net gift is:

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

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

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

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

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

21 **SEC. 18.** Section 100 of the NIRC, as amended, is hereby further amended to  
22 read as follows:

23 "SEC. 100. *Transfer for Less Than Adequate and Full Consideration.* -  
24 Where property, other than real property referred to in Section 24(D) is  
25 transferred for less than an adequate and full consideration in money or  
26 money's worth, then the amount by which the fair market value of the property  
27 exceeded the value of the consideration shall, for the purpose of the tax  
28 imposed by this Chapter, be deemed a gift, and shall be included in  
29 computing the amount of gifts made during the calendar year[.]; **PROVIDED,**  
30 **HOWEVER, THAT A SALE, EXCHANGE, OR OTHER TRANSFER OF**



1 PROPERTY MADE IN THE ORDINARY COURSE OF BUSINESS (A  
2 TRANSACTION WHICH IS A *BONA FIDE*, AT ARM'S LENGTH, AND FREE  
3 FROM ANY DONATIVE INTENT), WILL BE CONSIDERED AS MADE FOR  
4 AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S  
5 WORTH."

6 SEC. 19. Section 101 of the NIRC, as amended, is hereby further amended to  
7 read as follows:

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

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

11 ~~[(1) Dowries or gifts made on account of marriage and before its~~  
12 ~~celebration or within one year thereafter by parents to each of their~~  
13 ~~legitimate, recognized natural, or adopted children to the extent of the first~~  
14 ~~Ten thousand pesos (P10,000);]~~

15 ~~[(2)]~~ (1) Gifts made to or for the use of the National Government or any  
16 entity created by any of its agencies which is not conducted for profit, or to  
17 any political subdivision of the said Government; and

18 ~~[(3)]~~ (2) Gifts in favor of an educational and/or charitable, religious, cultural  
19 or social welfare corporation, institution, accredited nongovernment  
20 organization, trust or philanthropic organization or research institution or  
21 organization: Provided, however, That not more than thirty percent (30%) of  
22 said gifts shall be used by such donee for administration purposes. For the  
23 purpose of this exemption, a 'non-profit educational and/or charitable  
24 corporation, institution, accredited nongovernment organization, trust or  
25 philanthropic organization and/or research institution or organization' is a  
26 school, college or university and/or charitable corporation, accredited  
27 nongovernment organization, trust or philanthropic organization and/or  
28 research institution or organization, incorporated as a non-stock entity,  
29 paying no dividends, governed by trustees who receive no compensation,  
30 and devoting all its income, whether students' fees or gifts, donation,  
31 subsidies or other forms of philanthropy, to the accomplishment and  
32 promotion of the purposes enumerated in its Articles of Incorporation.

x x x

1           **SEC. 20.** Section 106 of the NIRC, as amended, is hereby further amended to  
2 read as follows:

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

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

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

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

(1) x x x

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

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

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



1                   (2) THE SALE AND ACTUAL SHIPMENT OF GOODS TO SPECIAL  
2 ECONOMIC ZONES AND FREEPORT ZONES;

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

10  
11                   [[3)](4) Sale of raw materials or packaging materials to export-  
12 oriented enterprise whose export sales exceed seventy percent (70%) of  
13 total annual production;

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

16  
17                   [[5)] (5) Those considered export sales under Executive Order No.  
18 226, otherwise known as the Omnibus Investment Code of 1987, and other  
19 special laws; and

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

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

31                   1. THE SUCCESSFUL ESTABLISHMENT AND  
32 IMPLEMENTATION OF AN ENHANCED VAT REFUND SYSTEM THAT

1 GRANTS REFUNDS OF CREDITABLE INPUT TAX WITHIN NINETY (90)  
2 DAYS FROM THE FILING OF THE VAT REFUND APPLICATION WITH  
3 THE BUREAU: PROVIDED, THAT, TO DETERMINE THE EFFECTIVITY  
4 OF ITEM NO. 1, ALL APPLICATION FILED FROM JANUARY 1, 2018  
5 SHALL BE PROCESSED AND MUST BE DECIDED WITHIN NINETY (90)  
6 DAYS FROM THE FILING OF THE VAT REFUND APPLICATION;  
7

8 2. ALL PENDING VAT REFUND CLAIMS AS OF  
9 DECEMBER 31, 2018 SHALL BE FULLY PAID IN CASH.

10 PROVIDED, THAT, THE BUREAU SHALL BE REQUIRED TO  
11 SUBMIT TO THE CONGRESSIONAL OVERSIGHT COMMITTEE ON THE  
12 COMPREHENSIVE TAX REFORM PROGRAM (COCCTRP) A  
13 QUARTERLY REPORT OF ALL PENDING CLAIMS FOR REFUND.

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

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

25 (C) SALE OF GOLD TO THE *BANGKO SENTRAL NG PILIPINAS*  
26 (BSP).

x x x<sup>n</sup>

27



1           **SEC. 21.** Section 107 of the NIRC, as amended, is hereby further amended to  
2 read as follows:

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

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

16           (i) Value-added tax collection as a percentage of Gross Domestic  
17 Product (GDP) of the previous year exceeds two and four-fifth percent (2  
18 4/5%); or

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

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

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

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

26           (A) *Rate and Base of Tax.* – There shall be levied, assessed and  
27 collected, a value-added tax equivalent to [ten] **TWELVE** percent [(10%)]  
28 **(12%)** of gross receipts derived from the sale or exchange of services,  
29 including the use or lease of properties. [ *Provided,* That the President, upon  
30 the recommendation of the Secretary of Finance, shall, effective January 1,

1 2006, raise the rate of value-added tax to twelve percent (12%), after any of  
2 the following conditions has been satisfied:

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

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

x x x

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

(1) x x x

**(2) SERVICES RENDERED TO ENTITIES REGISTERED WITH THE  
SPECIAL ECONOMIC ZONES AND FREEPORT ZONES AUTHORITY;**

11 **[(2)] (3)** Services other than those mentioned in the preceding  
12 paragraph, rendered to a person engaged in business conducted outside the  
13 Philippines or to a nonresident person not engaged in business who is outside  
14 the Philippines when the services are performed, the consideration for which  
15 is paid for in acceptable foreign currency and accounted for in accordance  
16 with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

17 **[(3)] (4)** Services rendered to persons or entities whose exemption  
18 under special laws or international agreements to which the Philippines is a  
19 signatory effectively subjects the supply of such services to zero percent (0%)  
20 rate;

21 **[(4)] (5)** Services rendered to persons engaged in international  
22 shipping or international air transport operations, including leases of property  
23 for use thereof: **PROVIDED, THAT THESE SERVICES SHALL BE**  
24 **EXCLUSIVELY FOR INTERNATIONAL SHIPPING OR AIR TRANSPORT**  
25 **OPERATIONS;**



1            ~~[(5)]~~ (6) Services performed by subcontractors and/or contractors in  
2 processing, converting, or manufacturing goods for an enterprise whose  
3 export sales exceed seventy percent (70%) of total annual production;

4            ~~[(6)]~~ (7) Transport of passengers and cargo by **DOMESTIC** air or sea  
5 vessels from the Philippines to a foreign country; and

6            ~~[(7)]~~ (8) Sale of power or fuel generated through renewable sources  
7 of energy such as, but not limited to, biomass, solar, wind, hydropower,  
8 geothermal, ocean energy, and other emerging energy sources using  
9 technologies such as fuel cells and hydrogen fuels.

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

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

22           2.        **ALL PENDING VAT REFUND CLAIMS AS OF DECEMBER**  
23 **31, 2018 SHALL BE FULLY PAID IN CASH BY DECEMBER 31, 2018.**

24           **PROVIDED, THAT THE BUREAU SHALL BE REQUIRED TO**  
25 **SUBMIT TO THE COCCTRP A QUARTERLY REPORT OF ALL PENDING**  
26 **CLAIMS FOR REFUND."**

1           **SEC. 23.** Section 109 of the NIRC, as amended, is hereby further amended to  
2 read as follows:

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

**(A).** x x x

**(B).** x x x

**(C).** x x x

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

17           **(D). IMPORTATION OF PROFESSIONAL INSTRUMENTS**  
18 **AND IMPLEMENTS, TOOLS OF TRADE, OCCUPATION OR**  
19 **EMPLOYMENT, WEARING APPAREL, DOMESTIC ANIMALS,**  
20 **AND PERSONAL AND HOUSEHOLD EFFECTS BELONGING TO**  
21 **PERSONS COMING TO SETTLE IN THE PHILIPPINES OR**  
22 **FILIPINOS OR THEIR FAMILIES AND DESCENDANTS WHO ARE**  
23 **NOW RESIDENTS OR CITIZENS OF OTHER COUNTRIES, SUCH**  
24 **PARTIES HEREINAFTER REFERRED TO AS OVERSEAS**  
25 **FILIPINOS, IN QUANTITIES AND OF THE CLASS SUITABLE TO**  
26 **THE PROFESSION, RANK OR POSITION OF THE PERSONS**  
27 **IMPORTING SAID ITEMS, FOR THEIR OWN USE AND NOT FOR**  
28 **BARTER OR SALE, ACCOMPANYING SUCH PERSONS, OR**  
29 **ARRIVING WITHIN A REASONABLE TIME: PROVIDED, THAT**  
30 **THE BUREAU OF CUSTOMS MAY, UPON THE PRODUCTION OF**



1 SATISFACTORY EVIDENCE THAT SUCH PERSONS ARE  
2 ACTUALLY COMING TO SETTLE IN THE PHILIPPINES AND  
3 THAT THE GOODS ARE BROUGHT FROM THEIR FORMER  
4 PLACE OF ABODE, EXEMPT SUCH GOODS FROM PAYMENT  
5 OF DUTIES AND TAXES: *PROVIDED, FURTHER*, THAT  
6 VEHICLES, VESSELS, AIRCRAFTS, MACHINERIES AND OTHER  
7 SIMILAR GOODS FOR USE IN MANUFACTURE, SHALL NOT  
8 FALL WITHIN THIS CLASSIFICATION AND SHALL THEREFORE  
9 BE SUBJECT TO DUTIES, TAXES AND OTHER CHARGES;

X X X

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

25 (Q). Lease of a residential unit with a monthly rental not  
26 exceeding [Ten] **TWELVE** thousand **EIGHT HUNDRED** pesos  
27 [(P10,000)] **(12,800)**: *Provided*, That not later than January 31,  
28 [2009] **2021** and every three (3) years thereafter, the amount herein  
29 stated shall be adjusted to its present value using the Consumer  
30 Price Index, as published by the [National Statistics Office (NSO)]  
31 **PHILIPPINE STATISTICS AUTHORITY**;

X X X

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

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

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

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

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

27  
28 **SEC. 24.** Section 112 of the NIRC, as amended, is hereby further amended to  
29 read as follows:

30 "SEC. 112. *Refunds or Tax Credits of Input Tax.* -  
31 (A) x x x



x x x

1  
2 (C) Period within which Refund [or Tax Credit] of Input Taxes shall be  
3 Made. - In proper cases, the Commissioner shall grant a refund [or  
4 issue the tax credit certificate] for creditable input taxes within [one  
5 hundred twenty (120)] **NINETY (90)** days from the date of submission  
6 of complete documents in support of the application filed in  
7 accordance with Subsections (A) **AND (B)** hereof: **PROVIDED, THAT,**  
8 **SHOULD THE COMMISSIONER FIND THAT THE GRANT OF**  
9 **REFUND IS NOT PROPER, THE COMMISSIONER MUST STATE IN**  
10 **WRITING THE LEGAL AND FACTUAL BASIS FOR THE DENIAL.**

11 In case of full or partial denial of the claim for tax refund [or tax  
12 credit], or the failure on the part of the Commissioner to act on the  
13 application within the period prescribed above, the taxpayer affected  
14 may, within thirty (30) days from the receipt of the decision denying the  
15 claim or after the expiration of the [one hundred twenty] **NINETY** day-  
16 period, appeal the decision or the unacted claim with the Court of Tax  
17 Appeals.

x x x

18 **SEC. 25.** Section 114 of the NIRC, as amended, is hereby further amended to  
19 read as follows:

20 \*SEC. 114. *Return and Payment of Value-Added Tax.* -

21 (A) x x x

22 (B) x x x

23 (C) *Withholding of Value-added Tax.* - The Government or any of its  
24 political subdivisions, instrumentalities or agencies, including government-  
25 owned or -controlled corporations (GOCCs) shall, before making payment on  
26 account of each purchase of goods and services which are subject to the  
27 value-added tax imposed in Sections 106 and 108 of this Code, deduct and  
28 withhold the value-added tax imposed in Sections 106 and 108 of this Code,

1 deduct and withhold a final value-added tax at the rate of five percent (5%) of  
2 the gross payment thereof. *Provided*, That the payment for lease or use of  
3 properties or property rights to nonresident owners shall be subject to [ten]  
4 **TWELVE** percent [(10%)] **(12%)** withholding tax at the time of payment[.];  
5 **PROVIDED, HOWEVER, THAT PAYMENTS FOR PURCHASES OF**  
6 **GOODS AND SERVICES ARISING FROM PROJECTS FUNDED BY**  
7 **OFFICIAL DEVELOPMENT ASSISTANCE (ODA) AS DEFINED UNDER**  
8 **REPUBLIC ACT NO. 8182, OTHERWISE KNOWN AS THE "OFFICIAL**  
9 **DEVELOPMENT ASSISTANCE ACT OF 1996", AS AMENDED, SHALL**  
10 **NOT BE SUBJECT TO THE FINAL WITHHOLDING TAXES AS IMPOSED**  
11 **IN THIS SUBSECTION.** For purposes of this Section, the payor or person in  
12 control of the payment shall be considered as the withholding agent.

x x x"

13 **SEC. 26.** Section 116 of the NIRC, as amended, is hereby further amended to  
14 read as follows:

15 \*SEC. 116. *Tax on Persons Exempt from Value-added Tax (VAT).* –  
16 Any person whose sales or receipts are exempt under Section 109 [(V)] (Y)  
17 of this Code from the payment of value-added tax and who is not a VAT-  
18 registered person shall pay a tax equivalent to three percent (3%) of his  
19 gross quarterly sales or receipts. *Provided*, That **SELF-EMPLOYED AND**  
20 **PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS DO**  
21 **NOT EXCEED THE VAT THRESHOLD AND WHO OPT TO PAY THE**  
22 **EIGHT PERCENT (8%) TAX, AS WELL AS** cooperatives shall be exempt  
23 from the three percent (3%) gross receipts tax herein imposed."  
24



1           **SEC. 27.** Section 148 of the NIRC, as amended, is hereby further amended  
2 to read as follows:

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

7           **EFFECTIVE JANUARY 1, 2018**

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

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

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

26           (d) On denatured alcohol to be used for motive power, per liter of  
27 volume capacity, **[Five centavos (P0.05)] ONE PESO AND SEVENTY FIVE**  
28 **CENTAVOS (P1.75):** *Provided,* That unless otherwise provided by special  
29 laws, if the denatured alcohol is mixed with gasoline, the excise tax on which  
30 has already been paid, only the alcohol content shall be subject to the tax  
31 herein prescribed. For purposes of this Subsection, the removal of

1 denatured alcohol of not less than one hundred eighty degrees (180°) proof  
2 (ninety percent (90%) absolute alcohol) shall be deemed to have been  
3 removed for motive power, unless shown otherwise;

4 (e) Naphtha, regular gasoline, **PYROLYSIS GASOLINE** and other  
5 similar products of distillation, per liter of volume capacity, [Four pesos and  
6 thirty-five centavos (P4.35)] **SIX PESOS (P6.00)**. *Provided, however,* That  
7 naphtha **AND PYROLYSIS GASOLINE**, when used as a raw material in the  
8 production of petrochemical products or as replacement fuel for natural-gas-  
9 fired-combined cycle power plant[.] in lieu of locally-extracted natural gas  
10 during the non-availability thereof, subject to the rules and regulations to be  
11 promulgated by the Secretary of Energy, in consultation with the Secretary of  
12 Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That  
13 the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline,  
14 liquefied petroleum gases, and similar oils having more or less the same  
15 generating power, which are produced in the processing of naphtha into  
16 petrochemical products shall be subject to the applicable excise tax specified  
17 in this Section, except when such by-products are transferred to any of the  
18 local oil refineries through sale, barter or exchange, for the purpose of further  
19 processing or blending into finished products which are subject to excise tax  
20 under this Section;

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

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

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

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



1 (j) Liquefied petroleum gas, per liter OF VOLUME CAPACITY, [zero  
2 (P0.00)] ONE PESO (P1.00): *PROVIDED*, THAT LIQUEFIED PETROLEUM  
3 GAS WHEN USED AS RAW MATERIAL IN THE PRODUCTION OF  
4 PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND  
5 REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF  
6 ENERGY, IN CONSULTATION WITH THE SECRETARY OF FINANCE,  
7 SHALL BE TAXED ZERO (P0.00) PER LITER OF VOLUME CAPACITY:  
8 *Provided, FINALLY*, That liquefied petroleum gas used for motive power  
9 shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

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

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

19 EFFECTIVE JANUARY 1, 2019

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



1 REPROCESSED, REREFINED OR RECYCLED SHALL LIKEWISE BE  
2 SUBJECT TO THE TAX IMPOSED UNDER THIS SUBSECTION.

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

5 (C) WAXES AND PETROLATUM, PER KILOGRAM, EIGHT PESOS  
6 (P8.00);

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

19 (E) NAPHTHA, REGULAR GASOLINE, PYROLYSIS GASOLINE,  
20 AND OTHER SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF  
21 VOLUME CAPACITY, EIGHT PESOS (P8.00): *PROVIDED, HOWEVER*,  
22 THAT NAPHTHA AND PYROLYSIS GASOLINE, WHEN USED AS A RAW  
23 MATERIAL IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS OR  
24 AS REPLACEMENT FUEL FOR NATURAL-GAS-FIRED-COMBINED  
25 CYCLE POWER PLANT IN LIEU OF LOCALLY-EXTRACTED NATURAL  
26 GAS DURING THE NON-AVAILABILITY THEREOF, SUBJECT TO THE  
27 RULES AND REGULATIONS TO BE PROMULGATED BY THE  
28 SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY  
29 OF FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00):  
30 *PROVIDED, FURTHER*, THAT THE BY-PRODUCT INCLUDING FUEL OIL,  
31 DIESEL FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED  
32 PETROLEUM GASES AND SIMILAR OILS HAVING MORE OR LESS THE  
33 SAME GENERATING POWER, WHICH ARE PRODUCED IN THE  
34 PROCESSING OF NAPHTHA INTO PETROCHEMICAL PRODUCTS



1 SHALL BE SUBJECT TO THE APPLICABLE EXCISE TAX SPECIFIED IN  
2 THIS SECTION, EXCEPT WHEN SUCH BY-PRODUCTS ARE  
3 TRANSFERRED TO ANY OF THE LOCAL OIL REFINERIES THROUGH  
4 SALE, BARTER OR EXCHANGE, FOR THE PURPOSE OF FURTHER  
5 PROCESSING OR BLENDING INTO FINISHED PRODUCTS WHICH ARE  
6 SUBJECT TO EXCISE TAX UNDER THIS SECTION;

7 (F) UNLEADED PREMIUM GASOLINE, PER LITER OF VOLUME  
8 CAPACITY, EIGHT PESOS (P8.00);

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

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

16 (I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS HAVING  
17 MORE OR LESS THE SAME GENERATING POWER, PER LITER OF  
18 VOLUME CAPACITY, THREE PESOS AND SEVENTY FIVE CENTAVOS  
19 (P3.75);

20 (J) LIQUEFIED PETROLEUM GAS, PER LITER, TWO PESOS  
21 (P2.00): *PROVIDED*, THAT LIQUEFIED PETROLEUM GAS WHEN USED  
22 AS RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL  
23 PRODUCTS, SUBJECT TO THE RULES AND REGULATIONS TO BE  
24 PROMULGATED BY THE SECRETARY OF ENERGY, IN  
25 CONSULTATION WITH THE SECRETARY OF FINANCE, PER LITER OF  
26 VOLUME CAPACITY, ZERO (P0.00): *PROVIDED, FINALLY*, THAT  
27 LIQUEFIED PETROLEUM GAS USED FOR MOTIVE POWER SHALL BE  
28 TAXED AT THE EQUIVALENT RATE AS THE EXCISE TAX ON DIESEL  
29 FUEL OIL;

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

32 (L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS HAVING  
33 MORE OR LESS THE SAME GENERATING POWER, PER LITER OF  
34 VOLUME CAPACITY, THREE PESOS AND SEVENTY FIVE CENTAVOS

1 (P3.75): *PROVIDED, HOWEVER,* THAT THE EXCISE TAXES PAID ON  
2 THE PURCHASED BASESTOCK (BUNKER) USED IN THE  
3 MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART  
4 THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE  
5 THEREFROM.

6 EFFECTIVE JANUARY 1, 2020

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

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

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

25 (D) ON DENATURED ALCOHOL TO BE USED FOR MOTIVE  
26 POWER, PER LITER OF VOLUME CAPACITY, SIX PESOS (P6.00):  
27 *PROVIDED,* THAT UNLESS OTHERWISE PROVIDED BY SPECIAL  
28 LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH GASOLINE, THE  
29 EXCISE TAX ON WHICH HAS ALREADY BEEN PAID, ONLY THE  
30 ALCOHOL CONTENT SHALL BE SUBJECT TO THE TAX HEREIN  
31 PRESCRIBED. FOR PURPOSES OF THIS SUBSECTION, THE REMOVAL  
32 OF DENATURED ALCOHOL OF NOT LESS THAN ONE HUNDRED



1 EIGHTY DEGREES (180°) PROOF (NINETY PERCENT (90%) ABSOLUTE  
2 ALCOHOL) SHALL BE DEEMED TO HAVE BEEN REMOVED FOR  
3 MOTIVE POWER, UNLESS SHOWN OTHERWISE;

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

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

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

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

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

4 (J) LIQUEFIED PETROLEUM GAS, PER LITER, THREE PESOS  
5 (P3.00): *PROVIDED*, THAT LIQUEFIED PETROLEUM GAS WHEN USED  
6 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  
9 CONSULTATION WITH THE SECRETARY OF FINANCE, PER LITER OF  
10 VOLUME CAPACITY, ZERO (P0.00): *PROVIDED, FINALLY*, THAT  
11 LIQUEFIED PETROLEUM GAS USED FOR MOTIVE POWER SHALL BE  
12 TAXED AT THE EQUIVALENT RATE AS THE EXCISE TAX ON DIESEL  
13 FUEL OIL;

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

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

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

- 26 1) THE AVERAGE DUBAI CRUDE OIL PRICE FOR THE FIRST  
27 FIFTEEN (15) DAYS OF THE MONTH BASED ON MEAN OF  
28 PLATTS SINGAPORE (MOPS) REACHES OR EXCEEDS EIGHTY  
29 DOLLARS (USD 80) PER BARREL COST, INSURANCE, AND  
30 FREIGHT (CIF); OR  
31 2) WHEN THE INFLATION RATE EXCEEDS THE HIGHER END OF  
32 THE ANNUAL INFLATION TARGET RANGE SET BY THE



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

3 *PROVIDED*, THAT THE SCHEDULED INCREASE IN EXCISE TAX  
4 SHALL BE IMPLEMENTED SHOULD THE SAID OIL PRICE PER BARREL  
5 FALLS BELOW EIGHTY DOLLARS (USD 80) OR WHEN THE INFLATION  
6 RATE FALLS BELOW THE ANNUAL INFLATION TARGET SET BY THE  
7 DBCC AND THE BSP: *PROVIDED, FINALLY*, THAT ANY SUSPENSION  
8 OF THE INCREASE IN EXCISE TAX SHALL NOT RESULT IN ANY  
9 REDUCTION OF THE EXCISE TAX BEING IMPOSED AT THE TIME OF  
10 THE SUSPENSION."

11 **SEC. 28.** A new section designated as Section 148-A under Chapter V of the  
12 NIRC, as amended, is hereby added to read as follows:

13 "SECTION 148-A. *MARKING OF PETROLEUM PRODUCTS.* – IN  
14 ACCORDANCE WITH RULES AND REGULATIONS TO BE ISSUED BY  
15 THE SECRETARY OF FINANCE IN CONSULTATION WITH THE  
16 COMMISSIONER OF INTERNAL REVENUE AND COMMISSIONER OF  
17 CUSTOMS AND IN COORDINATION WITH THE SECRETARY OF  
18 ENERGY, THE SECRETARY OF FINANCE MAY REQUIRE THE USE OF  
19 FUEL MARKING OR SIMILAR TECHNOLOGY ON PETROLEUM  
20 PRODUCTS SUCH AS BUT NOT LIMITED TO UNLEADED PREMIUM  
21 GASOLINE, KEROSENE, AND DIESEL FUEL OIL BEFORE REMOVAL  
22 FROM THE PLACE OF PRODUCTION OR, FOR PETROLEUM PRODUCTS  
23 BROUGHT OR IMPORTED INTO THE PHILIPPINES, BEFORE THE  
24 RELEASE OF SUCH ARTICLES FROM CUSTOMS CUSTODY. ALL  
25 COSTS IN CONNECTION WITH THE IMPLEMENTATION OF THIS  
26 SECTION SHALL BE BORNE BY THE IMPORTER OR MANUFACTURER  
27 OF PETROLEUM PRODUCTS."

28 **SEC. 29.** Section 149 of the NIRC, as amended, is hereby further amended to  
29 read as follows:

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

5		
6	[Net Manufacturer's Price/Importer's Selling Price	Rate
7	up to P600 Thousand	2%
8	Over P600 Thousand to P1.1 Million	P12,000 + 20% value in
9		excess of P600 Thousand
10	Over P1.1 Million to P2.1 Million	P112, 000 + 40% of value in
11		excess of P1.1 Million
12	Over P2.1 Million	P512,000 + 60% of value in
13		excess of P2.1 Million]

14                   **EFFECTIVE JANUARY 1, 2018**

15	<b>NET MANUFACTURER'S PRICE/</b>	<b>RATE</b>
16	<b>IMPORTER'S SELLING PRICE</b>	
17	<b>UP TO P600K</b>	<b>4%</b>
18	<b>OVER P600K TO P1.1 MILLION</b>	<b>P24,000 + 35% OF EXCESS</b>
19		<b>OVER P600K</b>
20	<b>OVER P1.1 MILLION TO P2.1 MILLION</b>	<b>P199,000 + 55% OF EXCESS</b>
21		<b>OVER P1.1 MILLION</b>
22	<b>OVER P2.1 MILLION TO P3.1 MILLION</b>	<b>P749,000 + 90% OF EXCESS</b>
23		<b>OVER P2.1 MILLION</b>
24	<b>OVER P3.1 MILLION</b>	<b>P1,649,000 + 100% OF EXCESS</b>
25		<b>OVER P3.1 MILLION</b>

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



1           The manufacturer's price or importer's selling price, net of excise and  
2 value-added taxes, shall be indexed by the full rate of the peso depreciation  
3 or 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  
6 anytime within the two-year period referred to above, the Secretary of  
7 Finance shall index the brackets reflecting the manufacturer's price or  
8 importer's selling price, net of excise and value-added taxes, by the full rate  
9 of the peso depreciation or 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  
14 Act, buses, trucks, cargo vans, [jeeps/]jeepneys/jeepney substitutes, single  
15 cab chassis, and special-purpose vehicles, **AND VEHICLES PURELY**  
16 **POWERED BY ELECTRICITY OR HYBRID VEHICLES** shall not [be  
17 considered as automobiles] **BE SUBJECT TO EXCISE TAX AS PROVIDED**  
18 **UNDER THIS SECTION.**

          x x x

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

          x x x"

26

1           **SEC. 30.** Section 150 of the NIRC, as amended, is hereby further amended  
2 to read as follows:

3           “*SEC. 150. Non-essential Goods AND SERVICES.* - There shall be  
4 levied, assessed and collected a tax equivalent to twenty-percent (20%)  
5 based on the wholesale price or the value of importation used by the  
6 Bureau of Customs in determining tariff and customs duties, net of excise  
7 tax and value-added tax of the following goods, **OR BASED ON THE**  
8 **GROSS SALES OR RECEIPTS DERIVED FROM THE PERFORMANCE**  
9 **OF SERVICES.**

          x x x

10           (c) Yachts and other vessels intended for pleasure or sports;[,] **AND**

11           **(D) COSMETIC PROCEDURES, SURGERIES, AND BODY**  
12 **ENHANCEMENTS UNDERTAKEN FOR AESTHETIC REASONS:**  
13 **PROVIDED, THAT, FOR PURPOSES OF THIS ACT, COSMETIC**  
14 **PROCEDURES ARE THOSE ENTIRELY FOCUSED ON ALTERING AND**  
15 **ENHANCING A PATIENT'S APPEARANCE, IMPROVING AESTHETIC**  
16 **APPEAL, SYMMETRY, AND PROPORTION: PROVIDED, FURTHER, THAT**  
17 **RECONSTRUCTIVE SURGERY OR THE REPAIR, RECONSTRUCTION,**  
18 **AND RESTORATION OF FACIAL AND BODILY FUNCTIONS DUE TO**  
19 **CONGENITAL DISORDERS, TRAUMA, BURNS, INFECTIONS, DISEASE,**  
20 **AND THOSE INTENDED TO CORRECT DYSFUNCTIONAL AREAS OF**  
21 **THE BODY SHALL BE EXEMPT.”**

22           **SEC. 31.** A new section designated as Section 150-A under Chapter VI, Title  
23 VI of the NIRC, as amended, is hereby inserted to read as follows:

24           “**SEC. 150-A. SWEETENED BEVERAGES.** -

25           **(A) RATE AND BASE OF TAX.** - EFFECTIVE JANUARY 1, 2018,

26           **(1) A TAX OF FIVE PESOS (P5.00) PER LITER OF VOLUME**  
27 **CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED ON**  
28 **SWEETENED BEVERAGES USING PURELY CALORIC SWEETENERS:**



1           *PROVIDED*, THAT SWEETENED BEVERAGES USING PURELY  
2 COCONUT SAP SUGAR SHALL BE EXEMPT FROM THIS TAX;

3  
4           (2) A TAX OF TEN PESOS (P10.00) PER LITER OF VOLUME  
5 CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED ON  
6 SWEETENED BEVERAGES USING PURELY HIGH FRUCTOSE CORN  
7 SYRUP OR IN COMBINATION WITH ANY CALORIC OR NON-CALORIC  
8 SWEETENER; AND

9  
10          (3) A TAX OF THREE PESOS (P3.00) PER LITER OF VOLUME  
11 CAPACITY SHALL BE LEVIED, ASSESSED, AND COLLECTED ON  
12 SWEETENED BEVERAGES USING PURELY NON-CALORIC  
13 SWEETENERS OR A MIX OF CALORIC AND NON-CALORIC  
14 SWEETENERS: *PROVIDED*, THAT SWEETENED BEVERAGES USING  
15 PURELY STEVIOL GLYCOSIDES SHALL BE EXEMPT FROM THIS TAX.

16           *PROVIDED*, THAT, AFTER TWO YEARS OF IMPLEMENTATION:

17          (1) SWEETENED BEVERAGES USING PURELY CALORIC  
18 SWEETENERS SHALL BE SUBJECT TO A TAX OF FIVE CENTAVOS  
19 (P0.05) PER GRAM OF SUGAR: *PROVIDED*, THAT SWEETENED  
20 BEVERAGES USING PURELY COCONUT SAP SUGAR SHALL BE  
21 EXEMPT FROM THIS TAX;

22  
23          (2) SWEETENED BEVERAGES USING PURELY HIGH FRUCTOSE  
24 CORN SYRUP OR IN COMBINATION WITH ANY CALORIC OR NON-  
25 CALORIC SWEETENER SHALL STILL BE TAXED OF TEN PESOS  
26 (P10.00) PER LITER OF VOLUME CAPACITY;

27  
28          (3) SWEETENED BEVERAGES USING PURELY NON-CALORIC  
29 SWEETENERS OR A MIX OF CALORIC AND NON-CALORIC  
30 SWEETENERS SHALL STILL BE TAXED AT THE RATE OF THREE  
31 PESOS (P3.00) PER LITER OF VOLUME CAPACITY: *PROVIDED*, THAT  
32 SWEETENED BEVERAGES USING PURELY STEVIOL GLYCOSIDES  
33 SHALL BE EXEMPT FROM THIS TAX.

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

2 (1) *SWEETENED BEVERAGES (SBS)* REFER TO NON-  
3 ALCOHOLIC BEVERAGES OF ANY CONSTITUTION (LIQUID, POWDER,  
4 OR CONCENTRATES) THAT ARE PRE-PACKAGED AND SEALED IN  
5 ACCORDANCE WITH THE FOOD AND DRUG ADMINISTRATION (FDA)  
6 STANDARDS, THAT CONTAIN CALORIC AND/OR NON-CALORIC  
7 SWEETENERS ADDED BY THE MANUFACTURERS, AND SHALL  
8 INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING, AS DESCRIBED  
9 IN THE FOOD CATEGORY SYSTEM FROM CODEX ALIMENTARIUS  
10 FOOD CATEGORY DESCRIPTORS (CODEX STAN 192-1995, REV 2017  
11 OR THE LATEST) AS ADOPTED BY THE FDA:

- 12 (A). SWEETENED JUICE DRINKS;  
13 (B). SWEETENED TEA AND COFFEE;  
14 (C). ALL CARBONATED BEVERAGES;  
15 (D). FLAVORED WATER;  
16 (E). POWDERED MILK, READY TO DRINK MILK, FLAVORED  
17 MILK, AND FERMENTED MILK, CONTAINING MORE THAN  
18 FIVE (5) GRAMS OF ADDED SUGAR PER ONE HUNDRED  
19 MILLILITER (100 ML) OF VOLUME CAPACITY;  
20 (F). ENERGY AND SPORTS DRINKS;  
21 (G). POWDERED DRINKS NOT CLASSIFIED AS MILK, JUICE,  
22 TEA, AND COFFEE;  
23 (H). CEREAL AND GRAIN BEVERAGES; AND  
24 (I). OTHER NON-ALCOHOLIC BEVERAGES THAT CONTAIN  
25 ADDED SUGAR.

26  
27 (2) *CALORIC SWEETENER* REFERS TO A SUBSTANCE THAT IS  
28 SWEET AND INCLUDES SUCROSE, FRUCTOSE, INCLUDING HIGH  
29 FRUCTOSE CORN SYRUP THAT PRODUCES A DESIRED SWEETNESS;

30 (3) *NON-CALORIC SWEETENER* REFERS TO A SUBSTANCE  
31 THAT THAT ARE ARTIFICIALLY OR CHEMICALLY PROCESSED THAT  
32 PRODUCES A DESIRED SWEETNESS. THESE ARE SUBSTANCES



1 WHICH CAN BE DIRECTLY ADDED TO BEVERAGES, SUCH AS  
2 ASPARTAME, SUCRALOSE, SACCHARIN, ACESULFAME POTASSIUM,  
3 NEOTAME, CYCLAMATES AND OTHER NON-NUTRITIVE  
4 SWEETENERS APPROVED BY THE CODEX ALIMENTARIUS AND  
5 ADOPTED BY THE FDA.

6 (C) *EXCLUSIONS.* – THE FOLLOWING PRODUCTS, AS  
7 DESCRIBED IN THE FOOD CATEGORY SYSTEM FROM CODEX  
8 ALIMENTARIUS FOOD CATEGORY DESCRIPTORS (CODEX STAN 192-  
9 1995, REV 2017 OR THE LATEST) AS ADOPTED BY THE FDA, ARE  
10 EXCLUDED FROM THE SCOPE OF THIS ACT:

- 11 (1) PLAIN MILK, INFANT FORMULA MILK, AND GROWING UP  
12 MILK;
- 13 (2) POWDERED MILK, READY TO DRINK MILK AND FLAVORED  
14 MILK, AND FERMENTED MILK CONTAINING FIVE (5) GRAMS  
15 OF SUGAR OR LESS PER 100 ML OF VOLUME CAPACITY;
- 16 (3) ONE HUNDRED PERCENT (100%) NATURAL FRUIT JUICES  
17 – ORIGINAL LIQUID RESULTING FROM THE PRESSING OF  
18 FRUIT, THE LIQUID RESULTING FROM THE  
19 RECONSTITUTION OF NATURAL FRUIT JUICE  
20 CONCENTRATE, OR THE LIQUID RESULTING FROM THE  
21 RESTORATION OF WATER TO DEHYDRATED NATURAL  
22 FRUIT JUICE THAT DO NOT HAVE ADDED SUGAR OR  
23 CALORIC SWEETENER;
- 24 (4) ONE HUNDRED PERCENT (100%) NATURAL VEGETABLE  
25 JUICES – ORIGINAL LIQUID RESULTING FROM THE  
26 PRESSING OF VEGETABLES, THE LIQUID RESULTING  
27 FROM THE RECONSTITUTION OF NATURAL VEGETABLE  
28 JUICE CONCENTRATE, OR THE LIQUID RESULTING FROM  
29 THE RESTORATION OF WATER TO DEHYDRATED NATURAL  
30 VEGETABLE JUICE THAT DO NOT HAVE ADDED SUGAR OR  
31 CALORIC SWEETENER;
- 32 (5) MEAL REPLACEMENT AND MEDICALLY INDICATED  
33 BEVERAGES – ANY LIQUID OR POWDER DRINK/PRODUCT

1 FOR ORAL NUTRITIONAL THERAPY FOR PERSONS WHO  
2 CANNOT ABSORB OR METABOLIZE DIETARY NUTRIENTS  
3 FROM FOOD OR BEVERAGES, OR AS A SOURCE OF  
4 NECESSARY NUTRITION USED DUE TO A MEDICAL  
5 CONDITION AND AN ORAL ELECTROLYTE SOLUTION FOR  
6 INFANTS AND CHILDREN FORMULATED TO PREVENT  
7 DEHYDRATION DUE TO ILLNESS;

8 (6) GROUND COFFEE, INSTANT SOLUBLE COFFEE, AND PRE-  
9 PACKAGED POWDERED COFFEE PRODUCTS WITH OR  
10 WITHOUT ADDED SUGAR; AND

11 (7) UNSWEETENED TEA.

12 (D) *FILING OF RETURN AND PAYMENT OF EXCISE TAX AND*  
13 *PENALTY. -*

14 (1) FILING OF RETURN AND PAYMENT OF EXCISE TAX ON  
15 DOMESTIC AND IMPORTED SWEETENED BEVERAGES - THE  
16 PROVISION OF SECTIONS 130 AND 131 OF THE NIRC, AS  
17 APPROPRIATE, SHALL APPLY TO SWEETENED BEVERAGES .

18 (2) PENALTY - UPON FINAL FINDINGS BY THE  
19 COMMISSIONERS OF INTERNAL REVENUE AND/OR CUSTOMS THAT  
20 ANY MANUFACTURER OR IMPORTER, IN VIOLATION OF THIS  
21 SECTION, MISDECLARES OR MISREPRESENTS IN THE SWORN  
22 STATEMENT PROVIDED IN SECTION 130 (C) OF THE NIRC, AS  
23 AMENDED, ANY PERTINENT DATA OR INFORMATION, THE PENALTY  
24 OF SUMMARY CANCELLATION OR WITHDRAWAL OF THE PERMIT TO  
25 ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF  
26 SWEETENED BEVERAGES AS PROVIDED UNDER SECTION 268 OF  
27 THE NIRC, AS AMENDED, SHALL BE IMPOSED.

28  
29 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE  
30 FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS  
31 SECTION SHALL BE FINED TREBLE THE AMOUNT OF DEFICIENCY  
32 TAXES, SURCHARGES, AND INTEREST WHICH MAY BE ASSESSED  
33 PURSUANT TO THIS SECTION.



1 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS  
2 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE  
3 AND PENALIZED UNDER SECTION 254 OF THE NIRC, AS AMENDED.  
4 ANY PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION  
5 OF ANY SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN  
6 THE SAME MANNER AS THE PRINCIPAL.

7 IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER SHALL  
8 BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE  
9 WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.

10 (E) *SPECIFIC RESPONSIBILITY OF THE FOOD AND DRUG*  
11 *ADMINISTRATION (FDA).* – FOR THE FIRST TWO YEARS OF THE  
12 IMPLEMENTATION OF THIS ACT, THE FDA SHALL REQUIRE ALL  
13 MANUFACTURERS AND IMPORTERS OF SWEETENED BEVERAGES  
14 COVERED BY THIS ACT TO INDICATE ON THE LABEL THE TYPE OF  
15 SWEETENER USED: *PROVIDED*, THAT IN THE CASE OF THE  
16 MANUFACTURERS AND IMPORTERS OF POWDERED MILK, READY  
17 TO DRINK MILK, FLAVORED MILK, AND FERMENTED MILK, THE FDA  
18 SHALL REQUIRE THEM TO STATE ON THE LABEL THE TYPE AND  
19 AMOUNT OF SWEETENER ADDED TO THE SWEETENED BEVERAGE.

20 WHEN THE SWEETENED BEVERAGE TAX HAS SHIFTED TO  
21 SUGAR CONTENT, THE FDA SHALL REQUIRE ALL MANUFACTURERS  
22 AND IMPORTERS TO STATE ON THE LABEL THE TYPE AND AMOUNT  
23 OF SWEETENER ADDED TO THE SWEETENED BEVERAGE. THE FDA  
24 SHALL EVALUATE THE SWEETENED BEVERAGE TO DETERMINE THE  
25 CALORIC SWEETENER CONTENT OF THE SWEETENED BEVERAGE AS  
26 SPECIFIED ON THE LABEL BEFORE THESE PRODUCTS ARE SOLD IN  
27 THE MARKET.

28 THE FDA SHALL ALSO CONDUCT POST  
29 MARKETING SURVEILLANCE OF THE SWEETENED BEVERAGES ON

1 DISPLAY IN SUPERMARKETS, GROCERIES OR RETAIL STORES  
2 AND/OR INSPECTION OF MANUFACTURING SITES TO DETERMINE  
3 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION.  
4 VIOLATIONS OF THE PROVISIONS OF THIS ACT, INCLUDING BUT NOT  
5 LIMITED TO MISLABELING OR MISBRANDING, SHALL, TO THE EXTENT  
6 APPLICABLE, BE PUNISHABLE UNDER EXISTING LAWS."

7 SEC. 32. Section 151 of the NIRC, as amended, is hereby further amended to  
8 read as follows:

9 "SEC. 151. *Mineral Products.* -

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

12 (1) On coal and coke, a tax of [~~Ten pesos (P10.00)~~] **TWENTY**  
13 **PESOS (P20.00)** per metric ton;

x x x"

14 SEC. 33. Section 155 of the NIRC, as amended, is hereby further amended to  
15 read as follows:

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



1 DETERMINE AS ACCURATELY AS POSSIBLE THE VOLUME OF  
2 PETROLEUM PRODUCTS IMPORTED BY THEM.

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

5 **SEC. 34.** Section 171 of the NIRC, as amended, is hereby further amended to  
6 read as follows:

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

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

16 **SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY**  
17 **THE SECRETARY OF FINANCE, THE COMMISSIONER OF INTERNAL**  
18 **REVENUE OR HIS AUTHORIZED REPRESENTATIVES MAY CONDUCT**  
19 **PERIODIC RANDOM AND CONFIRMATORY FIELD TESTS ON FUELS**  
20 **REQUIRED TO BE MARKED UNDER SECTION 148-A FOUND IN**  
21 **WAREHOUSES, GAS STATIONS AND OTHER RETAIL OUTLETS, AND**  
22 **IN SUCH OTHER PROPERTIES OF PERSONS ENGAGED IN THE SALE,**  
23 **DELIVERY, TRADING, TRANSPORTATION, DISTRIBUTION, OR**  
24 **IMPORTATION OF FUEL INTENDED FOR THE DOMESTIC MARKET."**

25  
26 **SEC. 35.** Section 196 of the NIRC, as amended, is hereby further amended to  
27 read as follows:  
28

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

X X X

14           **TRANSFERS EXEMPT FROM DONOR'S TAX UNDER SECTION 101**  
15 **(A) AND (B) OF THIS CODE SHALL BE EXEMPT FROM THE TAX**  
16 **IMPOSED UNDER THIS SECTION.**

17           When it appears that the amount of the documentary stamp tax  
18 payable hereunder has been reduced by an incorrect statement of the  
19 consideration in any conveyance, deed, instrument or writing subject to such  
20 tax the Commissioner, provincial or city Treasurer, or other revenue officer  
21 shall, from the assessment rolls or other reliable source of information,  
22 assess the property of its true market value and collect the proper tax  
23 thereon."

24           **SEC. 36.** Section 232 of the NIRC, as amended, is hereby further amended to  
25 read as follows:

26           "SEC. 232. *Keeping of Books of Accounts.* -  
27           (A) *Corporations, Companies, Partnerships or Persons Required to*  
28 *Keep Books of Accounts.* - All corporations, companies, partnerships or



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

x x x"

18 **SEC. 37.** Section 237 of the NIRC, as amended, is hereby further amended to  
19 read as follows:

20 "SEC. 237. [*Issuance of Receipts or Sales or Commercial Invoices.*]  
21 **ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR COMMERCIAL**  
22 **INVOICES. –**

23 **(A) ISSUANCE. –** All persons subject to an internal revenue tax shall,  
24 [for] **AT THE POINT OF** each sale and transfer of merchandise or for  
25 services rendered valued at [Twenty-five] **ONE HUNDRED** pesos  
26 (P[25]100.00) or more, issue duly registered receipts or saleS or commercial  
27 invoices, [prepared at least in duplicate,] showing the date of transaction,  
28 quantity, unit cost and description of merchandise or nature of service:  
29 *Provided, however,* That where the receipt is issued to cover payment made  
30 as rentals, commissions, compensation or fees, receipts or invoices shall be  
31 issued which shall show the name, business style, if any, and address of the

1 purchaser, customer or client: *Provided, Further,* That where the purchaser  
2 is a VAT-registered person, in addition to the information herein required, the  
3 invoice or receipt shall further show the Taxpayer Identification Number  
4 (TIN) of the purchaser.

5 **WITHIN FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT**  
6 **AND UPON THE ESTABLISHMENT OF A SYSTEM CAPABLE OF**  
7 **SUCCESSFULLY STORING AND PROCESSING THE REQUIRED DATA,**  
8 **THE BUREAU SHALL REQUIRE THE ISSUANCE OF ELECTRONIC**  
9 **RECEIPTS OR SALES OR COMMERCIAL INVOICES IN LIEU OF**  
10 **MANUAL RECEIPTS OR SALES OR COMMERCIAL INVOICES,**  
11 **SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE**  
12 **SECRETARY OF FINANCE UPON RECOMMENDATION OF THE**  
13 **COMMISSIONER OF INTERNAL REVENUE AND AFTER A PUBLIC**  
14 **HEARING SHALL HAVE BEEN HELD FOR THIS PURPOSE: *PROVIDED,***  
15 **THAT THE COMMISSIONER OF INTERNAL REVENUE SHALL PILOT**  
16 **TEST THE ISSUANCE OF ELECTRONIC RECEIPTS OR SALES OR**  
17 **COMMERCIAL INVOICES ON SUCH BUSINESSES OR INDUSTRIES,**  
18 **WHICH IN THE COMMISSIONER'S DISCRETION, HAVE THE FINANCIAL**  
19 **CAPACITY TO ADOPT THIS ELECTRONIC SYSTEM.**

20 ***PROVIDED,* THAT THE BIR SHALL BE REQUIRED TO SUBMIT TO**  
21 **THE COCTRP REPORTS AS TO THE STATUS AND/OR RESULTS OF**  
22 **THE PILOT TESTS.**

23 The original of each receipt or invoice shall be issued to the purchaser,  
24 customer or client at the time the transaction is effected, who, if engaged in  
25 business or in the exercise of profession, shall keep and preserve the same in  
26 his place of business for a period of three (3) years from the close of the  
27 taxable year in which such invoice or receipt was issued, while the duplicate  
28 shall be kept and preserved by the issuer, also in his place of business, for a  
29 like period: ***PROVIDED,* THAT IN CASE OF ELECTRONIC RECEIPTS OR**  
30 **SALES OR COMMERCIAL INVOICES, THE DIGITAL RECORDS OF THE**



1 SAME SHALL BE KEPT BY THE PURCHASER, CUSTOMER OR CLIENT  
2 AND THE ISSUER FOR THE SAME PERIOD ABOVE STATED.

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

6 **SEC. 38.** A new section designated as Section 237-A under Chapter II, Title  
7 IX of the NIRC, as amended, is hereby inserted to read as follows:

8 **"SEC. 237-A. ELECTRONIC SALES REPORTING SYSTEM. – THE**  
9 **BUREAU SHALL REQUIRE TAXPAYERS TO ELECTRONICALLY**  
10 **REPORT THEIR SALES DATA TO THE BUREAU THROUGH THE USE**  
11 **OF ELECTRONIC POINT OF SALES SYSTEMS, SUBJECT TO RULES**  
12 **AND REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE**  
13 **AS RECOMMENDED BY THE COMMISSIONER OF INTERNAL**  
14 **REVENUE: PROVIDED, THAT THE MACHINES AND OTHER ANCILLARY**  
15 **DEVICES SHALL BE AT THE EXPENSE OF THE TAXPAYERS:**  
16 **PROVIDED, FURTHER, THAT WITHIN THREE (3) YEARS FROM THE**  
17 **EFFECTIVITY OF THIS ACT, THE ELECTRONIC SALES REPORTING**  
18 **SYSTEM SHALL UNDERGO A PILOT TEST TO BE APPLIED TO**  
19 **PARTICULAR TAXPAYERS TO BE SELECTED BY THE SECRETARY OF**  
20 **FINANCE: PROVIDED, FINALLY, THAT THE BUREAU SHALL BE**  
21 **REQUIRED TO SUBMIT TO THE COCCTRP REPORTS AS TO THE**  
22 **STATUS AND/OR RESULTS OF THE PILOT TESTS.**

23 THE DATA PROCESSING OF SALES AND PURCHASE DATA  
24 SHALL COMPLY WITH THE PROVISIONS OF REPUBLIC ACT NO. 10173  
25 OTHERWISE KNOWN AS THE "DATA PRIVACY ACT" AND SECTION  
26 270 OF THE NIRC, AS AMENDED, ON UNLAWFUL DIVULGENCE OF  
27 TAXPAYER INFORMATION AND SUCH OTHER LAWS RELATING TO  
28 THE CONFIDENTIALITY OF INFORMATION.  
29

1 THE BUREAU SHALL ALSO ESTABLISH POLICIES, RISK  
2 MANAGEMENT APPROACHES, ACTIONS, TRAININGS, AND  
3 TECHNOLOGIES TO PROTECT THE CYBER ENVIRONMENT,  
4 ORGANIZATION, AND DATA IN COMPLIANCE WITH REPUBLIC ACT  
5 NO. 10175 OR THE "CYBERCRIME PREVENTION ACT OF 2012".

6 SEC. 39. Section 249 of the NIRC, as amended, is hereby further amended to  
7 read as follows:

8 \*SEC. 249. *Interest.* –

9 (A) *In General.* - There shall be assessed and collected on any unpaid  
10 amount of tax, interest at the rate of **TWICE THE LEGAL RATE AS SET BY**  
11 **THE BANGKO SENTRAL NG PILIPINAS** [twenty percent (20%) per annum,  
12 or such higher rate as may be prescribed by rules and regulations, from the  
13 date prescribed for payment until the amount is fully paid].

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

20 (C) *Delinquency Interest.* – x x x"

21 SEC. 40. A new section designated as Section 264-A under Chapter II, Title X  
22 of the NIRC, as amended, is hereby inserted as follows:

23 \*SEC. 264-A. **FAILURE TO TRANSMIT SALES DATA ENTERED ON**  
24 **CASH REGISTER MACHINE (CRM)/POINT OF SALES SYSTEM (POS)**  
25 **MACHINES TO THE BIR'S ELECTRONIC SALES REPORTING SYSTEM.**  
26 **– ANY TAXPAYER REQUIRED BY RULES AND REGULATIONS TO**  
27 **TRANSMIT SALES DATA TO THE BUREAU'S ELECTRONIC SALES**



1 REPORTING SYSTEM BUT FAILS TO DO SO, SHALL PAY, FOR EACH  
2 DAY OF VIOLATION, A PENALTY AMOUNTING TO ONE-TENTH OF ONE  
3 PERCENT (1/10 OF 1%) OF THE ANNUAL NET INCOME AS REFLECTED  
4 IN THE TAXPAYER'S AUDITED FINANCIAL STATEMENT FOR THE  
5 SECOND YEAR PRECEDING THE CURRENT TAXABLE YEAR FOR EACH  
6 DAY OF VIOLATION OR TEN THOUSAND PESOS (P10,000), WHICHEVER  
7 IS HIGHER; *PROVIDED*, THAT SHOULD THE AGGREGATE NUMBER OF  
8 DAYS OF VIOLATION EXCEED ONE-HUNDRED EIGHTY (180) DAYS  
9 WITHIN A TAXABLE YEAR, AN ADDITIONAL PENALTY OF PERMANENT  
10 CLOSURE OF THE TAXPAYER SHALL BE IMPOSED: *PROVIDED*,  
11 *FURTHER*, THAT IF THE FAILURE TO TRANSMIT IS DUE TO FORCE  
12 MAJEURE OR ANY CAUSES BEYOND THE CONTROL OF THE  
13 TAXPAYER THE PENALTY SHALL NOT APPLY."

14 **SEC. 41.** A new section designated as Section 264-B under Chapter II, Title X  
15 of the NIRC, as amended, is hereby inserted to read as follows:

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

1 PESOS (P50,000,000) SHALL BE CONSIDERED AS ECONOMIC  
2 SABOTAGE AND SHALL BE PUNISHED IN THE MAXIMUM PENALTY  
3 PROVIDED FOR UNDER THIS PROVISION."

4 SEC. 42. A new section designated as Section 265-A under Chapter II, Title  
5 X of the NIRC, as amended, is hereby inserted to read as follows:

6  
7 "SEC. 265-A. *OFFENSES RELATING TO FUEL MARKING.* – ALL  
8 OFFENSES RELATING TO FUEL MARKING SHALL, IN ADDITION TO  
9 THE PENALTIES IMPOSED UNDER TITLE X OF THE NIRC, AS  
10 AMENDED, SECTION 1401 OF REPUBLIC ACT NO. 10863, OTHERWISE  
11 KNOWN AS THE CUSTOMS MODERNIZATION AND TARIFF ACT  
12 (CMTA), AND OTHER RELEVANT LAWS, BE PUNISHABLE AS  
13 FOLLOWS:

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

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

21 (2) FOR THE SECOND OFFENSE, A FINE OF FIVE MILLION  
22 PESOS (P5,000,000); AND

23 (3) FOR THE THIRD OFFENSE, A FINE OF TEN MILLION  
24 PESOS (P10,000,000) AND REVOCATION OF LICENSE TO ENGAGE IN  
25 ANY TRADE OR BUSINESS.

26 (B) ANY PERSON WHO CAUSES THE REMOVAL OF THE  
27 OFFICIAL FUEL MARKING AGENT FROM MARKED FUEL, AND THE  
28 ADULTERATION OR DILUTION OF FUEL INTENDED FOR SALE TO THE  
29 DOMESTIC MARKET, OR THE KNOWING POSSESSION, STORAGE,  
30 TRANSFER OR OFFER FOR SALE OF FUEL OBTAINED AS A RESULT  
31 OF SUCH REMOVAL, ADULTERATION OR DILUTION SHALL BE



1 PENALIZED IN THE SAME MANNER AND EXTENT AS PROVIDED FOR  
2 IN THE PRECEDING SUBSECTION.

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

9 (1) MAKING, IMPORTING, SELLING, USING OR POSSESSING  
10 FUEL MARKERS WITHOUT EXPRESS AUTHORITY;

11 (2) MAKING, IMPORTING, SELLING, USING OR POSSESSING  
12 COUNTERFEIT FUEL MARKERS; OR

13 (3) CAUSING ANOTHER PERSON OR ENTITY TO COMMIT  
14 ANY OF THE TWO (2) PRECEDING ACTS.

15 (D) ANY PERSON WHO WILLFULLY INSERTS, PLACES, ADDS  
16 OR ATTACHES DIRECTLY OR INDIRECTLY, THROUGH ANY OVERT OR  
17 COVERT ACT, WHATEVER QUANTITY OF ANY UNMARKED FUEL,  
18 COUNTERFEIT ADDITIVE OR CHEMICAL IN THE PERSON, HOUSE,  
19 EFFECTS, INVENTORY, OR IN THE IMMEDIATE VICINITY OF AN  
20 INNOCENT INDIVIDUAL FOR THE PURPOSE OF IMPLICATING,  
21 INCRIMINATING OR IMPUTING THE COMMISSION OF ANY VIOLATION  
22 OF THIS ACT SHALL, UPON CONVICTION, BE PUNISHED BY A FINE  
23 OF NOT LESS THAN FIVE MILLION PESOS (P5,000,000) BUT NOT  
24 MORE THAN TEN MILLION PESOS (P10,000,000), AND SUFFER  
25 IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT  
26 MORE THAN EIGHT (8) YEARS.

27 (E) ANY PERSON WHO IS AUTHORIZED, LICENSED OR  
28 ACCREDITED UNDER THIS ACT AND ITS IMPLEMENTING RULES TO  
29 CONDUCT FUEL TESTS, WHO ISSUES FALSE OR FRAUDULENT FUEL  
30 TEST RESULTS KNOWINGLY, WILLFULLY OR THROUGH GROSS  
31 NEGLIGENCE, SHALL SUFFER THE ADDITIONAL PENALTY OF

1 IMPRISONMENT RANGING FROM ONE (1) YEAR AND ONE (1) DAY TO  
2 TWO (2) YEARS AND SIX (6) MONTHS.

3 THE ADDITIONAL PENALTIES OF REVOCATION OF THE  
4 LICENSE TO PRACTICE HIS/HER PROFESSION IN CASE OF A  
5 PRACTITIONER, AND THE CLOSURE OF THE FUEL TESTING  
6 FACILITY, MAY ALSO BE IMPOSED AT THE INSTANCE OF THE  
7 COURT."

8 **SEC. 43.** Section 288 of the NIRC, as amended, is hereby further amended to  
9 read as follows:

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

11 (A) x x x

12 (B) x x x

13 (C) x x x

14 (D) x x x

15 (E) x x x

16 (F) **INCREMENTAL REVENUES FROM THE TAX REFORM FOR**  
17 **ACCELERATION AND INCLUSION (TRAIN).** – FOR FIVE (5) YEARS  
18 FROM THE EFFECTIVITY OF THIS ACT, THE YEARLY INCREMENTAL  
19 REVENUES GENERATED SHALL BE ALLOCATED TO FUND SOCIAL  
20 MITIGATING MEASURES AND INVESTMENTS IN EDUCATION, HEALTH,  
21 SOCIAL PROTECTION, EMPLOYMENT, HOUSING, AND FLAGSHIP  
22 INFRASTRUCTURE THAT PRIORITIZE AND DIRECTLY BENEFIT BOTH  
23 THE POOR AND NEAR-POOR HOUSEHOLDS AS HEREIN SPECIFIED:

24 **I. SOCIAL MITIGATING MEASURES**

- 25 1. THE INCREMENTAL REVENUES GENERATED FROM THE  
26 PETROLEUM EXCISE TAX UNDER SECTION 148 OF THE NIRC,  
27 AS AMENDED, SHALL BE ALLOCATED TO FUND AN  
28 UNCONDITIONAL CASH TRANSFER PROGRAM FOR THE  
29 BOTTOM TEN (10) MILLION POOREST HOUSEHOLDS IN THE



1 NATIONAL HOUSEHOLD TARGETING SYSTEM FOR POVERTY  
2 REDUCTION (NHTS-PR). THE UNCONDITIONAL CASH TRANSFER  
3 SHALL BE THREE HUNDRED PESOS (P300.00) PER MONTH FOR  
4 A PERIOD OF THREE (3) YEARS FROM THE EFFECTIVITY OF  
5 THIS ACT.

6  
7 2. THE GOVERNMENT SHALL ALSO ALLOCATE INCREMENTAL  
8 REVENUES GENERATED FROM THE PETROLEUM EXCISE TAX  
9 TO AID IN THE IMPLEMENTATION OF THE PUBLIC UTILITY  
10 VEHICLE (PUV) MODERNIZATION PROJECT.

11 3. FIFTY PERCENT (50%) OF INCREMENTAL REVENUES FROM THE  
12 SWEETENED BEVERAGE TAX UNDER SECTION 150-A OF THIS  
13 ACT SHALL BE ALLOCATED FOR THE FOLLOWING:

14 a. IMPLEMENTATION OF HEALTH PROGRAMS FOR THE  
15 BOTTOM TEN (10) MILLION POOREST HOUSEHOLDS TO  
16 ADDRESS OBESITY, DIABETES, AND OTHER NON-  
17 COMMUNICABLE DISEASES RESULTING FROM THE  
18 INTAKE OF SWEETENED BEVERAGES;

19 b. PROVISION OF DIALYSIS WARD OR UNIT IN  
20 ALL NATIONAL, REGIONAL, AND PROVINCIAL  
21 GOVERNMENT HOSPITALS;

22 c. IMPLEMENTATION OF SCHOOL-BASED SUPPLEMENTAL  
23 NUTRITION PROGRAMS AND PROVISION OF WATER  
24 FOUNTAINS IN PUBLIC SCHOOLS TO REDUCE IN-SCHOOL  
25 ACCESS TO SWEETENED BEVERAGES;

26 d. PROVISION OF SUPPLEMENTAL FEEDING FOR CHILDREN  
27 AND ADULTS IN AREAS WITH HIGH INCIDENCE OF  
28 HUNGER;

29 4. FOR A PERIOD OF ONE YEAR FROM THE EFFECTIVITY OF THIS  
30 ACT, A PORTION OF THE INCREMENTAL REVENUES FROM THE  
31 SWEETENED BEVERAGE TAX SHALL BE ALLOCATED TO FUND

1 EMERGENCY EMPLOYMENT AND TRAINING AND RETOOLING  
2 PROGRAMS FOR DISPLACED WORKERS IN THE SWEETENED  
3 BEVERAGE INDUSTRY.

4 II. THE REMAINING REVENUES IN THE FIRST YEAR AND  
5 SUCCEEDING YEARS SHALL BE ALLOCATED TO FUND THE  
6 FOLLOWING:

- 7  
8 1. PHASED IMPLEMENTATION OF THE UNIVERSAL ACCESS TO  
9 QUALITY TERTIARY EDUCATION AND PROVISION OF FREE  
10 TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING  
11 (TVET);
- 12 2. EXPANSION OF THE UNIVERSAL PRIMARY CARE BENEFIT  
13 PACKAGE OF PHILHEALTH TO INCLUDE OUTPATIENT CARE  
14 FOR INDIGENTS AND SENIOR CITIZENS;
- 15 3. EXPANSION OF THE FREE MEDICINES PROGRAM IN  
16 GOVERNMENT HOSPITALS FOR POOR FAMILIES;
- 17 4. PROVISION OF SCHOLARSHIPS FOR HEALTH PROFESSIONAL  
18 EDUCATION;
- 19 5. PROVISION OF SOCIAL PENSION FOR ALL SENIOR CITIZENS  
20 EXCEPT THOSE WITH CONTRIBUTORY PENSION;
- 21 6. PROVISION OF GRANT FINANCING TO LGUS TO IMPROVE THE  
22 MANAGEMENT OF MUNICIPAL WATERS AND BOOST THE  
23 LIVELIHOOD OF ONE MILLION FIVE HUNDRED THOUSAND  
24 (1,500,000) MUNICIPAL FISHERFOLK REGISTERED IN THE  
25 MUNICIPAL FISHERFOLK REGISTRATION SYSTEM (FISHR) OF  
26 BUREAU OF FISHERIES AND AQUATIC RESOURCES (BFAR).  
27 THIS MAY COVER SUBSIDY FOR FISHERFOLK DURING CLOSED  
28 SEASONS, BENEFITS FOR BANTAY DAGAT OR DEPUTIZED FISH



1 WARDENS, AND PROGRAMS ON ECOSYSTEM-APPROACH TO  
2 FISHERIES MANAGEMENT;

3 7. EXPANSION OF TECHNICAL ASSISTANCE PROGRAM TO  
4 SUPPORT THE SUGARCANE BLOCK FARMS OF AGRARIAN  
5 REFORM BENEFICIARIES TO INCREASE THEIR PRODUCTIVITY;

6 8. PROVISION OF HOUSING PROGRAMS FOR FISHERFOLK IN THE  
7 EASTERN SEABOARD OF THE COUNTRY WHO ARE EITHER IN  
8 THE TOP ONE THOUSAND (1,000) BARANGAYS MOST  
9 FREQUENTLY SUSTAINING HIGH LOSSES IN TERMS OF LIVES  
10 AND PROPERTY BASED ON THE LIST OF THE DEPARTMENT OF  
11 INTERIOR AND LOCAL GOVERNMENT (DILG) AND OFFICE OF  
12 CIVIL DEFENSE (OCD) OR IN THE LIST OF BENEFICIARIES OF  
13 FIVE HUNDRED (500) FISH LANDING SITES FROM BFAR; AND

14 9. PROVISION OF INFRASTRUCTURE PROGRAMS TO ADDRESS  
15 CONGESTION AND MASS TRANSPORT AS DETERMINED BY  
16 CONGRESS IN THE 2018 GENERAL APPROPRIATIONS ACT  
17 (GAA) AND THEREAFTER.

18 WITHIN SIXTY (60) DAYS FROM THE END OF THE THREE (3)  
19 YEAR PERIOD FROM THE EFFECTIVITY OF THIS ACT, THE  
20 RESPECTIVE IMPLEMENTING AGENCIES FOR THE ABOVE PROGRAMS  
21 SHALL SUBMIT CORRESPONDING PROGRAM ASSESSMENTS TO THE  
22 COCCTRP.

23 AT THE END OF FIVE (5) YEARS FROM THE EFFECTIVITY OF  
24 THIS ACT, ALL EARMARKING PROVISIONS UNDER SUBSECTION (F),  
25 SHALL CEASE TO EXIST AND ALL INCREMENTAL REVENUES  
26 DERIVED UNDER THIS ACT SHALL ACCRUE TO THE GENERAL FUND  
27 OF THE GOVERNMENT."

1           **SEC. 44. Reportorial Requirements.** – The concerned departments,  
2 agencies, and beneficiaries under Section 43 of this Act shall submit to the President  
3 of the Senate of the Philippines, the Speaker of the House of Representatives, the  
4 Senate Committee on Finance and the House Committee on Appropriations a  
5 detailed report on the expenditure of the amounts earmarked hereon copy furnished  
6 the Chairpersons of the Committee on Ways and Means of both Houses of  
7 Congress. The report shall likewise be posted on the official website of the agencies  
8 concerned.

9           **SEC. 45. Implementing Rules and Regulations.** – Within sixty (60) days  
10 from the effectivity of this Act, the Secretary of Finance shall, upon the  
11 recommendation of the Commissioner of Internal Revenue, promulgate the  
12 necessary rules and regulations for its effective implementation: Provided, That, the  
13 failure of the Secretary of Finance to promulgate the said rules and regulations shall  
14 not prevent the implementation of this Act upon its effectivity.

15           **SEC. 46. Separability Clause.** – If any provision of this Act is subsequently  
16 declared invalid or unconstitutional, the other provisions hereof which are not  
17 affected thereby shall remain in full force and effect.

18           **SEC. 47. Repealing Clause.** – The following laws or provisions of laws are  
19 hereby repealed and the persons and/or transactions affected herein are made  
20 subject to the VAT provision of Title IV of the NIRC, as amended:

- 21           a) Section 13(1) and (2), insofar as VAT exemption is concerned, of  
22           Presidential Decree No. (P.D.) 1869 s. 1983 providing for the franchise and  
23           powers of the Philippine Amusement and Gaming Corporation;
- 24           b) Section 3 of P.D. 1972, s. 1985, as amended, Sections 4 and 5 of  
25           Executive Order No. (E.O.) 1057, s. 1985, and Section 4 of E.O. 1064, s.  
26           1985, insofar as the VAT tax exemption and tax credit is concerned;
- 27           c) Section 10, insofar as VAT exemption is concerned, of Republic Act No.  
28           (R.A.) 6807 or An Act Converting the Mati Community College to Davao  
29           Oriental State College of Science and Technology, Providing for a Charter



1 for this Purpose, Expanding its Curricular Offerings, Redirecting its  
2 Objectives, and Appropriating Funds Therefor;

- 3 d) Sections 18 and 19, insofar as VAT exemption is concerned, of R.A. 6847  
4 or The Philippine Sports Commission Act;
- 5 e) Section 8 (d) last paragraph, insofar as VAT exemption is concerned, of  
6 R.A. 7278 or An Act Amending Commonwealth Act No. 111, as amended  
7 by P.D. 460 or An Act to Create a Public Corporation to be known as the  
8 Boy Scouts of the Philippines, and to Define its Powers and Purposes by  
9 Strengthening the Volunteer and Democratic Character of the Boy Scouts  
10 of the Philippines and for Other Purposes;
- 11 f) Section 1, insofar as VAT exemption is concerned, of R.A. 7291 or An Act  
12 Restoring the Tax and Duty Incentives Previously Enjoyed by the Veterans  
13 Federation of the Philippines under R.A. 2640;
- 14 g) Section 21, insofar as VAT exemption is concerned, of R.A. 7306 or the  
15 Charter of the People's Television Network, Inc.;
- 16 h) Section 14, insofar as VAT exemption is concerned, of R.A. 7354 or the  
17 Postal Service Act of 1992;
- 18 i) Section 9(c), insofar as VAT exemption is concerned, of R.A. 7355 or the  
19 Manlilikha ng Bayan Act;
- 20 j) Section 21, insofar as VAT exemption is concerned, of R.A. 7356 or the  
21 Law Creating the National Commission for Culture and the Arts;
- 22 k) Section 7(f), insofar as VAT exemption is concerned, of R.A. 7371 or An  
23 Act Converting the Aklan Agricultural College into Aklan State College of  
24 Agriculture, and Appropriating Funds Therefor;
- 25 l) Section 12 second sentence, insofar as VAT exemption is concerned, of  
26 R.A. 7373 or An Act Establishing the Eastern Visayas Science High  
27 School;
- 28 m) Section 11(j), insofar as VAT exemption is concerned, of R.A. 7605 or the  
29 Charter of the Philippine State College of Aeronautics;
- 30 n) Section 126, insofar as VAT exemption is concerned, of R.A. 7653 or The  
31 New Central Bank Act;
- 32 o) Section 14 insofar as VAT exemption is concerned, of R.A. 7875 or the  
33 National Health Insurance Act of 1995;

- 1 p) Section 18, insofar as VAT exemption is concerned, and Section 18 last  
2 paragraph of R.A. 7884 or the National Dairy Development Act of 1995;
- 3 q) Section 8, insofar as VAT exemption is concerned, R.A. 8160 or the Act  
4 Granting the University of the Philippines a Franchise to Construct, Install,  
5 Operate and Maintain for Educational and Other Related Purposes, Radio  
6 and Television Broadcasting Stations Within the University of the  
7 Philippines and in Such Other Areas Within the Scope of its Operation;
- 8 r) Sections 2 and 16, insofar as VAT exemption is concerned, of R.A. 8282 or  
9 The Social Security Act of 1997;
- 10 s) Section 39, insofar as VAT exemption is concerned, of R.A. 8291 or The  
11 Government Service Insurance System Act of 1997;
- 12 t) Section 4 (c) and (f), insofar as VAT exemption is concerned, of R.A. 8292  
13 or the Higher Education Modernization Act of 1997;
- 14 u) Section 25, insofar as VAT exemption is concerned, of R.A. 8492 or the  
15 National Museum Act of 1998;
- 16 v) Section 3(h), insofar as VAT exemption is concerned, of R.A. 8502 or the  
17 Jewelry Industry Development Act of 1998;
- 18 w) Article 65, insofar as VAT exemption and zero rating is concerned, of  
19 regional or area headquarters and zero-rating of the sale or lease of goods  
20 and property and the rendition of services to regional or area headquarters,  
21 and Article 67, insofar as VAT exemption is concerned, of R.A. 8756;  
22 Provided, That existing RHQs and ROHQs enjoying VAT exemption and  
23 zero-rating at the time of the effectivity of TRAIN shall not be affected;
- 24 x) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9045 or An  
25 Act Creating the Batangas State University;
- 26 y) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9055 or An  
27 Act Converting the Aklan State College of Agriculture into the Aklan State  
28 University;
- 29 z) Section 13, insofar as VAT exemption is concerned, of R.A. 9083 or An Act  
30 Establishing the Sta. Rosa Science and Technology High School in Sta.  
31 Rosa, Laguna;
- 32 aa) Section 7(c) and (f), insofar as VAT exemption is concerned, of R.A. 9138  
33 or An Act Establishing the Guimaras State College;



- 1 bb) Section 7(c), insofar as VAT exemption is concerned, of R.A. 9141 or An  
2 Act Converting the Negros Occidental Agricultural College into State  
3 College to be known as the Negros Occidental Agricultural College;
- 4 cc) Section 16, insofar as VAT exemption is concerned, of R.A. 9497 or The  
5 Civil Aviation Authority Act of 2008;
- 6 dd) Section 25 (b) and c, insofar as VAT exemption is concerned, and (d),  
7 insofar as VAT zero-rating is concerned, of R.A. 9500 or the University of  
8 the Philippines Charter of 2008;
- 9 ee) Section 25(b) and (c), insofar as VAT exemption concerned, and (d) insofar  
10 as VAT zero-rating is concerned, of R.A. 9519 or An Act Converting  
11 Mindanao Polytechnic State College into a State University to be known as  
12 the Mindanao University of Science and Technology;
- 13 ff) Section 17(c), insofar as VAT exemption is concerned, of R.A. 3591,  
14 otherwise known as the PDIC Charter, as amended by Section 8 of RA  
15 9576 otherwise known as An Act Increasing the Maximum Deposit  
16 Insurance Coverage, and in Connection Therewith, to Strengthen the  
17 Regulatory and Administrative Authority, and Financial Capability of the  
18 Philippine Deposit Insurance Corporation (PDIC), Amending for this  
19 Purpose Republic Act Numbered Three Thousand Five Hundred Ninety-  
20 One, as Amended, Otherwise Known as the PDIC Charter, and for other  
21 Purposes;
- 22 gg) Sections 2 and 19, insofar as VAT exemption is concerned, of R.A. 9679 or  
23 An Act Further Strengthening the Home Development Mutual Fund, and for  
24 other purposes;
- 25 hh) Section 23, insofar as VAT exemption is concerned of the National  
26 Historical Commission of the Philippines, of R.A. 10086, or the  
27 Strengthening Peoples' Nationalism Through Philippine History Act;
- 28 ii) Section 7(b) and (c), insofar as VAT exemption is concerned, and (d),  
29 insofar as VAT zero-rating is concerned, of R.A. 9647 or The Philippine  
30 Normal University Modernization Act of 2009;
- 31 jj) Section 17, insofar as VAT exemption is concerned, of R.A. 7898,  
32 Establishing The Revised AFP Modernization Program And For Other  
33 Purposes, as amended by R.A. 10349;

1           kk) Section 56, insofar as VAT exemption is concerned, of R.A. 10801 or the  
2           Overseas Workers Welfare Administration Act.

3  
4           *Provided*, That the VAT obligations of government owned and controlled  
5 corporations, state universities and colleges, and other government instrumentalities  
6 whose VAT exemption has been repealed under this Act shall be chargeable to the  
7 Tax Expenditure Fund (TEF) provided for in the annual General Appropriations Act;  
8 *Provided*, Further, That VAT exemption, VAT zero-rating, and VAT credit granted to  
9 state universities and colleges on their purchases and importations are hereby  
10 repealed and the transactions affected herein are made subject to the VAT  
11 provisions of Title IV of the NIRC, as amended.

12           **SEC. 48. Effectivity.** – This Act shall take effect fifteen (15) days after its  
13 complete publication in the *Official Gazette* or in at least two (2) newspapers of  
14 general circulation.

*Approved,*