

As of May 31, 2017



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

House Bill No. 5636

(in substitution of House Bill Nos. 20, 35, 39, 57, 103, 137, 183, 292, 295, 333, 362, 363, 403, 411, 466, 562, 997, 1000, 1002, 1272, 1326, 1522, 1536, 1601, 1604, 1656, 1657, 1660, 1696, 1705, 1803, 1945, 1950, 2140, 2154, 2168, 2347, 2427, 2544, 2599, 2600, 2601, 3259, 3327, 3360, 3668, 3720, 3734, 3741, 4068, 4134, 4299, 4688, 4696 and 4774)

Introduced by Representatives Dakila Carlo E. Cua, Joey Sarte Salceda, Romero "Miro" S. Quimbo, Francis Gerald Abaya, Rozzano Rufino Biazon, Raul V. Del Mar, Arthur C. Yap, Francisca L. Castro, Angelina "Helen" D.L. Tan, Victoria Isabel G. Noel, Eric L. Olivarez, Horacio P. Suansing, Estrellita B. Suansing, Maria Carmen S. Zamora, Rodrigo A. Abellanos, Tobias "Toby" M. Tiangco, Raneo E. Abu, Winston "Winnie" Castelo, Luis Jose Angel N. Campos, Jr., Weslie T. Gatchalian, Gloria Macapagal-Arroyo, Bernadette R. Herrera-Dy, Teddy Brawner Baguilat, Bellaflor J. Angara-Castillo, Maximo B. Rodriguez, Jr., Greg G. Gasataya, Vilma Santos-Recto, Luisa Lloren Cuaresma, Enrico A. Pineda, Michael Odyon L. Romero, Paolo Everardo S. Javier, Emmeline Y. Aglipay-Villar, Rosenda Ann Ocampo, Sharon S. Garin, Gus S. Tambunting, Julieta R. Cortuna, Rodante D. Marcoleta, Manuel F. Zubiri, Kaka J. Bag-ao, Luis Raymund "Lray" F. Villafuerte, Jr., Benhur L. Salimbangon, Ramon Vicente Antonio M. Rocamora, Eric D. Singson, Franz E. Alvarez, Alberto T. Ungab, Teodoro G. Montoro, Suharto T. Mangudadatu, Isagani S. Amatong, Gil P. Acosta, Nancy A. Catamco, Antonio R. Floirendo, Raul C. Tupas, Ruby M. Sahali, Randolph S. Ting, Karlo Alexei B. Nograles, Juliette T. Uy, Scott Davies S. Lanete, Raul A. Daza, Ferjenel G. Biron, Carlito S. Marquez, Jesus "Boying" F. Celeste, Baby Aline Vargas-Alfonso, Pablo C. Ortega, Seth Frederick P. Jalosjos, Joel Mayo Z. Almario, Alex "AA" L. Advincula, Rodel M. Batocabe, Jericho Jonas B. Nograles, Michaelina M. Antonio, Edgar Mary S. Sarmiento, Jerry P. Treñas, Ann K. Hofer, Allen Jesse C. Mangaoang, Eripe John "Ping" M. Amante, Ma. Lucille L. Nava, Ma. Theresa V. Collantes, Noel L. Villanueva, Ricardo "RJ" T. Belmonte, Imelda R. Marcos, Napoleon S. Dy, Virgilio S. Lacson, Sabiniano S. Canama, Salvador B. Belaro, Jr., Prospero A. Pichay, Jr., Henry S. Oaminal, Shernee Abubakar Tan, Arthur R. Defensor, Jr., Cheryl P. Deloso-Montalla, Ma. Lourdes R. Aggabao, Aileen C. Radaza, Jesulito "Jess" A. Manalo, Eugene Michael B. De Vera and John Marvin "Yul Servo" C. Nieto

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

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

1 SECTION 1. *Title.* This Act shall be known as the “Tax Reform for
2 Acceleration and Inclusion”
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5 SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State:
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- 7 1. To enhance the progressivity of the tax system through the
8 rationalization of the Philippine internal revenue tax system, thereby
9 promoting sustainable economic growth;
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- 11 2. To provide, as much as possible, an equitable relief to a greater
12 number of taxpayers in order to improve levels of disposable income
13 and increase economic activity; and
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- 15 3. To ensure that the government is able to provide for the needs of those
16 under its jurisdiction and care through the provision of better
17 infrastructure, health, education and social protection for the people.
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21 SEC. 3. Section 5 of the National Internal Revenue Code of 1997, as
22 amended, is hereby further amended to read as follows:
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24

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

31 xxx xxx xxx

32 (B) To obtain on a regular basis from any person other than the person
33 whose internal revenue tax liability is subject to audit or investigation, or
34 from any office or officer of the national and local governments,
35 government agencies and instrumentalities, including [the Bangko

1 Sentral ng Pilipinas] GOVERNMENT FINANCIAL INSTITUTIONS and
2 government- owned or -controlled corporations, any RELEVANT
3 information such as, but not limited to, costs and volume of production,
4 receipts or sales and gross incomes of taxpayers, and the names,
5 addresses, and financial statements of corporations, mutual fund
6 companies, insurance companies, regional operating headquarters of
7 multinational companies, joint accounts, associations, joint ventures of
8 consortia and registered partnerships, and their members; PROVIDED,
9 THAT THE BIR AND OTHER NATIONAL GOVERNMENT AGENCIES,
10 LOCAL GOVERNMENT UNITS, AND GOVERNMENT AGENCIES AND
11 INSTRUMENTALITIES, INCLUDING GOVERNMENT FINANCIAL
12 INSTITUTIONS AND GOVERNMENT- OWNED OR -CONTROLLED
13 CORPORATIONS, SHALL ESTABLISH ELECTRONIC
14 INTERCONNECTIVITY THAT WILL ALLOW EXCHANGE OF
15 INFORMATION RELEVANT TO THE NEEDS OF EACH AGENCY AS
16 DETERMINED BY THE HEADS OF THE SAID OFFICES AND THE
17 SECRETARY OF FINANCE UNDER JOINT RULES TO BE ISSUED;
18 PROVIDED FURTHER, THAT IF THE DATA REQUIREMENTS CONSISTS
19 OF INFORMATION FOUND IN THE INCOME TAX RETURN OF
20 TAXPAYERS, THE REQUIREMENTS UNDER SECTION 71 SHALL STILL BE
21 COMPLIED WITH: PROVIDED, FURTHER, THAT THE COOPERATIVES
22 DEVELOPMENT AUTHORITY SHALL SUBMIT TO THE BUREAU A TAX
23 INCENTIVE REPORT, WHICH SHALL INCLUDE INFORMATION ON THE
24 INCOME TAX, VALUE-ADDED TAX AND OTHER TAX INCENTIVES
25 AVAILABLE OF BY COOPERATIVES REGISTERED AND ENJOYING
26 INCENTIVES UNDER REPUBLIC ACT NO. 6983, AS AMENDED:
27 PROVIDED, FINALLY, THAT THE INFORMATION SUBMITTED BY THE
28 COOPERATIVES DEVELOPMENT AUTHORITY TO THE BUREAU SHALL
29 BE SUBMITTED TO THE DEPARTMENT OF FINANCE AND SHALL BE
30 INCLUDED IN THE DATABASE CREATED UNDER REPUBLIC ACT NO.
31 10708 OTHERWISE KNOWN AS "THE TAX INCENTIVES MANAGEMENT
32 AND TRANSPARENCY ACT (TIMTA)."
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36 SEC. 4. Section 6 of the National Internal Revenue Code of 1997, as
37 amended, is hereby further amended to read as follows:
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40 "SEC. 6. Power of the Commissioner to Make Assessments and
41 Prescribe Additional Requirements for Tax Administration and
42 Enforcement. –
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45 (A) *Examination of Returns and Determination of Tax Due.* – After a
46 return has been filed as required under the provisions of this
47 Code, the Commissioner or his duly authorized representative may
48 authorize the examination of any taxpayer and the assessment of
49 the correct amount of tax, NOTWITHSTANDING ANY LAW
50 REQUIRING THE PRIOR AUTHORIZATION OF ANY GOVERNMENT

1 AGENCY OR INSTRUMENTALITY: *Provided, however,* That failure
2 to file a return shall not prevent the commissioner from
3 authorizing the examination of any taxpayer.

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10 (B) xxx

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12 (C) xxx

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14 (D) xxx

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16 (E) xxx

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

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

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

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

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

1 by the Bureau of Internal Revenue for tax assessment, verification,
2 audit and enforcement purposes.

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

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

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

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

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

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

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

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

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

37 The Commissioner shall forward the information as promptly as
38 possible to the requesting foreign tax authority. To ensure a prompt
39 response, the Commissioner shall confirm receipt of a request in
40 writing to the requesting tax authority and shall notify the latter of

1 deficiencies in the request, if any, within sixty (60) days from the
2 receipt of the request.

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

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

14 The term 'foreign tax authority', as used herein, shall refer to the tax
15 authority or tax administration of the requesting State under the tax
16 treaty or convention to which the Philippines is a signatory or a party
17 of.

18 (4) ANY TAXPAYER UPON ORDER OF ANY COMPETENT COURT IN
19 CASES INVOLVING OFFENSES COVERED UNDER SECTION 254 OF
20 R.A. 8424, AS AMENDED, SUBJECT TO RULES AND REGULATIONS
21 PRESCRIBED BY THE SECRETARY OF FINANCE UPON
22 RECOMMENDATION OF THE COMMISSIONER OF INTERNAL
23 REVENUE.”

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25 SEC. 5. Section 22 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
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29 “SEC. 22. *Definitions.* – When used in this Title:
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32 xxx xxx xxx
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35 [(GG) The term “*statutory minimum wage*” shall refer to the rate
36 fixed by the Regional Tripartite Wage and Productivity Board, as
37 defined by the Bureau of Labor and Employment Statistics (BLES) of
38 the Department of Labor and Employment (DOLE).
39

40
41 (HH) The term “*statutory minimum wage earner*” shall refer to a
42 worker in the private sector paid the statutory minimum wage, or to
43 an employee in the public sector with compensation income of not
44 more than the statutory minimum wage in the non-agricultural sector
45 where he/she is assigned.]”

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

“SEC. 24. Income Tax Rates. –

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

(1) An income tax is hereby imposed:

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

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

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

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

[Not over P10,000	5%
Over P10,000 but not over P30,000.....	P500 + 10% of the excess over P10,000
Over P30,000 but not over P70,000	P2,500 + 15% of the excess over P30,000
Over P70,000 but not over P140,000.....	P8,500 + 20% of the excess over P70,000
Over P140,000 but not over P250,000.....	P22,500 + 25% of the

	excess over P140,000
Over P250,000 but not over P500,000.....	P50,000 +30% of the excess over P250,000
Over P500,000.....	P125,000+32%of the excess over P500,000]

(A) ON COMPENSATION INCOME EARNERS. -

TAX SCHEDULE EFFECTIVE JANUARY 1, 2018, 2019 AND 2020

NOT OVER P250,000	0%
OVER P250,000 BUT NOT OVER P400,000	20% OF THE EXCESS OVER P250,000
OVER P400,000 BUT NOT OVER P800,000	P30,000 + 25% OF THE EXCESS OVER P400,000
OVER P800,000 BUT NOT OVER P2,000,000.....	P130,000 + 30% OF THE EXCESS OVER P800,000
OVER P2,000,000 BUT NOT OVER P5,000,000	P490,000 + 32% OF THE EXCESS OVER P2,000,000
OVER P5,000,000	P1,450,000 + 35% OF THE EXCESS OVER P5,000,000

TAX SCHEDULE EFFECTIVE JANUARY 1, 2021 AND ONWARDS

NOT OVER P250,000	0%
OVER P250,000 BUT NOT OVER P400,000	15% OF THE EXCESS OVER P250,000

1	OVER P400,000 BUT NOT OVER P800,000	P22,500 + 20%
2		OF THE EXCESS
3		OVER P400,000
4	OVER P800,000 BUT NOT OVER P2,000,000	P102,500 + 25%
5		OF THE EXCESS
6		OVER P800,000
7		
8	OVER P2,000,000 BUT NOT OVER P5,000,000	P402,500 + 30%
9		OF THE EXCESS
10		OVER P2,000,000
11		
12	OVER P5,000,000	P1,302,500 + 35% OF
13		THE EXCESS OVER
14		P5,000,000

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16
17 PROVIDED, THAT AFTER 2022, THE TAXABLE INCOME LEVELS
18 AND BASE IN THE ABOVE SCHEDULE SHALL BE ADJUSTED ONCE
19 EVERY THREE (3) YEARS THROUGH RULES AND REGULATIONS
20 ISSUED BY THE SECRETARY OF FINANCE AFTER CONSIDERING
21 THE EFFECT ON THE SAME OF THE THREE-YEAR CUMULATIVE
22 CPI INFLATION RATE ROUNDED OFF TO THE NEAREST
23 THOUSANDTH.
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25

26 For married individuals, the husband and wife, subject to the
27 provision of Section 51 (D) hereof, shall compute separately their
28 individual income tax based on their respective total taxable income:
29 *Provided*, That if any income cannot be definitely attributed to or
30 identified as income exclusively earned or realized by either of the
31 spouses, the same shall be divided equally between the spouses for
32 the purpose of determining their respective taxable income.
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35 [*Provided*, That minimum wage earners as defined in Section 22 (HH)
36 of this Code shall be exempt from the payment of income tax on their
37 taxable income: *Provided*, further, That the holiday pay, overtime pay,
38 night shift differential pay and hazard pay received by such minimum
39 wage earners shall likewise be exempt from income tax.]
40
41

42 (B) RATE OF TAX FOR SELF-EMPLOYED AND/OR PROFESSIONALS
43 WHOSE GROSS SALES OR GROSS RECEIPTS DO NOT EXCEED THE
44 VAT THRESHOLD AS PROVIDED IN SECTION 109 OF THIS CODE. –
45 AN EIGHT PERCENT (8%) INCOME TAX ON GROSS SALES OR
46 GROSS RECEIPTS IN EXCESS OF TWO HUNDRED FIFTY THOUSAND
47 PESOS (P250,000) SHALL BE IMPOSED IN LIEU OF PERCENTAGE
48 TAX.
49

1 (C) RATE OF TAX FOR SELF-EMPLOYED AND/OR PROFESSIONALS
2 WHOSE GROSS SALES OR GROSS RECEIPTS EXCEED THE VAT
3 THRESHOLD AS PROVIDED IN SECTION 109 OF THIS CODE. –
4 SELF-EMPLOYED AND/OR PROFESSIONALS SHALL BE TAXED IN
5 THE SAME MANNER AS CORPORATIONS AS TO APPLICABLE TAX
6 RATE, MINIMUM INCOME TAX AND ALLOWABLE DEDUCTIONS, AS
7 PROVIDED IN SECTIONS 27 (A), 27 (E) AND 34, RESPECTIVELY, OF
8 THIS CODE.

9
10 (D) RENEWAL REQUIREMENT FOR PROFESSIONAL LICENSE –
11 PROFESSIONALS SHALL BE REQUIRED TO PRESENT A
12 CERTIFICATE OF TAX PAYMENT FROM THE BIR OR CERTIFIED
13 TRUE COPY OF THEIR LATEST INCOME TAX RETURN (ITR), AT THE
14 OPTION OF THE TAXPAYER, UPON APPLICATION FOR RENEWAL OF
15 THEIR RESPECTIVE PROFESSIONAL LICENSE.

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19 (B) *Rate of Tax on Certain Passive Income:* –
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22 (1) *Interests, Royalties, Prizes and Other Winnings.* – A final tax at the
23 rate of twenty percent (20%) is hereby imposed upon the amount of
24 interest from any currency bank deposit and yield or any other
25 monetary benefit from deposit substitutes and from trust funds
26 and similar arrangements; royalties, except on books, as well as
27 other literary works and musical compositions, which shall be
28 imposed a final tax of ten percent (10%); prizes (except prizes
29 amounting to Ten thousand pesos (P10,000) or less which shall be
30 subject to tax under Subsection (A) of section 24; and other
31 winnings [(except Philippine Charity Sweepstakes and Lotto
32 winnings)] derived from sources within the Philippines: *Provided,*
33 *however,* That interest income received by an individual taxpayer
34 (except a nonresident individual) from a depository bank under the
35 expanded foreign currency deposit system shall be subject to a
36 final income tax at the rate of seven and on-half percent (7 ½%) of
37 such interest income: *Provided, further,* That interest income from
38 long-term deposit or investment in the form of savings, common or
39 individual trust funds, deposit substitutes, investment
40 management accounts and other investments evidenced by
41 certificates in such form prescribed by the *Bangko Sentral ng*
42 *Pilipinas* (BSP) shall be exempt from the tax imposed under this
43 Subsection: *Provided, finally,* That should the holder of the
44 certificate pre-terminate the deposit or investment before the fifth
45 (5th) year, a final tax shall be imposed on the entire income and
46 shall be deducted and withheld by the depository bank from the
47 proceeds of the long-term deposit or investment certificate based
48 on the remaining maturity thereof:
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6 SEC. 7. Section 25 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:
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10 “SEC. 25. Tax on Nonresident Alien Individual. –
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13 (A) *Nonresident Alien Engaged in Trade or Business Within the*
14 *Philippines.* –
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22 (B) *Nonresident Alien Not Engaged in Trade or Business Within the*
23 *Philippines.* –
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26 xxx xxx xxx
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30 [(C) *Alien Individual Employed by Regional or Area Headquarters and*
31 *Regional Operating Headquarters of Multinational Companies.* - There
32 shall be levied, collected and paid for each taxable year upon the gross
33 income received by every alien individual employed by regional or area
34 headquarters and regional operating headquarters established in the
35 Philippines by multinational companies as salaries, wages, annuities,
36 compensation, remuneration and other emoluments, such as
37 honoraria and allowances, from such regional or area headquarters
38 and regional operating headquarters, a tax equal to fifteen percent
39 (15%) of such gross income: Provided, however, That the same tax
40 treatment shall apply to Filipinos employed and occupying the same
41 position as those of aliens employed by these multinational
42 companies. For purposes of this Chapter, the term 'multinational
43 company' means a foreign firm or entity engaged in international trade
44 with affiliates or subsidiaries or branch offices in the Asia-Pacific
45 Region and other foreign markets.]
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49 [(D) *Alien Individual Employed by Offshore Banking Units.* - There shall
50 be levied, collected and paid for each taxable year upon the gross

1 income received by every alien individual employed by offshore
2 banking units established in the Philippines as salaries, wages,
3 annuities, compensation, remuneration and other emoluments, such
4 as honoraria and allowances, from such off-shore banking units, a tax
5 equal to fifteen percent (15%) of such gross income: Provided,
6 however, That the same tax treatment shall apply to Filipinos
7 employed and occupying the same positions as those of aliens
8 employed by these offshore banking units.]
9

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

23 [Any income earned from all other sources within the Philippines by
24 the alien employees referred to under Subsections (C), (D) and (E)
25 hereof shall be subject to the pertinent income tax, as the case may
26 be, imposed under this Code.]”
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30 SEC. 8. Section 31 of the National Internal Revenue Code of 1997, as
31 amended, is hereby further amended to read as follows:
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34 “SEC. 31. *Taxable Income Defined.* - The term ‘*taxable income*’ means
35 the pertinent items of gross income specified in this Code less [the]
36 deductions [and/or personal and additional exemptions], if any,
37 authorized for such types of income by this Code [or other special
38 laws].”
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42 SEC. 9. Section 32 of the National Internal Revenue Code of 1997, as
43 amended, is hereby further amended to read as follows:
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47 “SEC. 32. *Gross Income.* -
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50 (A) *General Definition.* - xxx

1 (B) *Exclusions from Gross Income.* – xxx

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4 (1) xxx

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7 (7) Miscellaneous Items. –

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10 (a) xxx

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13 (e) 13th Month Pay and Other Benefits. – Gross benefits
14 received by officials and employees of public and private
15 entities: *Provided, however,* That the total exclusion under
16 this subparagraph shall not exceed [eighty-two] ONE
17 HUNDRED thousand pesos [(P82,000)] (P100,000) which
18 shall cover:
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21 xxx”
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25 SEC. 10. Section 33 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
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30 “SEC. 33. *Special Treatment of Fringe Benefit.* –

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33 (A) *Imposition of Tax.* – EFFECTIVE JANUARY 1, 2018 AND
34 ONWARDS, [A] A final tax of THIRTY PERCENT (30%) [thirty-four
35 percent (34%) effective January 1, 1998; thirty-three percent (33%)
36 effective January 1, 1999; and thirty-two percent (32%) effective
37 January 1, 2000 and thereafter], is hereby imposed on the grossed-
38 up monetary value of fringe benefit furnished or granted to the
39 employee (except rank and file employees as defined herein) by the
40 employer, whether an individual or a corporation (unless the fringe
41 benefit is required by the nature of, or necessary to the trade,
42 business or profession of the employer, or when the fringe benefit
43 is for the convenience or advantage of the employer). The tax herein
44 imposed is payable by the employer which tax shall be paid in the
45 same manner as provided for under Section 57 (A) of this Code[.
46 The grossed-up monetary value of the fringe benefit shall be
47 determined by dividing the actual monetary value of the fringe
48 benefit by sixty-six percent (66%) effective January 1, 1998; sixty-
49 seven percent (67%) effective January 1, 1999; and sixty-eight
50 percent (68%) effective January 1, 2000 and thereafter:]; *Provided,*

1 *however*, That fringe benefit furnished to employees and taxable
2 under Subsection[s] (B)[, (C), (D) and (E)] of Section 25 shall be
3 taxed at the applicable rate[s] imposed thereat: *Provided, further*,
4 That the grossed -up monetary value of the fringe benefit shall be
5 determined by dividing the actual monetary value of the fringe
6 benefit by the difference between one hundred percent (100%) and
7 the applicable rate[s] of income tax under Subsection[s] (B)[, (C),
8 (D), and (E)] of Section 25, *PROVIDED, THAT EFFECTIVE 2022*
9 *AND THEREAFTER, THE FRINGE BENEFIT SHALL FORM PART*
10 *OF THE GROSS INCOME OF ITS RECIPIENT EMPLOYEE*
11 *SUBJECT TO THE REGULAR INCOME TAX RATES.*
12

13
14 xxx”
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16
17 SEC. 11. Section 34 of the National Internal Revenue Code of 1997, as
18 amended, is hereby further amended to read as follows:
19

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

29
30 (A) Expenses. -
31

32 (1) Ordinary and Necessary Trade, Business or Professional
33 Expenses. -
34

35 (a) In General. - xxx
36

37 (i) A reasonable allowance for salaries, wages and other
38 forms of compensation for personal services actually
39 rendered, including the grossed-up monetary value of
40 fringe benefit furnished or granted by the employer to the
41 employee: *Provided*, That the final tax imposed under
42 Section 33 hereof has been paid[;]: *PROVIDED,*
43 *HOWEVER, THAT EFFECTIVE 2022 AND THEREAFTER,*
44 *THE ACTUAL MONETARY VALUE OF THE FRINGE*
45 *BENEFIT AND NOT THE GROSSED-UP MONETARY*
46 *VALUE SHALL BE ALLOWED AS DEDUCTION UNDER*
47 *THIS SECTION.*
48

49
50 xxx xxx xxx

1 (L) *Optional Standard Deduction (OSD)*. – In lieu of the deductions
2 allowed under the preceding Subsections, [an individual subject to tax
3 under Section 24, other than a nonresident alien, may elect a
4 standard deduction in an amount not exceeding forty percent (40%) of
5 his gross sales or gross receipts, as the case maybe. In the case of] a
6 corporation subject to tax under Sections 27 (A) and 28 (A) (1)[, it]
7 may elect a standard deduction in an amount not exceeding forty
8 percent (40%) of its gross income as defined in Section 32 of this
9 Code. Unless the taxpayer signifies in his return his intention to elect
10 the optional standard deduction, he shall be considered as having
11 availed himself of the deductions allowed in the preceding
12 Subsections. Such election when made in the return shall be
13 irrevocable for the taxable year for which the return is made: *Provided*,
14 That an individual who is entitled to and claimed for the optional
15 standard deduction shall not be required to submit with his tax
16 return such financial statements otherwise required under this Code:
17 *Provided, further*, That except when the Commissioner otherwise
18 permits, the said individual shall keep such records pertaining to his
19 gross sales or gross receipts, or the said corporation shall keep such
20 records pertaining to his gross income as defined in Section 32 of this
21 Code during the taxable year, as may be required by the rules and
22 regulations promulgated by the Secretary of Finance, upon
23 recommendation of the Commissioner.
24
25

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 pesos (P2,400) per family or Two hundred
29 pesos (P200) a month paid during the taxable year for health and/or
30 hospitalization insurance taken by the taxpayer for himself, including
31 his family, shall be allowed as a deduction from his gross income:
32 *Provided*, That said family has a gross income of not more than Two
33 hundred fifty thousand pesos (P250,000) for the taxable year:
34 *Provided, finally*, That in the case of married taxpayers, only the
35 spouse claiming the additional exemption for dependents shall be
36 entitled to this deduction.]
37
38
39
40

41 xxx xxx xxx”
42
43
44

45 SEC. 12. Section 35 of the National Internal Revenue Code of 1997, as
46 amended, is hereby repealed.
47
48

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

1 SEC. 14. Section 79 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:
3

4
5 “SEC. 79. *Income Tax Collected at Source.* -
6

7
8 xxx xxx xxx
9

10
11 [(D) *Personal Exemptions.* -
12

13
14 (1) In General. - Unless otherwise provided by this
15 Chapter, the personal and additional exemptions
16 applicable under this Chapter shall be determined in
17 accordance with the main provisions of this Title.
18

19
20 (2) Exemption Certificate. -
21

22
23 (a) When to File. - On or before the date of
24 commencement of employment with an employer,
25 the employee shall furnish the employer with a
26 signed withholding exemption certificate relating to
27 the personal and additional exemptions to which he
28 is entitled.
29

30 (b) Change of Status. - In case of change of status of
31 an employee as a result of which he would be
32 entitled to a lesser or greater amount of exemption,
33 the employee shall, within ten (10) days from such
34 change, file with the employer a new withholding
35 exemption certificate reflecting the change.
36

37 (c) Use of Certificates. - The certificates filed
38 hereunder shall be used by the employer in the
39 determination of the amount of taxes to be
40 withheld.
41

42 (d) Failure to Furnish Certificate. - Where an
43 employee, in violation of this Chapter, either fails or
44 refuses to file a withholding exemption certificate,
45 the employer shall withhold the taxes prescribed
46 under the schedule for zero exemption of the
47 withholding tax table determined pursuant to
48 Subsection (A) hereof.]
49
50

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

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

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

xxx xxx xxx”

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

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

[If the net estate is:

Over	But not Over	The tax shall be	Plus	Of the Excess Over
P200,000	P200,000 500,000	Exempt 0	5%	P200,000

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

SEC. 16. Section 86 of the National Internal Revenue Code of 1997, as amended, [are] IS hereby further amended to read as follows:

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

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

(1) xxx

(2) xxx

(3) xxx

(4) *The Family Home.* - An amount equivalent to the current fair market value of the decedent's family home: Provided, however, That if the said current fair market value exceeds [One] THREE million pesos (P[1] 3,000,000), the excess shall be subject to estate tax. As a *sine qua non* condition for the exemption or deduction, said family home must have been the decedent's family home as certified by the barangay captain of the locality. THE CEILING FAIR MARKET VALUE OF THE FAMILY HOME SHALL BE ADJUSTED EVERY THREE YEARS BEGINNING 2018 ACCORDING TO ITS CURRENT VALUE USING A THREE (3) YEAR CUMULATIVE CPI INFLATION RATE.

(5) xxx

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

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

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

5
6
7 [(1) *Expenses, Losses, Indebtedness and Taxes.* - That proportion of
8 the deductions specified in paragraph (1) of Subsection (A) of this
9 Section which the value of such part bears to the value of his
10 entire gross estate wherever situated;]

11
12
13 [(2)](1) *Property Previously Taxed.* - An amount equal to the value
14 specified below of any property forming part of the gross estate
15 situated in the Philippines of any person who died within five (5)
16 years prior to the death of the decedent, or transferred to the
17 decedent by gift within five (5) years prior to his death, where such
18 property can be identified as having been received by the decedent
19 from the donor by gift, or from such prior decedent by gift,
20 bequest, devise or inheritance, or which can be identified as
21 having been acquired in exchange for property so received:

22
23
24 One hundred percent (100%) of the value if the prior decedent died
25 within one (1) year prior to the death of the decedent, or if the
26 property was transferred to him by gift, within the same period prior
27 to his death;

28
29
30 Eighty percent (80%) of the value, if the prior decedent died more than
31 one (1) year but not more than two (2) years prior to the death of the
32 decedent, or if the property was transferred to him by gift within the
33 same period prior to his death;

34
35
36 Sixty percent (60%) of the value, if the prior decedent died more than
37 two (2) years but not more than three (3) years prior to the death of
38 the decedent, or if the property was transferred to him by gift within
39 the same period prior to his death;

40
41
42 Forty percent (40%) of the value, if the prior decedent died more than
43 three (3) years but not more than four (4) years prior to the death of
44 the decedent, or if the property was transferred to him by gift within
45 the same period prior to his death; and

1 Twenty percent (20%) of the value, if the prior decedent died more
2 than four (4) years but not more than five (5) years prior to the death
3 of the decedent, or if the property was transferred to him by gift within
4 the same period prior to his death.
5
6

7 These deductions shall be allowed only where a donor's tax, or estate
8 tax imposed under this Title is finally determined and paid by or on
9 behalf of such donor, or the estate of such prior decedent, as the case
10 may be, and only in the amount finally determined as the value of
11 such property in determining the value of the gift, or the gross estate
12 of such prior decedent, and only to the extent that the value of such
13 property is included in that part of the decedent's gross estate which
14 at the time of his death is situated in the Philippines; and only if, in
15 determining the value of the net estate of the prior decedent, no
16 deduction is allowable under paragraph (2) of Subsection (B) of this
17 Section, in respect of the property or properties given in exchange
18 therefore. Where a deduction was allowed of any mortgage or other
19 lien in determining the donor's tax, or the estate tax of the prior
20 decedent, which was paid in whole or in part prior to the decedent's
21 death, then the deduction allowable under said paragraph shall be
22 reduced by the amount so paid. Such deduction allowable shall be
23 reduced by an amount which bears the same ratio to the amounts
24 allowed as deductions under paragraphs (1) and (3) of this Subsection
25 as the amount otherwise deductible under paragraph (2) bears to the
26 value of that part of the decedent's gross estate which at the time of
27 his death is situated in the Philippines. Where the property referred to
28 consists of two (2) or more items, the aggregate value of such items
29 shall be used for the purpose of computing the deduction.
30
31

32 *[(3)] (2) Transfers for Public Use.* - The amount of all bequests, legacies,
33 devises or transfers to or for the use of the Government of the
34 Republic of the Philippines or any political subdivision thereof, for
35 exclusively public purposes.
36
37

38 *(C) Share in the Conjugal Property.* - The net share of the surviving
39 spouse in the conjugal partnership property as diminished by the
40 obligations properly chargeable to such property shall, for the purpose
41 of this Section, be deducted from the net estate of the decedent.
42
43

44 *[(D) Miscellaneous Provisions.* - No deduction shall be allowed in the
45 case of a nonresident not a citizen of the Philippines, unless the
46 executor, administrator, or anyone of the heirs, as the case may be,
47 includes in the return required to be filed under Section 90 the value
48 at the time of his death of that part of the gross estate of the
49 nonresident not situated in the Philippines.]
50

1
2 [(E)] (D) *Tax Credit for Estate Taxes paid to a Foreign Country.* –
3

4 (1) *In General.* - The tax imposed by this Title shall be credited with
5 the amounts of any estate tax imposed by the authority of a foreign
6 country.
7

8
9 (2) *Limitations on Credit.* - The amount of the credit taken under this
10 Section shall be subject to each of the following limitations:
11

12
13 (a) The amount of the credit in respect to the tax paid to any country
14 shall not exceed the same proportion of the tax against which such
15 credit is taken, which the decedent's net estate situated within
16 such country taxable under this Title bears to his entire net estate;
17 and
18

19
20 (b) The total amount of the credit shall not exceed the same proportion
21 of the tax against which such credit is taken, which the decedent's
22 net estate situated outside the Philippines taxable under this Title
23 bears to his entire net estate.”
24
25

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

30 “SEC. 99. *Rate[s] of Tax Payable by Donor.* -
31
32

33 (A) *In General.* – The tax for each calendar year shall be SIX PERCENT
34 (6%) computed on the basis of the total [net] gifts IN EXCESS OF
35 ONE HUNDRED THOUSAND PESOS (P100,000) EXEMPT GIFT
36 made during the calendar year [in accordance with the following
37 schedule:].
38
39

40 [If the net gift is:
41
42

Over	But not Over	The tax shall be	Plus	Of the Excess Over
	P100,000	Exempt		
P100,000	200,000	0	2%	P100,000
200,000	500,000	2,000	4%	200,000
500,000	1,000,000	14,000	6%	500,000
1,000,000	3,000,000	44,000	8%	1,000,000

1	3,000,000	5,000,000	204,000	10%	3,000,000
2	5,000,000	10,000,000	404,000	12%	5,000,000
3	10,000,000		1,004,000	15%	10,000,000]

4
5
6 [(B) *Tax Payable by Donor if Donee is a Stranger.* – When the donee or
7 beneficiary is a stranger, the tax payable by the donor shall be thirty
8 percent (30%) of the net gifts. For the purpose of this tax, a ‘*stranger*’
9 is a person who is not a:

10
11 (1) Brother, sister (whether by whole or half-blood), spouse,
12 ancestor and lineal descendant; or

13
14 (2) Relative by consanguinity in the collateral line within the
15 fourth degree of relationship.]

16
17 [(C)] (B) Any contribution in cash or in kind to any candidate, political
18 party or coalition of parties for campaign purposes shall be governed
19 by the Election Code, as amended.”

20
21
22 SEC. 18. Section 106 of the National Internal Revenue Code of 1997, as
23 amended, is hereby further amended to read as follows:

24
25
26
27 “SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* -

28
29
30 (A) *Rate and Base of Tax.* - There shall be levied, assessed and
31 collected on every sale, barter or exchange of goods or
32 properties, a value-added tax equivalent to TWELVE [ten]
33 percent (12%) [(10%)] of the gross selling price or gross value
34 in money of the goods or properties sold, bartered or
35 exchanged, such tax to be paid by the seller or transferor.[:
36 Provided, That the President, upon the recommendation of
37 the Secretary of Finance, shall, effective January 1, 2006,
38 raise the rate of value-added tax to twelve percent (12%),
39 after any of the following conditions has been satisfied.

40
41 (i) Value-added tax collection as a percentage of
42 Gross Domestic product (GDP) of the previous year
43 exceeds two and four-fifth percent (2 4/5%); or

44
45 (ii) National government deficit as a percentage of
46 GDP of the previous year exceeds one
47 and one-half percent (1 1/2%).]

48
49
50 XXX XXX XXX

1 (2) The following sales by VAT-registered persons shall be
2 subject to zero-percent (0%) rate:
3

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

5
6 (1) The sale and actual shipment of goods
7 from the Philippines to a foreign country,
8 irrespective of any shipping arrangement that
9 may be agreed upon which may influence or
10 determine the transfer of ownership of the
11 goods so exported and paid for in acceptable
12 foreign currency or its equivalent in goods or
13 services, and accounted for in accordance
14 with the rules and regulations of the *Bangko*
15 *Sentral ng Pilipinas* (BSP);
16

17 (2) Sale of raw materials or packaging
18 materials to a nonresident buyer for delivery
19 to a resident local export-oriented enterprise
20 to be used in manufacturing, processing,
21 packing or repacking in the Philippines of the
22 said buyer's goods and paid for in acceptable
23 foreign currency and accounted for in
24 accordance with the rules and regulations of
25 the *Bangko Sentral ng Pilipinas* (BSP);
26

27 (3) Sale of raw materials or packaging
28 materials to export-oriented enterprise whose
29 export sales exceed seventy percent (70%) of
30 total annual production;
31

32 [(4) Sale of gold to the *Bangko Sentral ng*
33 *Pilipinas* (BSP)];
34

35 [(5)] (4) Those considered export sales under
36 Executive Order No. 226, otherwise known as
37 the Omnibus Investment Code of 1987, and
38 other special laws; and
39

40 [6] (5) The sale of goods, supplies, equipment
41 and fuel to persons engaged in international
42 shipping or international air transport
43 operations; PROVIDED, THAT THE GOODS,
44 SUPPLIES, EQUIPMENT AND FUEL SHALL
45 BE USED FOR INTERNATIONAL SHIPPING
46 OR AIR TRANSPORT OPERATIONS;
47

48
49 *PROVIDED, THAT ITEMS (2), (3) AND (4)*
50 *HEREOF SHALL BE SUBJECT TO THE*

TWELVE PERCENT (12%) VALUE-ADDED TAX AND NO LONGER BE CONSIDERED EXPORT SALES SUBJECT TO ZERO-PERCENT (0%) VAT RATE UPON THE ESTABLISHMENT AND IMPLEMENTATION OF AN ENHANCED VAT REFUND SYSTEM WHICH GIVES THE TAXPAYER THE ACTUAL REFUND OR DENIAL OF HIS APPLICATION WITHIN NINETY (90) DAYS FROM THE FILING OF THE VAT REFUND APPLICATION.”

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

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

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

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

“SEC. 107. *Value-Added Tax on Importation of Goods.* -

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

1 President, upon the recommendation of the Secretary of
2 Finance, shall, effective January 1, 2006, raise the rate of value-
3 added tax to twelve percent (12%), after any of the following
4 conditions has been satisfied:
5

6
7 (i) Value-added tax collection as a percentage of Gross
8 Domestic Product (GDP) of the previous year exceeds two
9 and four-fifth percent (2 4/5%); or
10

11
12 (ii) National government deficit as a percentage of GDP of
13 the previous year exceeds one and one-half percent (1
14 1/2%)]
15

16
17 (B) *Transfer of Goods by Tax-exempt Persons.* –
18
19
20

21 xxx xxx xxx”
22
23
24

25 SEC. 20. Section 108 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
27
28

29 "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of*
30 *Properties.* –
31

32 (A) *Rate and Base of Tax.* - There shall be levied, assessed and
33 collected, a value-added tax equivalent to TWELVE [ten] percent
34 (12%) [(10%)] of gross receipts derived from the sale or exchange
35 of services, including the use or lease of properties. [Provided,
36 That the President, upon the recommendation of the Secretary
37 of Finance, shall, effective January 1, 2006, raise the rate of
38 value-added tax to twelve percent (12%), after any of the
39 following conditions has been satisfied:
40

41 (i) Value-added tax collection as a percentage of Gross
42 Domestic Product (GDP) of the previous year exceeds two
43 and four-fifth percent (2 4/5%); or
44

45 (ii) National government deficit as a percentage of GDP of
46 the previous year exceeds one and one-half percent (1
47 1/2%)]
48

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

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

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

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

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

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

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

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

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

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

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

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

(1) xxx

(2) xxx

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

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

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

1 (6) Transport of passengers and cargo by DOMESTIC air or sea
2 vessels from the Philippines to a foreign country;
3

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

10 PROVIDED, THAT ITEM (B) (5) HEREOF SHALL BE SUBJECT
11 TO THE TWELVE PERCENT (12%) VALUE-ADDED TAX AND NO
12 LONGER BE SUBJECT TO ZERO-PERCENT (0%) VAT RATE
13 UPON THE ESTABLISHMENT AND IMPLEMENTATION OF AN
14 ENHANCED VAT REFUND SYSTEM WHICH GIVES THE
15 TAXPAYER THE ACTUAL REFUND OR DENIAL OF HIS
16 APPLICATION WITHIN NINETY (90) DAYS FROM THE FILING
17 OF THE VAT REFUND APPLICATION.”
18
19

20 SEC. 21. Section 109 of the National Internal Revenue Code of 1997, as
21 amended, is hereby further amended to read as follows:
22
23

24 “SEC. 109. *Exempt Transactions.* -
25

26 (1) *Subject to the provisions of subsection (2) hereof, the following*
27 *transactions shall be exempt from the value-added tax:*
28

29 (A) xxx;
30

31 (B) xxx;
32

33 (C) xxx;
34
35

36 [(D) Importation of professional instruments and implements,
37 wearing apparel, domestic animals, and personal household
38 effects (except any vehicle, vessel, aircraft, machinery other
39 goods for use in the manufacture and merchandise of any kind
40 in commercial quantity) belonging to persons coming to settle in
41 the Philippines, for their own use and not for sale, barter or
42 exchange, accompanying such persons, or arriving within
43 ninety (90) days before or after their arrival, upon the
44 production of evidence satisfactory to the Commissioner, that
45 such persons are actually coming to settle in the Philippines
46 and that the change of residence is *bona fide*];
47
48

49 (D) IMPORTATION OF PROFESSIONAL INSTRUMENTS AND
50 IMPLEMENTS, TOOLS OF TRADE, OCCUPATION OR

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

21
22
23 (E) Services subject to percentage tax under Title V;

24
25 (F) Services by agricultural contract growers and milling for
26 others of palay into rice, corn into grits and sugar cane into raw
27 sugar;

28
29 (G) Medical, dental, hospital and veterinary services except
30 those rendered by professionals;

31
32 (H) Educational services rendered by private educational
33 institutions, duly accredited by the Department of Education
34 (DepED), the Commission on Higher Education (CHED), the
35 Technical Education and Skills Development Authority (TESDA)
36 and those rendered by government educational institutions;

37
38 (I) Services rendered by individuals pursuant to an employer-
39 employee relationship;

40
41 (J) Services rendered by regional or area headquarters
42 established in the Philippines by multinational corporations
43 which act as supervisory, communications and coordinating
44 centers for their affiliates, subsidiaries or branches in the Asia-
45 Pacific Region and do not earn or derive income from the
46 Philippines;

47
48 (K) Transactions which are exempt under international
49 agreements to which the Philippines is a signatory or under
50 special laws, except those under Presidential Decree No. 529;

1
2 (L) Sales by agricultural cooperatives duly registered with the
3 Cooperative Development Authority to their members as well as
4 sale of their produce, whether in its original state or processed
5 form, to non-members; their importation of direct farm inputs,
6 machineries and equipment, including spare parts thereof, to be
7 used directly and exclusively in the production and/or
8 processing of their produce;
9

10 (M) Gross receipts from lending activities by credit or multi-
11 purpose cooperatives duly registered with the Cooperative
12 Development Authority;
13

14 (N) Sales by non-agricultural, non- electric and non-credit
15 cooperatives duly registered with the Cooperative Development
16 Authority: Provided, That the share capital contribution of each
17 member does not exceed Fifteen thousand pesos (P15, 000) and
18 regardless of the aggregate capital and net surplus ratably
19 distributed among the members;
20

21 (O) Export sales by persons who are not VAT-registered;
22

23 (P) Sale of real properties not primarily held for sale to
24 customers nor held for lease in the ordinary course of trade or
25 business or real property utilized for [low-cost and] socialized
26 housing as defined by Republic Act No. 7279, otherwise known
27 as the Urban Development and Housing Act of 1992, and other
28 related laws[, residential lot valued at One million five hundred
29 thousand pesos (P1,500,000) and below, house and lot, and
30 other residential dwellings valued at Two million five hundred
31 thousand pesos (P2,500,000) and below: Provided, That not
32 later than January 31, 2009 and every three (3) years
33 thereafter, the amount herein stated shall be adjusted to their
34 present values using the Consumer Price Index, as published by
35 the National Statistics Office (NSO)];
36

37 [(Q) Lease of a residential unit with a monthly rental not
38 exceeding Ten thousand pesos (P10,000): Provided, That not
39 later than January 31, 2009 and every three (3) years
40 thereafter, the amount herein stated shall be adjusted to its
41 present value using the Consumer Price Index as published by
42 the National Statistics Office (NSO);]
43

44 [R] (Q) Sale, importation, printing or publication of books and
45 any newspaper, magazine review or bulletin which appears at
46 regular intervals with fixed prices for subscription and sale and
47 which is not devoted principally to the publication of paid
48 advertisements;
49

50 [S] (R) Transport of passengers by international carriers;

1
2 [[(T)] (S) Sale, importation or lease of passenger or cargo vessels
3 and aircraft, including engine, equipment and spare parts
4 thereof for domestic or international transport operations;
5

6 [[(U)] (T) Importation of fuel, goods and supplies by persons
7 engaged in international shipping or air transport operations;
8 PROVIDED, THAT THE FUEL, GOODS AND SUPPLIES SHALL
9 BE USED FOR INTERNATIONAL SHIPPING OR AIR TRANSPORT
10 OPERATIONS;
11

12 [[(V)] (U) Services of bank, non-bank financial intermediaries
13 performing quasi-banking functions, and other non-bank
14 financial intermediaries; [and]
15

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

22 (W) Sale or lease of goods or properties or the performance of
23 services other than the transactions mentioned in the preceding
24 paragraphs, the gross annual sales and/or receipts do not
25 exceed the amount of [One million five hundred thousand]
26 THREE MILLION pesos [(P1,500,000)] (P3,000,000): *Provided,*
27 That not later than January 31, [2009] 2021 and every three (3)
28 years thereafter, the amount herein stated shall be adjusted to
29 its present value using the Consumer Price Index, as published
30 by the [National Statistics-Office (NSO).]PHILIPPINE STATISTICS
31 AUTHORITY (PSA)[;].
32

33
34 PROVIDED, THAT THE SALE OF REAL PROPERTY UTILIZED FOR
35 SOCIALIZED HOUSING UNDER ITEM (P) HEREOF SHALL NO
36 LONGER BE AN EXEMPT TRANSACTION UPON THE
37 ESTABLISHMENT OF A HOUSING VOUCHER SYSTEM WHICH
38 SHALL BENEFIT BUYERS OF SOCIALIZED HOUSING.”
39
40
41

42 SEC. 22. Section 116 of the National Internal Revenue Code of 1997, as
43 amended, is hereby further amended to read as follows:
44
45
46

47 “SEC. 116. Tax on Persons Exempt from Value-added Tax (VAT). – Any
48 person whose sales or receipts are exempt under Section 109 (W) of
49 this Code from the payment of value-added tax and who is not a VAT-
50 registered person shall pay a tax equivalent to three percent (3%) of

1 his gross quarterly sales or receipts: *Provided*, That SELF-EMPLOYED
2 AND/OR PROFESSIONALS WHOSE GROSS SALES OR GROSS
3 RECEIPTS DO NOT EXCEED THE VAT THRESHOLD AND
4 cooperatives shall be exempt from the three percent (3%) gross
5 receipts tax herein imposed.”
6
7
8

9 SEC. 23. Chapter 5 of Title VI of the National Internal Revenue Code of
10 1997, as amended, is hereby further amended to read as follows:
11
12
13

14 “CHAPTER V
15 EXCISE TAX ON PETROLEUM PRODUCTS
16
17

18 SEC. 148. *Manufactured Oils and Other Fuels.* - There shall be
19 collected on refined and manufactured mineral oils and motor fuels,
20 the following excise taxes which shall attach to the goods hereunder
21 enumerated as soon as they are in existence as such:
22
23
24

25 EFFECTIVE JANUARY 1, 2018
26

27 (a) Lubricating oils and greases, including but not limited to,
28 basestock for lube oils and greases, high vacuum distillates, aromatic
29 extracts, and other similar preparations, and additives for lubricating
30 oils and greases, whether such additives are petroleum based or not,
31 per liter and kilogram respectively, of volume capacity or weight, [Four
32 pesos and fifty centavos (P4.50)] SEVEN PESOS (P7.00) [*Provided*,
33 *however*, That the excise taxes paid on the purchased feedstock
34 (bunker) used in the manufacture of excisable articles and forming
35 part thereof shall be credited against the excise tax due therefrom]:
36 *Provided*, [further,] That lubricating oils and greases produced from
37 basestocks and additives on which the excise tax has already been
38 paid shall no longer be subject to excise tax: *Provided*, [finally,]
39 FURTHER, That locally produced or imported oils previously taxed as
40 such but are subsequently reprocessed, re-refined or recycled shall
41 likewise be subject to the tax imposed under this [Section.]
42 SUBSECTION.
43

44 (b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)]
45 THREE PESOS (P3.00);
46

47 (c) Waxes and petrolatum, per kilogram, [Three pesos and fifty
48 centavos (P3.50)] SEVEN PESOS (P7.00);
49

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

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

28
29 (f) Leaded premium gasoline, per liter of volume capacity, [Five pesos
30 and thirty-five centavos (P5.35)] SEVEN PESOS (P7.00); unleaded
31 premium gasoline, per liter of volume capacity, [Four pesos and thirty-
32 five centavos (P4.35)] SEVEN PESOS (P7.00);

33
34 (g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos
35 and sixty-seven centavos (P3.67)] SEVEN PESOS (P7.00);

36
37 (h) Kerosene, per liter of volume capacity, [zero (P0.00)] THREE PESOS
38 (P3.00): *Provided*, That kerosene, when used as aviation fuel, shall be
39 subject to the same tax on aviation turbo jet fuel under the preceding
40 paragraph (g), such tax to be assessed on the user thereof;

41
42 (i) Diesel fuel oil, and on similar fuel oils having more or less the same
43 generating power, per liter of volume capacity, [zero (P0.00)] THREE
44 PESOS (P3.00);

45
46 (j) Liquefied petroleum gas, per liter, [zero (P0.00)] THREE PESOS
47 (P3.00): PROVIDED, THAT, LIQUEFIED PETROLEUM GAS WHEN
48 USED AS RAW MATERIAL IN THE PRODUCTION OF
49 PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND
50 REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF

ENERGY, IN CONSULTATION WITH THE SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00): *Provided, FINALLY* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

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

(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [zero (P0.00)] THREE PESOS (P3.00)[.]: *PROVIDED, HOWEVER*, THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM[.].

EFFECTIVE JANUARY 1, 2019

(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, [Four pesos and fifty centavos (P4.50)] NINE PESOS (P9.00) [*Provided, however*, That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom]: *Provided, [further,]* That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: *Provided, [finally,]* FURTHER, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, re-refined or recycled shall likewise be subject to the tax imposed under this [Section.] SUBSECTION.

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

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

(d) On denatured alcohol to be used for motive power, per liter of volume capacity, [Five centavos (P0.05)] FIVE PESOS (P5.00): *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°)

proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

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

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

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

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

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

(j) Liquefied petroleum gas, per liter, [zero (P0.00)] FIVE PESOS (P5.00): PROVIDED, THAT, LIQUEFIED PETROLEUM GAS WHEN USED AS RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00): *Provided, FINALLY* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

(k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] FIVE PESOS (P5.00); and

(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [zero (P0.00)] FIVE PESOS (P5.00)].: *PROVIDED, HOWEVER, THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM[:].*

EFFECTIVE JANUARY 1, 2020

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

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

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

(d) On denatured alcohol to be used for motive power, per liter of volume capacity, [Five centavos (P0.05)] SIX PESOS (P6.00): *Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;*

(e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, [Four pesos and thirty five centavos

(P4.35)] TEN PESOS (P10.00): *Provided, however,* That naphtha, when used as a raw material in the production of petrochemical products or as replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Energy, in consultation with the Secretary of Finance, per liter of volume capacity, Zero (P0.00): *Provided, further,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

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

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

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

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

(j) Liquefied petroleum gas, per liter, [zero (P0.00)] SIX PESOS (P6.00): PROVIDED, THAT, LIQUEFIED PETROLEUM GAS WHEN USED AS RAW MATERIAL IN THE PRODUCTION OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF ENERGY, IN CONSULTATION WITH THE SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00): *Provided, FINALLY* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

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

(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [zero (P0.00)] SIX PESOS (P6.00)[.]: *PROVIDED, HOWEVER, THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM[.].*

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

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

“SECTION 148-A. *MANDATORY MARKING OF ALL PETROLEUM PRODUCTS.* –

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

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

A. THE PERSON, ENTITY, OR TAXPAYER WHO OWNS OR ENTERS THE PETROLEUM PRODUCTS INTO THE COUNTRY, OR THE PERSON TO WHOM THE PETROLEUM PRODUCTS ARE CONSIGNED SHALL CAUSE AND ACCOMMODATE THE MARKING OF THE PETROLEUM PRODUCTS WITH THE OFFICIAL MARKING AGENT.

1
2 B. A CUSTOMS/BIR OFFICIAL SHALL BE ON SITE TO ADMINISTER
3 THE DECLARATION OF THE TAX AND DUTIES APPLIED ON THE
4 PETROLEUM PRODUCTS.
5

6 C. OFFICIAL MARKERS. – THERE SHALL BE A LIST OF CHEMICAL
7 ADDITIVES AND CORRESPONDING QUANTITATIVE RATIO FOR
8 EACH TYPE OF FUEL TO BE IDENTIFIED BY THE SECRETARY OF
9 THE DEPARTMENT OF FINANCE AS OFFICIAL FUEL MARKERS.
10

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

16 THE OFFICIAL MARKERS' CHEMICAL COMPOSITION AND
17 QUANTITATIVE RATIO MUST PERSIST FOR AT LEAST THREE (3)
18 YEARS FROM THEIR APPLICATION OR ADMINISTRATION TO THE
19 UNMARKED FUEL.
20

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

32 THE ABSENCE OF THE OFFICIAL MARKER OR THE USE OF
33 FRAUDULENT MARKER ON THE PETROLEUM PRODUCTS SHALL
34 BE CONSIDERED PRIMA FACIE EVIDENCE THAT THE SAME
35 HAVE BEEN WITHDRAWN OR IMPORTED WITHOUT THE
36 PAYMENT OF THE EXCISE TAX.
37

38 E. THE FAILURE OF ANY PERSON, ENTITY, OR TAXPAYER
39 RESPONSIBLE FOR THE MARKING OF PETROLEUM PRODUCTS
40 AS REQUIRED IN THIS SECTION SHALL BE PROSECUTED
41 UNDER SECTION 265-A OF THIS CODE.
42

43 F. RANDOM FIELD TESTS. – PERIODIC RANDOM FIELD TESTS
44 SHALL BE CONDUCTED ON FUELS FOUND IN THE
45 WAREHOUSES, GAS STATIONS AND OTHER RETAIL OUTLETS,
46 AND IN SUCH OTHER PROPERTIES OR EQUIPMENT, INCLUDING
47 MECHANISMS OF TRANSPORTATION, OF PERSONS ENGAGED IN
48 THE SALE, DELIVERY, TRADING, TRANSPORTATION,
49 DISTRIBUTION, OR IMPORTATION OF FUEL INTENDED FOR
50 DOMESTIC MARKET.

1
2 THE FIELD TESTS SHALL BE CONDUCTED IN THE PRESENCE
3 OF A REPRESENTATIVE FROM THE BIR OR BOC, THIRD PARTY
4 MARKING PROVIDER, AND THE AUTHORIZED REPRESENTATIVE
5 OF THE OWNER OF THE FUEL TO BE TESTED. FOR PURPOSES
6 OF THIS ACT, AN EMPLOYEE ASSIGNED OR WORKING AT THE
7 PLACE WHERE THE RANDOM FIELD TEST IS CONDUCTED
8 SHALL BE DEEMED AN AUTHORIZED REPRESENTATIVE OF THE
9 OWNER.

10
11 ALL FIELD TESTS SHALL BE PROPERLY FILMED OR VIDEO-
12 TAPED, AND DOCUMENTED.

13
14 THE CUSTOMS OR BIR SHALL IMMEDIATELY OBTAIN A SAMPLE
15 OF THE TESTED FUEL UPON DISCOVERING THAT THE SAME IS
16 UNMARKED, ADULTERATED, OR DILUTED.

17
18 G. CONFIRMATORY TESTS. – A CONFIRMATORY TEST OF THE
19 TESTED UNMARKED, ADULTERATED, OR DILUTED FUEL SHALL
20 IMMEDIATELY BE CONDUCTED IN AN ACCREDITED TESTING
21 FACILITY THAT IS CERTIFIED TO ISO 170025.

22
23 CONFIRMATORY FUEL TEST CERTIFICATES ISSUED BY FUEL
24 TESTING FACILITIES SHALL BE VALID FOR ANY LEGAL
25 PURPOSE FROM THE DATE OF ISSUE, AND SHALL CONSTITUTE
26 ADMISSIBLE AND CONCLUSIVE EVIDENCE BEFORE ANY
27 COURT.

28
29 H. PROGRAM IMPLEMENTATION OFFICE (PIO). – THERE SHALL BE
30 A PIO HEADED BY A DOF SENIOR OFFICER TO BE DESIGNATED
31 BY THE SECRETARY OF FINANCE, AND WITH THE
32 COMMISSIONER OF CUSTOMS AND THE COMMISSIONER OF
33 INTERNAL REVENUE OR THEIR DULY AUTHORIZED
34 REPRESENTATIVES WITH THE RANK OF DEPUTY
35 COMMISSIONER, AND ONE SENIOR OFFICER EACH FROM THE
36 DEPARTMENT OF ENERGY (DOE) AND DEPARTMENT OF TRADE
37 AND INDUSTRY (DTI), TO BE DESIGNATED BY THE
38 SECRETARIES OF DOE AND DTI, RESPECTIVELY, AS MEMBERS
39 THAT SHALL DIRECTLY COORDINATE AND SUPERVISE THE
40 PROPER AND EFFECTIVE IMPLEMENTATION OF THIS ACT. THE
41 PIO SHALL BE SUPPORTED BY PERSONNEL OF THE DOF, AS
42 WELL AS THOSE ASSIGNED OR SECONDED FROM AGENCIES
43 ATTACHED TO THE DOF.

44
45 F. POWERS AND DUTIES OF THE PIO. – THE PIO SHALL EXERCISE
46 THE FOLLOWING POWERS AND DUTIES:

47
48 (1) FORMULATE, DEVELOP AND ESTABLISH A
49 COMPREHENSIVE, INTEGRATED, UNIFIED AND
50 BALANCED NATIONAL FUEL TRAFFICKING PREVENTION

1 AND CONTROL STRATEGY AND FOR THIS PURPOSE,
2 ISSUE THE TERMS OF REFERENCE AND ENGAGEMENT
3 OF THE OFFICIAL MARKING PROVIDER, ENSURE THAT
4 ALL OPERATIONAL AND TECHNICAL WRITTEN
5 INSTRUCTIONS ARE IN PLACE AND PROPERLY
6 DISSEMINATED TO ALL CONCERNED TO ENSURE THE
7 EFFECTIVENESS OF THE MARKING SYSTEM;
8

9 (2) PROMULGATE SUCH RULES AND REGULATIONS AS MAY
10 BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS
11 ACT, INCLUDING THE MANNER OF SAFEKEEPING,
12 DISPOSITION, AND SALE OF CONFISCATED FUEL, AND
13 PRESCRIBE ADMINISTRATIVE REMEDIES OR SANCTIONS
14 FOR THE VIOLATIONS OF SUCH RULES AND
15 REGULATIONS;
16

17 (3) DESIGN AND DEVELOP, IN CONSULTATION WITH THE
18 DEPARTMENT OF ENERGY AND OTHER PUBLIC OR
19 PRIVATE AGENCIES, SPECIAL TRAININGS IN ORDER TO
20 PROVIDE LAW ENFORCEMENT OFFICERS, MEMBERS OF
21 THE JUDICIARY, AND PROSECUTORS WITH KNOWLEDGE
22 AND KNOW-HOW IN FUEL TRAFFICKING AND
23 SMUGGLING, AND IDENTIFY AND RESOLVE OPERATIONAL
24 AND TECHNICAL DIFFICULTIES IDENTIFIED IN THE
25 COURSE OF IMPLEMENTATION;
26

27 (4) INITIATE AND AUTHORIZE CLOSURE PROCEEDINGS
28 AGAINST NON-ACCREDITED AND/OR SUBSTANDARD
29 FUEL TESTING FACILITIES BASED ON VERIFIED REPORTS
30 AND/OR VERIFIED COMPLAINTS;
31

32 (5) RECEIVE, GATHER, COLLECT AND EVALUATE ALL
33 INFORMATION ON THE IMPORTATION, SALE, TRANSFER,
34 DELIVERY, OR DISTRIBUTION OF UNMARKED, DILUTED
35 OR ADULTERATED FUEL INTENDED OR HELD FOR
36 DOMESTIC MARKET;
37

38 (6) CONDUCT BIDDING, GIVE ACCREDITATION, AND ENGAGE
39 A THIRD PARTY MARKING PROVIDER;
40

41 (7) PERFORM OVERSIGHT FUNCTION OVER THE THIRD
42 PARTY MARKING PROVIDER, AND CONDUCT PERIODIC
43 INSPECTIONS ON THE FACILITIES AND PERSONNEL OF
44 THE THIRD PARTY MARKING PROVIDER;
45

46 (8) APPOINT AND ENGAGE SUCH TECHNICAL,
47 ADMINISTRATIVE AND OTHER PERSONNEL AS MAY BE
48 NECESSARY FOR THE EFFECTIVE IMPLEMENTATION OF
49 THIS ACT, SUBJECT TO THE CIVIL SERVICE LAW AND ITS
50 RULES AND REGULATIONS;

- 1
2 (9) CALL ON ANY OFFICIAL OF THE DEPARTMENT OF ENERGY
3 AND ITS ATTACHED AGENCIES FOR SUCH ASSISTANCE
4 AS MAY BE NECESSARY, AS WELL AS TO REQUIRE THE
5 PARTICIPATION OF EXPERTS TO HELP ACHIEVE THE
6 OBJECTIVES OF THE ACT;
7
8 (10) INITIATE CRIMINAL, CIVIL, AND/OR ADMINISTRATIVE
9 ACTIONS IN THE PROPER COURT OR QUASI-JUDICIAL
10 AGENCY FOR VIOLATIONS OF THIS ACT;
11
12 (11) SUBMIT MONTHLY PROGRESS REPORT TO THE
13 SECRETARY OF FINANCE, AND ANNUAL REPORT TO THE
14 RELEVANT COMMITTEES OF THE SENATE AND THE
15 HOUSE OF REPRESENTATIVES; AND
16
17 (12) ESTABLISH AN EXTENSIVE MEDIA AND PUBLIC
18 INFORMATION CAMPAIGN TO INFORM THE PUBLIC OF
19 THE IMPORTANCE OF FUEL MARKING AND ITS EXPECTED
20 ECONOMIC BENEFITS.
21

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

32 G. ENGAGEMENT OF THIRD PARTY MARKING PROVIDER. – THE PIO
33 SHALL, IN ACCORDANCE WITH THE IMPLEMENTING RULES AND
34 REGULATIONS, AND EXISTING LAWS ON PROCUREMENT AND
35 BIDDING, ENGAGE A THIRD PARTY MARKING PROVIDER.
36 PROVIDED, THAT THE PIO SHALL NOT ENGAGE MORE THAN ONE
37 (1) THIRD PARTY MARKING PROVIDER; AND THAT THE THIRD
38 PARTY MARKING PROVIDER SHOULD NOT HAVE ANY CUSTOMERS
39 IN THE PHILIPPINES BESIDES THE GOVERNMENT.
40

41 THE THIRD PARTY MARKING PROVIDER SHALL PROVIDE AN END-
42 TO-END SOLUTION TO THE GOVERNMENT. IT SHALL BE
43 RESPONSIBLE FOR PROVIDING, MONITORING, AND
44 ADMINISTERING THE FUEL MARKERS, PROVIDE EQUIPMENT AND
45 DEVICES, CONDUCT FIELD AND CONFIRMATORY TESTS, AND
46 PERFORM SUCH OTHER ACTS INCIDENTAL OR NECESSARY TO
47 THE PROPER IMPLEMENTATION OF THE PROVISIONS OF THIS ACT.
48

49 H. COSTS. - ALL COSTS IN RELATION TO THE IMPLEMENTATION OF
50 THE PROVISIONS OF THIS SECTION SHALL BE BORNE BY THE

1 REFINER, IMPORTER, OR MANUFACTURER OF PETROLEUM
2 PRODUCTS.
3
4

5 DEFINITION OF TERMS. – AS USED IN THIS SECTION, THE
6 FOLLOWING TERMS SHALL HAVE THE MEANING INDICATED:
7

- 8 (1) “CHEMICAL DIVERSION” REFERS TO THE SALE,
9 DISTRIBUTION, SUPPLY OR TRANSPORT OF LEGITIMATELY
10 IMPORTED, IN-TRANSIT, MANUFACTURED OR PROCURED
11 CONTROLLED PRECURSORS AND ESSENTIAL CHEMICALS,
12 IN DILUTED, MIXTURES OR IN CONCENTRATED FORM, TO
13 ANY PERSON OR ENTITY ENGAGED IN FUEL
14 TRAFFICKING, AND SHALL INCLUDE BUT IS NOT LIMITED
15 TO PACKAGING, REPACKAGING, LABELING, RELABELING
16 OR CONCEALMENT OF SUCH TRANSACTION THROUGH
17 FRAUD, DESTRUCTION OF DOCUMENTS, FRAUDULENT
18 USE OF PERMITS, MISDECLARATION, USE OF FRONT
19 COMPANIES OR MAIL FRAUD.
20
- 21 (2) “CONFIRMATORY TEST” REFERS TO AN ACCURATE AND
22 PRECISE ANALYTICAL TEST USING A DEVICE, TOOL OR
23 EQUIPMENT WHICH WILL VALIDATE AND CONFIRM THE
24 RESULT OF THE FIELD TEST.
25
- 26 (3) “DELIVER” OR “TRANSPORT” REFER TO THE ACT OF
27 KNOWINGLY PASSING FUEL OF COMMERCIAL QUANTITY
28 TO ANOTHER PERSON, WHETHER PERSONALLY OR
29 OTHERWISE, AND BY ANY MEANS, WITH OR WITHOUT
30 CONSIDERATION.
31
- 32 (4) “FIELD TEST” REFERS TO THE RANDOM INSPECTIONS
33 AND TESTS PERFORMED TO ESTABLISH QUALITATIVE
34 POSITIVE RESULT OF FUEL TRAFFICKING.
35
- 36 (5) “FUEL” AS USED IN THIS SECTION REFERS TO ANY
37 COMBUSTIBLE GAS OR COMBUSTIBLE LIQUID THAT CAN
38 BE USED TO GENERATE POWER BY MEANS OF AN
39 INTERNAL COMBUSTION OR TURBINE ENGINE, OR FOR
40 HEATING, AND INCLUDES ADDITIVES TO THAT FUEL,
41 EXCEPT JET FUEL, AVIATION FUEL AND LIQUEFIED
42 PETROLEUM GAS.
43
- 44 (6) “FUEL MARKERS” REFER TO THE OFFICIAL MARKERS
45 IDENTIFIED BY THE SECRETARY OF FINANCE THAT IS
46 ADMINISTERED OR MIXED INTO A PARTICULAR FUEL TO
47 DISTINGUISHING IT FROM OTHER TYPES OF FUEL OR
48 UNMARKED FUEL OF THE SAME TYPE.
49

- (7) "FUEL MARKING" REFERS TO THE ADDITION OR ADMINISTRATION OF ADDITIVES TO FUEL IN ORDER TO DISTINGUISH IT FROM OTHER TYPES OF FUEL OR SIMILAR UNMARKED FUEL.
- (8) "FUEL TRAFFICKING" REFERS TO THE SALE, TRADE, DELIVERY, DISTRIBUTION, OR TRANSPORTATION OF UNMARKED, DILUTED, OR ADULTERATED FUEL OR COUNTERFEIT ADDITIVE, THE ACT OF DILUTING OR ADULTERATING MARKED OR UNMARKED FUEL, OR ANY RELATED ACTS DESIGNED TO CIRCUMVENT THIS SECTION.
- (9) "IMPORTATION" REFERS TO THE ENTRY OF FUEL, FUEL PRODUCTS, OR ADDITIVES INTO THE PHILIPPINES (THROUGH THE APPROVED SEAPORTS OR AIRPORTS, AS DETERMINED BY THE BUREAU OF CUSTOMS), THE FUEL, FUEL PRODUCT, OR ADDITIVE BEING INTENDED FOR DIRECT CONSUMPTION, MERCHANDISING, WAREHOUSING, OR FOR FURTHER PROCESSING.
- (10) "MANUFACTURE" REFERS TO THE PRODUCTION, PREPARATION, COMPOUNDING OR PROCESSING OF ANY FUEL OR PETROLEUM PRODUCTS FOR SALE, TRADE, DISTRIBUTION, OR TRANSPORT; THE TERM DOES NOT INCLUDE THE PREPARATION, COMPOUNDING, PACKAGING OR LABELING OF A FUEL, FUEL PRODUCT, OR ADDITIVE BY A DULY AUTHORIZED PRACTITIONER AS AN INCIDENT TO HIS/HER PROFESSIONAL PRACTICE INCLUDING RESEARCH, TEACHING AND CHEMICAL ANALYSIS OF FUEL OR FUEL ADDITIVES OR SUCH SUBSTANCES THAT ARE NOT INTENDED FOR SALE, TRADE, DELIVERY, DISTRIBUTION OR TRANSPORTATION.
- (11) "MARKED FUEL" REFERS TO FUEL THAT IS MARKED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT.
- (12) "PERSON" REFERS TO ANY ENTITY, NATURAL OR JURIDICAL, INCLUDING AMONG OTHERS, A CORPORATION, PARTNERSHIP, TRUST OR ESTATE, JOINT STOCK COMPANY, ASSOCIATION, SYNDICATE, JOINT VENTURE OR OTHER UNINCORPORATED ORGANIZATION OR GROUP CAPABLE OF ACQUIRING RIGHTS OR ENTERING INTO OBLIGATIONS.
- (13) "SELL" OR "DISTRIBUTE" REFERS TO ANY ACT OF GIVING AWAY ANY FUEL, FUEL PRODUCTS AND/OR ADDITIVES, WHETHER FOR MONEY OR ANY OTHER CONSIDERATION, AND WHETHER AS PRIVATE SALE OR SALE TO THE CONSUMING PUBLIC.

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

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

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

"CHAPTER VI – EXCISE TAX ON MISCELLANEOUS ARTICLES

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

EFFECTIVE JANUARY 1, 2018

Net manufacturer's price/importer's selling price	Rate
Up to P600 Thousand	[2%] 3%
Over P600 Thousand to P1.1 Million	[P12,000 + 20%] P18,000 + 30% of value in excess of P600 Thousand
Over P1.1 Million to P2.1 Million	[P112, 000 + 40%] P168,000 + 50% of value in excess of P1.1 Million
Over P2.1 Million TO P3.1 MILLION	[P512,000 + 60%] P668,000 + 80% of value in excess of P2.1 Million

1

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

2

3

4

5

6

EFFECTIVE JANUARY 1, 2019

7

8

NET MANUFACTURER'S RATE
PRICE/IMPORTER'S
SELLING PRICE

UP TO P600 THOUSAND 4%

OVER P600 THOUSAND TO P24,000 + 40% OF VALUE IN
P1.1 MILLION EXCESS OF P600 THOUSAND

OVER P1.1 MILLION TO P224,000 + 60% OF VALUE IN
P2.1 MILLION EXCESS OF P1.1 MILLION

Over P2.1 Million TO P3.1 P824,000 + 100% OF VALUE IN
MILLION EXCESS OF P2.1 MILLION

9

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

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

10
11 The manufacturer's price or importer's selling price, net of excise and
12 value-added taxes, shall be indexed by the full rate of the peso depreciation
13 or appreciation, as the case may be.
14

15
16 *Provided, further,* That in case the change in the exchange rate of the
17 Philippine peso against the U.S. dollar is at least twenty percent (20%) at
18 anytime within the two-year period referred to above, the Secretary of
19 Finance shall index the brackets reflecting the manufacturer's price or
20 importer's selling price, net of excise and value-added taxes, by the full rate
21 of the peso depreciation or appreciation, as the case may be.]
22

23
24 As used in this Section –
25

26
27 (a) Automobile shall mean any four (4) or more wheeled motor vehicle
28 regardless of seating capacity, which is propelled by gasoline, diesel, OR
29 ANY OTHER MOTIVE POWER EXCEPT PURELY POWERED BY electricity
30 OR BY ELECTRICITY IN COMBINATION WITH GASOLINE, DIESEL OR ANY
31 OTHER MOTIVE POWER [or any other motive power]: Provided, That for
32 purposes of this Act, buses, trucks, cargo vans, jeeps/jeepneys/jeepney
33 substitutes, single cab chassis, and special-purpose vehicles shall not be
34 considered automobiles.
35

36
37 (b) Truck/cargo van shall mean a motor vehicle of any configuration
38 that is exclusively designed for the carriage of goods and with any number of
39 wheels and axles: Provided, That pick-ups shall [not] be considered as
40 trucks.
41

42
43 (c) Jeep/jeepney/jeepney substitutes shall mean as "Philippine jeep or
44 jeepney" which are of the jitney type locally designed and manufactured
45 generally from surplus parts and components. It shall also include jeepney
46 substitutes that are manufactured from brand-new single cab chassis or
47 cowl chassis and locally customized rear body that has continuous sideways
48 row seats with open rear door and without retractable glass windows.
49
50

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

5
6 (e) Single cab chassis shall mean a motor vehicle with complete engine
7 power train and chassis equipped with a cab that has a maximum of two (2)
8 doors and only one (1) row of seats.

9
10 (f) Special purpose vehicle shall mean a motor vehicle designed for
11 specific applications such as cement mixer, fire truck, boom truck,
12 ambulance and/or medical unit, and off-road vehicles for heavy industries
13 and not for recreational activities.

14
15
16 (G) HYBRID VEHICLE SHALL MEAN A MOTOR VEHICLE POWERED
17 BY ELECTRICITY IN COMBINATION WITH GASOLINE, DIESEL OR ANY
18 OTHER MOTIVE POWER. ITS DRIVE SYSTEM CONSISTS OF AN EFFICIENT
19 COMBUSTION ENGINE AND A POWERFUL ELECTRIC MOTOR, WHICH
20 CAN RUN AT LEAST 30 KILOMETERS UNDER ONE (1) FULL CHARGE.

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

26
27 Automobiles used exclusively within the freeport zone shall be exempt from
28 excise tax.”
29

30 SEC. 26. A new section designated as Section 150-A under Chapter VI Title
31 VI of the National Internal Revenue Code (NIRC) of 1997, as amended, is
32 hereby inserted to read as follows:
33

34
35 “SEC. 150-A. SUGAR SWEETENED BEVERAGES. –
36

37
38 A. RATE AND BASE OF TAX. - ON SUGAR SWEETENED BEVERAGES,
39 THERE SHALL BE LEVIED, ASSESSED AND COLLECTED PER
40 LITER OF VOLUME CAPACITY EFFECTIVE JANUARY 1, 2018 THE
41 FOLLOWING EXCISE TAXES:
42

43
44 (1) BEVERAGES CONTAINING PURELY LOCALLY PRODUCED SUGAR
45 – TEN PESOS (P10.00)
46

47
48 (2) OTHERS – TWENTY PESOS (P20.00)

1 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
2 ADJUSTED ONCE EVERY THREE (3) YEARS THROUGH RULES
3 AND REGULATIONS ISSUED BY THE SECRETARY OF FINANCE
4 AFTER CONSIDERING THE EFFECT ON THE SAME OF THE
5 THREE-YEAR CUMULATIVE CPI INFLATION RATE.
6
7
8

9 B. EXCLUSIONS. - THE FOLLOWING ARE EXCLUDED FROM THE
10 SCOPE OF THIS ACT:
11

- 12 1. PLAIN MILK AND MILK DRINK PRODUCTS WITHOUT ADDED
13 SUGAR;
- 14 2. ALL MILK PRODUCTS, INFANT FORMULA AND MILK
15 ALTERNATIVES, SUCH AS SOY MILK OR ALMOND MILK,
16 INCLUDING FLAVORED MILK, SUCH AS CHOCOLATE MILK;
- 17 3. ONE HUNDRED PERCENT (100%) NATURAL FRUIT JUICES -
18 ORIGINAL LIQUID RESULTING FROM THE PRESSING OF
19 FRUIT, THE LIQUID RESULTING FROM THE RECONSTITUTION
20 OF NATURAL FRUIT JUICE CONCENTRATE, OR THE LIQUID
21 RESULTING FROM THE RESTORATION OF WATER TO
22 DEHYDRATED NATURAL FRUIT JUICE THAT DO NOT HAVE
23 ADDED SUGAR OR CALORIC SWEETENER;
- 24 4. ONE HUNDRED PERCENT (100%) NATURAL VEGETABLE
25 JUICES - ORIGINAL LIQUID RESULTING FROM THE
26 PRESSING OF VEGETABLES, THE LIQUID RESULTING FROM
27 THE RECONSTITUTION OF NATURAL VEGETABLE JUICE
28 CONCENTRATE, OR THE LIQUID RESULTING FROM THE
29 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
34 FOR ORAL NUTRITIONAL THERAPY FOR PERSONS WHO
35 CANNOT ABSORB OR METABOLIZE DIETARY NUTRIENTS
36 FROM FOOD OR BEVERAGES, OR AS A SOURCE OF
37 NECESSARY NUTRITION USED DUE TO A MEDICAL
38 CONDITION AND AN ORAL ELECTROLYTE SOLUTION FOR
39 INFANTS AND CHILDREN FORMULATED TO PREVENT
40 DEHYDRATION DUE TO ILLNESS;
- 41 6. GROUND COFFEE; AND
- 42 7. UNSWEETENED TEA
43
44

1 C. DEFINITION OF TERMS. –

2
3 AS USED IN THIS ACT:

- 4
5 1. *SUGAR SWEETENED BEVERAGES* (SSBs) REFER TO NON-
6 ALCOHOLIC BEVERAGES OF ANY CONSTITUTION (LIQUID,
7 POWDER, OR CONCENTRATES) THAT ARE PRE-PACKAGED AND
8 SEALED IN ACCORDANCE WITH THE FOOD AND DRUG
9 ADMINISTRATION (FDA) STANDARDS, THAT CONTAIN SUGAR
10 ADDED BY THE MANUFACTURERS , AND SHALL INCLUDE THE
11 FOLLOWING:

- 12
13 A) SWEETENED JUICE DRINKS;
14 B) SWEETENED TEA AND COFFEE;
15 C) OTHER BEVERAGES:

- 16
17 C1. ALL CARBONATED BEVERAGES WITH ADDED SUGAR,
18 INCLUDING THOSE WITH CALORIC AND NON-CALORIC
19 SWEETENERS;
20 C2. FLAVORED WATER;
21 C3. ENERGY DRINKS;
22 C4. SPORTS DRINKS;
23 C5. POWDERED DRINKS NOT CLASSIFIED AS MILK,
24 JUICE, TEA AND COFFEE;
25 C6. CEREAL AND GRAIN BEVERAGES; AND
26 C7. OTHER NON-ALCOHOLIC BEVERAGES THAT CONTAIN
27 ADDED SUGAR.
28

- 29 2. *CALORIC SWEETENER* REFERS TO A SUBSTANCE THAT IS SWEET
30 AND INCLUDES SUCROSE, FRUCTOSE, INCLUDING HIGH
31 FRUCTOSE CORN SWEETENER, GLUCOSE OR ANY ARTIFICIAL
32 SUGAR SUBSTITUTE THAT PRODUCES A DESIRED SWEETNESS.

- 33
34 3. *ARTIFICIAL SWEETENER* REFERS TO A SUBSTANCE THAT IS
35 USED IN PLACE OF SWEETENERS CONTAINING SUGAR OR
36 SUGAR ALCOHOLS, THAT IS ALTERNATIVELY CALLED SUGAR
37 SUBSTITUTE, NON-NUTRITIVE SWEETENER AND NON-CALORIC
38 SWEETENER. IT PROVIDES SWEETNESS TO FOODS AND
39 DRINKS BUT ARE NON-CALORIC. ARTIFICIAL SWEETENER IS A
40 CHEMICALLY PROCESSED SUBSTANCE WHICH CAN BE
41 DIRECTLY ADDED TO FOOD OR DURING ITS PREPARATION,
42 SUCH AS, ASPARTAME, SUCRALOSE, SACCHARIN, STEVIA,
43 ACESULFAME K, NEOTAME, MONK FRUIT AND CYCLAMATES.

1 D. FILING OF RETURN AND PAYMENT OF EXCISE TAX AND
2 PENALTY. -
3
4

5 1. FILING OF RETURN AND PAYMENT OF EXCISE TAX ON
6 DOMESTIC AND IMPORTED SUGAR SWEETENED
7 BEVERAGES. - THE PROVISION OF SECTIONS 130 AND 131
8 OF NATIONAL INTERNAL REVENUE CODE, AS APPROPRIATE,
9 SHALL APPLY TO SUGAR SWEETENED BEVERAGES.

10
11 2. PENALTY. - UPON FINAL FINDINGS BY THE COMMISSIONERS
12 OF INTERNAL REVENUE AND/OR CUSTOMS THAT ANY
13 MANUFACTURER OR IMPORTER, IN VIOLATION OF THIS
14 SECTION, MISDECLARES OR MISREPRESENTS IN THE
15 SWORN STATEMENT HEREIN REQUIRED, ANY PERTINENT
16 DATA OR INFORMATION, THE PENALTY OF SUMMARY
17 CANCELLATION OR WITHDRAWAL OF THE PERMIT TO
18 ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF
19 SSBs, SHALL BE IMPOSED.

20
21 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE
22 FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS
23 SECTION SHALL BE FINED TREBLE THE AMOUNT OF
24 DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH
25 MAY BE ASSESSED PURSUANT TO THIS SECTION.
26

27 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
28 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY
29 LIABLE AND PENALIZED UNDER SECTION 254 OF THE
30 NATIONAL INTERNAL REVENUE CODE OF 1997, AS
31 AMENDED. ANY PERSON WHO WILLFULLY AIDS OR ABETS IN
32 THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL
33 BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE
34 PRINCIPAL.
35

36
37 IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER
38 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE
39 SENTENCE WITHOUT FURTHER PROCEEDINGS FOR
40 DEPORTATION.
41

42
43
44 E. SPECIFIC RESPONSIBILITY OF THE FOOD AND DRUG
45 ADMINISTRATION (FDA). -
46
47

1 THE FDA SHALL REQUIRE ALL MANUFACTURERS AND
2 IMPORTERS TO STATE ON THE LABEL THAT CALORIC OR
3 NON-CALORIC SWEETENER IS ADDED TO THE SSBS. THE
4 FDA SHALL EXAMINE THE SSBS TO DETERMINE THE
5 CALORIC AND NON CALORIC SWEETENER CONTENT OF THE
6 SSBS AS SPECIFIED ON THE LABEL BEFORE THESE
7 PRODUCTS ARE SOLD IN THE MARKET. IT SHALL ALSO
8 REQUIRE ALL MANUFACTURERS AND IMPORTERS OF SSBS
9 IN POWDER FORM TO INDICATE ON THE LABEL, THE
10 EQUIVALENT OF EACH SERVING (NUMBER OF SCOOPS,
11 TEASPOONS OR TABLESPOONS) PER LITER OF VOLUME
12 CAPACITY.

13
14 THE FDA SHALL ALSO CONDUCT RANDOM INSPECTION OF
15 THE SSBS ON DISPLAY IN SUPERMARKETS, GROCERIES OR
16 RETAIL STORES TO DETERMINE COMPLIANCE WITH THE
17 REQUIREMENTS OF THIS SECTION.
18
19
20

21 SEC. 27. Section 155 of the National Internal Revenue Code of 1997, as
22 amended, is hereby further amended to read as follows:
23
24

25 "SECTION 155. Manufacturers AND/OR IMPORTERS to Provide
26 Themselves with Counting or Metering Devices to Determine VOLUME
27 OF Production AND IMPORTATION. —
28

29 Manufacturers of cigarettes, alcoholic products, oil products and
30 other articles subject to excise tax that can be similarly measured
31 shall provide themselves with such necessary number of suitable
32 counting or metering devices to determine as accurately as possible
33 the volume, quantity or number of the articles produced by them
34 under rules and regulations promulgated by the Secretary of Finance,
35 upon recommendation of the Commissioner: *PROVIDED*, THAT
36 IMPORTERS OF FINISHED PETROLEUM PRODUCTS SHALL ALSO
37 PROVIDE THEMSELVES WITH METERING DEVICES TO DETERMINE AS
38 ACCURATELY AS POSSIBLE THE VOLUME OF PETROLEUM PRODUCTS
39 IMPORTED BY THEM.
40

41 This requirement shall be complied with before commencement of
42 operations.”
43

44 SEC. 28. Section 171 of the National Internal Revenue Code of 1997, as
45 amended, is hereby further amended to read as follows:
46
47

48 “SEC. 171. *Authority of Internal Revenue Officer in Searching for AND*
49 *TESTING Taxable Articles.* - Any internal revenue officer may, in the

1 discharge of his official duties, enter any house, building or place
2 where articles subject to tax under this Title are produced or kept, or
3 are believed by him upon reasonable grounds to be produced or kept,
4 so far as may be necessary to examine, discover or seize the same.
5 He may also stop and search any vehicle or other means of
6 transportation when upon reasonable grounds he believes that the
7 same carries any article on which the excise tax has not been paid.
8

9 SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE
10 SECRETARY OF FINANCE, THE COMMISSIONER OR HIS
11 AUTHORIZED REPRESENTATIVES MAY CONDUCT PERIODIC
12 RANDOM FIELD TESTS ON FUELS REQUIRED TO BE MARKED
13 UNDER SECTION 148-A FOUND IN WAREHOUSES, GAS STATIONS
14 AND OTHER RETAIL OUTLETS, AND IN SUCH OTHER PROPERTIES
15 OF PERSONS ENGAGED IN THE SALE, DELIVERY, TRADING,
16 TRANSPORTATION, DISTRIBUTION, OR IMPORTATION OF FUEL
17 INTENDED FOR DOMESTIC MARKET.”
18
19
20

21 SEC. 29. Section 232 of the National Internal Revenue Code of 1997, as
22 amended, is hereby further amended to read as follows:
23
24
25

26 "SECTION 232. Keeping of Books of Accounts. —
27
28

29 *(A) Corporations, Companies, Partnerships or Persons Required to Keep*
30 *Books of Accounts. —* All corporations, companies, partnerships or
31 persons required by law to pay internal revenue taxes shall keep a
32 journal and a ledger or their equivalents: Provided, however, That
33 those whose quarterly sales, earnings, receipts, or output do not
34 exceed [Fifty] TWO HUNDRED FIFTY thousand pesos [P50,000]]
35 (P250,000) shall keep and use simplified set of bookkeeping records
36 duly authorized by the Secretary of Finance wherein all transactions
37 and results of operations are shown and from which all taxes due the
38 Government may readily and accurately be ascertained and
39 determined any time of the year: *Provided, further,* That corporations,
40 companies, partnerships or persons whose gross quarterly sales,
41 earnings, receipts or output exceed [One] SEVEN hundred fifty
42 thousand pesos (P750,000) [(P150,000)], shall have their books of
43 accounts audited and examined yearly by independent Certified
44 Public Accountants and their income tax returns accompanied with a
45 duly accomplished Account Information Form (AIF) which shall
46 contain, among others, information lifted from certified balance
47 sheets, profit and loss statements, schedules listing income-
48 producing properties and the corresponding income therefrom and
49 other relevant statements.”
50

1 SEC. 30. Section 237 of the National Internal Revenue Code (NIRC) of 1997,
2 as amended, is hereby further amended to read as follows:
3
4

5 “SEC. 237. [Issuance of Receipts or Sales or Commercial Invoices.]
6 ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR COMMERCIAL
7 INVOICES. –
8
9

10 (A) ISSUANCE. - All persons subject to an internal revenue tax shall,
11 AT THE POINT OF [for] each sale or transfer of merchandise or for
12 services rendered valued at Twenty-five pesos (P25.00) or more,
13 issue duly registered ELECTRONIC receipts or ELECTRONIC sales
14 or commercial invoices, [prepared at least in duplicate,] showing
15 the date of transaction, quantity, unit cost and description of
16 merchandise or nature of service: Provided, however, That in the
17 case of sales, receipts or transfers in the amount of One hundred
18 pesos (P100.00) or more, or regardless of amount, where the sale
19 or transfer is made by a person liable to value-added tax to
20 another person also liable to value-added tax; or where the
21 ELECTRONIC receipt is issued to cover payment made as rentals,
22 commissions, compensations or fees, ELECTRONIC receipts or
23 ELECTRONIC invoices shall be issued which shall show the name,
24 business style, if any, and address of the purchaser is a VAT-
25 registered person, in addition to the information herein required,
26 the ELECTRONIC invoice or ELECTRONIC receipt shall further
27 show the Taxpayer Identification Number (TIN) of the purchaser:
28 *PROVIDED, FURTHER, THAT THE ELECTRONIC RECEIPT OR*
29 *SALES OR COMMERCIAL INVOICE SHALL BE ISSUED EITHER*
30 *ELECTRONICALLY OR BY TENDERING A PRINTED COPY*
31 *THEREOF: PROVIDED, FINALLY, THAT THE DIGITAL RECORD OR*
32 *THE PRINTED COPY OF THE ELECTRONIC RECEIPT OR SALES*
33 *OR COMMERCIAL INVOICE SHALL BE KEPT BY THE ISSUER,*
34 *PURCHASER, CUSTOMER OR CLIENT IN HIS PLACE OF*
35 *BUSINESS FOR A PERIOD OF THREE (3) YEARS FROM THE*
36 *CLOSE OF THE TAXABLE YEAR IN WHICH SUCH INVOICE OR*
37 *RECEIPT WAS ISSUED.*
38
39

40 THE COMMISSIONER MAY, IN MERITORIOUS CASES, EXEMPT
41 ANY PERSON SUBJECT TO INTERNAL REVENUE TAX FROM
42 COMPLIANCE WITH THE PROVISIONS OF THIS SECTION.
43
44

45 (B) TRANSMISSION. – THE PRECEDING PARAGRAPH
46 NOTWITHSTANDING, AN ELECTRONIC RECEIPT OR
47 ELECTRONIC INVOICE, AS THE CASE MAYBE, SHALL BE
48 TRANSMITTED DIRECTLY TO THE BUREAU OF INTERNAL
49 REVENUE (BIR) AT THE SAME TIME AND DATE OF EACH SALE
50 TRANSACTION.”

1 SEC. 31. A new section designated as Section 237-A under Chapter II Title
2 IX of the National Internal Revenue Code (NIRC) of 1997, as amended, is
3 inserted to read as follows:
4

5
6
7 “SEC. 237-A. ELECTRONIC SALES REPORTING SYSTEM. –
8
9

10 THE BUREAU SHALL REQUIRE TAXPAYERS ELECTRONICALLY
11 REPORT THEIR SALES DATA TO THE BUREAU’S ELECTRONIC
12 SYSTEM THROUGH THE USE OF CRM/POS MACHINES,
13 SUBJECT TO RULES AND REGULATIONS TO BE ISSUED BY THE
14 SECRETARY OF FINANCE AS RECOMMENDED BY THE
15 COMMISSIONER OF INTERNAL REVENUE: *PROVIDED*, THAT THE
16 MACHINES AND OTHER ANCILLARY DEVICES SHALL BE AT THE
17 EXPENSE OF THE TAXPAYERS: *PROVIDED, FURTHER*, THAT THE
18 ESTABLISHMENT BY THE BUREAU OF THE ELECTRONIC SALES
19 REPORTING SYSTEM SHALL BE DONE WITHIN THREE (3) YEARS
20 FROM THE EFFECTIVITY OF THIS ACT.
21

22
23 CONFIDENTIALITY OF TAXPAYER INFORMATION AND
24 COMPLIANCE WITH THE ‘DATA PRIVACY ACT’. – THE
25 PROVISIONS OF SECTION 270 OF THE NATIONAL INTERNAL
26 REVENUE CODE OF 1997, AS AMENDED, ON UNLAWFUL
27 DIVULGENCE OF TAXPAYER INFORMATION SHALL BE STRICTLY
28 COMPLIED WITH.
29

30
31 THE DATA PROCESSING OF SALES AND PURCHASE DATA
32 SHALL ALSO COMPLY WITH THE PROVISIONS OF REPUBLIC ACT
33 NO. 10173 OR THE ‘DATA PRIVACY ACT.’”
34
35
36

37 SEC. 32. Section 254 of the National Internal Revenue Code of 1997, as
38 amended, is hereby further amended to read as follows:
39

40
41 “Sec. 254. Attempt to Evade or Defeat Tax. – Any person who willfully
42 attempts in any manner to evade or defeat any tax imposed under this Code
43 or the payment thereof shall, in addition to other penalties provided by law,
44 upon conviction thereof, be punished [by a fine not less than Thirty
45 thousand pesos (P30,000) but not more than One hundred thousand pesos
46 (P100,000) and suffer imprisonment of not less than two (2) years but not
47 more than four (4) years:] WITH AN ADMINISTRATIVE FINE OF NOT LESS
48 THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT NOT MORE
49 THAN TEN MILLION PESOS (P10,000,000.00), AND IMPRISONMENT OF
50 NOT LESS THAN SIX (6) YEARS BUT NOT MORE THAN TEN (10) YEARS:

1 *Provided*, That the conviction or acquittal obtained under this Section shall
2 not be a bar to the filing of a civil suit for the collection of taxes.”
3
4

5 SEC. 33. Section 264 of the National Internal Revenue Code of 1997, as
6 amended, is hereby further amended to read as follows:
7

8 “Sec. 264. Failure or Refusal to Issue Receipts or Sales or Commercial
9 Invoices, Violations Related to the Printing of such Receipts or
10 Invoices and Other Violations. –
11

12
13 (a) xxx
14

15 (b) Any person who commits any of the acts enumerated hereunder
16 shall be penalized [in the same manner and to the same extent as
17 provided for in this Section] WITH AN ADMINISTRATIVE FINE OF NOT
18 LESS THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT
19 NOT MORE THAN TEN MILLION PESOS (P10,000,000.00), AND
20 IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS BUT NOT MORE
21 THAN TEN (10) YEARS:
22

23
24 (1) xxx;
25

26 (2) xxx; [or]
27

28 (3) xxx; OR
29

30 (4) PRINTING OF OTHER FRAUDULENT RECEIPTS OR SALES OR
31 COMMERCIAL INVOICES.”
32
33

34 SEC. 34. A new section designated as Section 264-A under Chapter II Title X
35 of the National Internal Revenue Code (NIRC) of 1997, as amended, is
36 inserted as follows:
37

38
39 “SEC. 264-A. *FAILURE TO TRANSMIT SALES DATA ENTERED ON*
40 *CRM/POS MACHINES TO THE BIR’S ELECTRONIC SALES REPORTING*
41 *SYSTEM.* –
42

43 ANY TAXPAYER REQUIRED BY RULES AND REGULATIONS TO
44 TRANSMIT SALES DATA TO THE BUREAU’S ELECTRONIC SALES
45 REPORTING SYSTEM BUT FAILS TO DO SO SHALL , FOR EACH DAY
46 OF VIOLATION, PAY A PENALTY AMOUNTING TO ONE-HALF OF ONE
47 PERCENT (1/2 OF 1%) OF THE ANNUAL GROSS SALES AS
48 REFLECTED IN THE VAT-REGISTERED TAXPAYER’S AUDITED
49 FINANCIAL STATEMENT FOR THE SECOND YEAR PRECEDING THE
50 CURRENT TAXABLE YEAR, OR P10,000, WHICHEVER IS HIGHER:

1 *PROVIDED, THAT PAYMENT OF THE PENALTY SHALL BE MADE*
2 *SIMULTANEOUSLY WITH THE PAYMENT FOR VAT ON A MONTHLY*
3 *BASIS AS PROVIDED IN SECTION 114 (A) OF THIS CODE;*
4 *PROVIDED, FURTHER, THAT SHOULD THE AGGREGATE NUMBER*
5 *OF DAYS OF VIOLATION EXCEEDED ONE-HUNDRED EIGHTY (180)*
6 *DAYS WITHIN A TAXABLE YEAR, AN ADDITIONAL PENALTY OF*
7 *PERMANENT CLOSURE OF THE VAT-REGISTERED TAXPAYER*
8 *SHALL BE IMPOSED.”*
9

10
11 SEC. 35. A new section designated as Section 264-B under Chapter II Title
12 X of the National Internal Revenue Code (NIRC) of 1997, as amended, is
13 inserted to read as follows:
14
15

16 “SEC. 264-B. PURCHASE, USE, POSSESSION, SALE OR OFFER TO SELL,
17 INSTALLMENT, TRANSFER, UPDATE, UPGRADE, KEEPING OR
18 MAINTAINING OF SALES SUPPRESSION DEVICES. – ANY PERSON WHO
19 SHALL PURCHASE, USE, POSSESS, SELL OR OFFER TO SELL, INSTALL,
20 TRANSFER, UPDATE, UPGRADE, KEEP, OR MAINTAIN ANY SOFTWARE OR
21 DEVICE DESIGNED FOR, OR IS CAPABLE OF (A) SUPPRESSING THE
22 CREATION OF ELECTRONIC RECORDS OF SALE TRANSACTIONS THAT A
23 TAXPAYER IS REQUIRED TO KEEP UNDER EXISTING TAX LAWS AND/OR
24 REGULATIONS, OR (B) MODIFYING, HIDING, OR DELETING ELECTRONIC
25 RECORDS OF SALES TRANSACTIONS AND PROVIDING A READY MEANS
26 OF ACCESS TO THEM, SHALL BE PUNISHED BY AN ADMINISTRATIVE
27 FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESO
28 (P500,000.00) BUT NOT MORE THAN TEN MILLION PESOS
29 (P10,000,000.00), AND SUFFER IMPRISONMENT OF NOT LESS THAN TWO
30 (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS: PROVIDED, THAT A
31 CUMMULATIVE SUPPRESSION OF ELECTRONIC SALES RECORD IN
32 EXCESS OF THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000.00)
33 SHALL BE CONSIDERED AS ECONOMIC SABOTAGE AND SHALL BE
34 PUNISHED IN THE MAXIMUM PENALTY PROVIDED FOR UNDER THIS
35 PROVISION.”
36
37
38

39 SEC. 36. A new section designated as Section 265-A under Chapter II Title
40 X of the National Internal Revenue Code (NIRC) of 1997, as amended, is
41 inserted to read as follows:
42
43

44 “SEC. 265-A. *OFFENSES RELATING TO FUEL MARKING.* – ALL
45 OFFENSES RELATING TO FUEL MARKING ARE HEREBY
46 CONSIDERED AS ECONOMIC SABOTAGE, AND SHALL, IN ADDITION
47 TO THE PENALTIES IMPOSED UNDER TITLE X OF THIS ACT,
48 SECTION 1401 OF REPUBLIC ACT NO. 10863, AND OTHER
49 RELEVANT LAWS, BE PUNISHABLE AS FOLLOWS:
50

1 (A) ANY PERSON WHO IS FOUND TO BE ENGAGED IN THE
2 SALE, TRADE, DELIVERY, DISTRIBUTION OR
3 TRANSPORTATION OF UNMARKED FUEL IN COMMERCIAL
4 QUANTITY HELD FOR DOMESTIC USE OR MERCHANDISE
5 SHALL, UPON CONVICTION, SUFFER THE PENALTIES OF:
6

7 (1) FOR THE FIRST OFFENSE, A FINE OF TWO MILLION
8 FIVE HUNDRED THOUSAND PESOS (P2,500,000.00);
9

10 (2) FOR THE SECOND OFFENSE, A FINE OF FIVE
11 MILLION PESOS (P5,000,000.00);
12

13 (3) FOR THE THIRD OFFENSE, A FINE OF TEN MILLION
14 PESOS (P10,000,000.00), REVOCATION OF LICENSE TO
15 ENGAGE IN ANY TRADE OR BUSINESS.
16

17 B. ANY PERSON WHO CAUSES THE REMOVAL OF THE
18 OFFICIAL FUEL MARKING AGENT FROM MARKED FUEL, AND
19 THE ADULTERATION OR DILUTION OF FUEL INTENDED FOR
20 SALE TO DOMESTIC MARKET, OR THE KNOWING
21 POSSESSION, STORAGE, TRANSFER OR OFFER FOR SALE OF
22 FUEL OBTAINED AS A RESULT OF SUCH REMOVAL,
23 ADULTERATION OR DILUTION SHALL BE PENALIZED IN THE
24 SAME MANNER AN EXTENT AS PROVIDED FOR IN THE
25 PRECEDING SUBSECTION.
26

27 C. ANY PERSON WHO COMMITS ANY OF THE ACTS
28 ENUMERATED HEREUNDER SHALL, UPON CONVICTION, BE
29 PUNISHED BY A FINE OF NOT LESS THAN ONE MILLION
30 PESOS (P1,000,000) BUT NOT MORE THAN FIVE MILLION
31 PESOS (P5,000,000) AND SUFFER IMPRISONMENT OF NOT
32 LESS THAN FOUR (4) YEARS BUT NOT MORE THAN EIGHT (8)
33 YEARS:
34

35 (1) MAKING, IMPORTING, SELLING, USING OR POSSESSING
36 FUEL MARKERS WITHOUT EXPRESS AUTHORITY;
37

38 (2) MAKING, IMPORTING, SELLING, USING OR POSSESSING
39 COUNTERFEIT FUEL MARKERS; OR
40

41 (3) CAUSING ANOTHER PERSON OR ENTITY TO COMMIT ANY
42 OF THE TWO PRECEEDING ACTS.
43

44 D. ANY PERSON WHO WILLFULLY INSERTS, PLACES, ADDS
45 OR ATTACHES DIRECTLY OR INDIRECTLY, THROUGH ANY
46 OVERT OR COVERT ACT, WHATEVER QUANTITY OF ANY
47 UNMARKED FUEL, COUNTERFEIT ADDITIVE OR CHEMICAL
48 IN THE PERSON, HOUSE, EFFECTS, INVENTORY, OR IN THE
49 IMMEDIATE VICINITY OF AN INNOCENT INDIVIDUAL FOR THE
50 PURPOSE OF IMPLICATING, INCRIMINATING OR IMPUTING

1 THE COMMISSION OF ANY VIOLATION OF THIS ACT SHALL,
2 UPON CONVICTION, BE PUNISHED BY A FINE OF NOT LESS
3 THAN FIVE MILLION PESOS (P5,000,000) BUT NOT MORE
4 THAN TEN MILLION PESOS (P10,000,000) AND SUFFER
5 IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT
6 NOT MORE THAN EIGHT (8) YEARS.
7

8 E. ANY PERSON THAT IS AUTHORIZED, LICENSED OR
9 ACCREDITED UNDER THIS ACT AND ITS IMPLEMENTING
10 RULES TO CONDUCT FUEL TESTS, WHO ISSUES FALSE OR
11 FRAUDULENT FUEL TEST RESULTS KNOWINGLY, WILLFULLY
12 OR THROUGH GROSS NEGLIGENCE, SHALL SUFFER THE
13 ADDITIONAL PENALTY OF IMPRISONMENT RANGING FROM
14 ONE (1) YEAR AND ONE (1) DAY TO TWO (2) YEARS AND SIX
15 (6) MONTHS.
16
17

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

25 SEC. 37. Section 288 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
27

28 "A. xxx
29

30 B. xxx
31

32 C. xxx
33

34 D. xxx
35
36

37 E. xxx
38
39

40 F. EARMARKING OF INCREMENTAL REVENUES FROM THE TAX
41 REFORM FOR ACCELERATION AND INCLUSION ACT. -
42
43

44 FOR A PERIOD OF FOUR (4) YEARS, FORTY PERCENT (40%)
45 OF THE YEARLY INCREMENTAL REVENUES GENERATED
46 FROM THE PETROLEUM EXCISE TAX UNDER SECTION 21 OF
47 THIS ACT SHALL BE ALLOCATED TO FUND A SOCIAL
48
49
50

1 BENEFITS PROGRAM WHEREIN BENEFICIARIES SHALL BE
2 PROVIDED A SOCIAL BENEFITS CARD. DESERVING
3 BENEFICIARIES, INCLUDING THE POOREST FIFTY PERCENT
4 (50%) OF THE POPULATION, MAY RECEIVE TARGETED CASH
5 TRANSFERS, DISCOUNTS ON PUBLIC UTILITY VEHICLE (PUV)
6 FARES AND MEDICINES, SUBSIDIES ON FOOD AND
7 HOUSING, AND OTHER SOCIAL PROTECTION MEASURES
8 THAT MAY BE ADOPTED AND IMPLEMENTED. LIKEWISE,
9 ALLOCATION FOR GRANTING FUEL VOUCHERS TO
10 QUALIFIED TRANSPORT FRANCHISE HOLDERS SHALL BE
11 SOURCED FROM THE SAME INCREMENTAL REVENUE. AN
12 INTER-AGENCY COMMITTEE LED BY THE DEPARTMENT OF
13 FINANCE, AND COMPRISING THE DEPARTMENT OF SOCIAL
14 WELFARE AND DEVELOPMENT, DEPARTMENT OF
15 EDUCATION, DEPARTMENT OF TRANSPORTATION,
16 DEPARTMENT OF ENERGY, DEPARTMENT OF BUDGET AND
17 MANAGEMENT, AND THE NATIONAL ECONOMIC
18 DEVELOPMENT AUTHORITY SHALL OVERSEE THE
19 IMPLEMENTATION OF THE PROGRAM.
20

21 FOR THE SAME PERIOD AND SUCCEEDING YEARS
22 THEREAFTER, THE REMAINING YEARLY INCREMENTAL
23 REVENUES SHALL BE ALLOCATED PROPORTIONALLY,
24 BASED ON EXISTING BUDGET ALLOCATION, FOR
25 INFRASTRUCTURE, HEALTH, EDUCATION, HOUSING AND
26 SOCIAL PROTECTION EXPENDITURES.
27

28 *PROVIDED*, THAT THE INFRASTRUCTURE ALLOCATION SHALL
29 BE PRIORITIZED TO ADDRESS CONGESTION THROUGH
30 MASS TRANSPORT AND NEW ROAD NETWORK.
31

32 *PROVIDED, FURTHER*, THAT INCREMENTAL REVENUES
33 GENERATED FROM VAT IMPOSITION ON SALE OF REAL
34 PROPERTY UTILIZED FOR SOCIALIZED HOUSING AS
35 DEFINED BY LAW SHALL BE EXCLUSIVELY ALLOCATED AS
36 SUBSIDY THROUGH A VOUCHER SYSTEM FOR QUALIFIED
37 BENEFICIARIES UNDER THE GOVERNMENT'S SHELTER
38 PROGRAMS.
39

40
41 G. HEALTH PROMOTION FUND. – THE REVENUE TO BE
42 COLLECTED UNDER SECTION 150-A SHALL BE ALLOCATED
43 FOR THE FOLLOWING PURPOSES:
44

45
46 A. FIFTEEN PERCENT (15%) OF THE TAX COLLECTION
47 SHALL ACCRUE TO FUND PROGRAMS UNDER
48 REPUBLIC ACT NO. 10659, OTHERWISE KNOWN AS
49 "THE SUGARCANE INDUSTRY DEVELOPMENT ACT OF
50 2015", TO ADVANCE THE SELF-RELIANCE OF SUGAR

1 FARMERS THAT WILL INCREASE PRODUCTIVITY,
2 PROVIDE LIVELIHOOD OPPORTUNITIES, DEVELOP
3 ALTERNATIVE FARMING SYSTEMS AND ULTIMATELY
4 ENHANCE FARMERS' INCOME; AND
5
6

7 B. EIGHTY FIVE PERCENT (85%) SHALL ACCRUE TO THE
8 GENERAL FUND TO SUPPORT THE FOLLOWING
9 PRIORITY PROGRAMS:
10

- 11 1. OPERATIONALIZATION AND MONITORING OF
12 NON-TAX MEASURES TO PREVENT NON-
13 COMMUNICABLE DISEASES INCLUDING
14 REGULATORY MEASURES ON MARKETING,
15 MANDATORY LABELING AND SALE OF
16 UNHEALTHY FOOD AND BEVERAGE
17 PRODUCTS; NATIONWIDE INFORMATION AND
18 ADVOCACY MEASURES TO CURB LIFESTYLE
19 RELATED RISK FACTORS; DIRECT PROVISIONS
20 AND INCENTIVE-BASED MEASURES TO
21 INCREASE ACCESS TO AND AFFORDABILITY OF
22 HEALTHIER FOOD AND BEVERAGE PRODUCTS;
23 AND PROMOTION OF ORAL HEALTH;
24
- 25 2. PROVISION OF SPORTS FACILITIES AND
26 ACCESS TO POTABLE DRINKING WATER FOR
27 PUBLIC SCHOOLS; DEVELOP AND SUSTAIN
28 SCHOOL-BASED FEEDING PROGRAM;
29 PREVENTION PROGRAMS AND AWARENESS
30 CAMPAIGNS AGAINST OBESITY, OVERWEIGHT
31 AND DENTAL CARIES; AND OTHER DIET-
32 RELATED HEALTH AWARENESS PROGRAMS
33 USING EDUCATIONAL, ENVIRONMENTAL,
34 POLICY AND OTHER PUBLIC HEALTH
35 APPROACHES;
36
- 37 3. PROVISION OF POTABLE DRINKING WATER
38 SUPPLY IN ALL PUBLIC PLACES; AND
39
- 40 4. FUNDING TO ENABLE THE FOOD AND DRUG
41 ADMINISTRATION TO FULFILL ITS MANDATE OF
42 ENSURING THE SAFETY, EFFICACY OR
43 QUALITY OF HEALTH PRODUCTS AS DEFINED
44 BY REPUBLIC ACT NO. 9711 OTHERWISE
45 KNOWN AS 'THE FOOD AND DRUG
46 ADMINISTRATION ACT OF 2009.'"
47
48

49 SEC. 38. Reportorial Requirements. – The inter-agency committee created
50 under Section 37 (F) and the concerned departments/agencies/beneficiaries

1 under Section 37 (G) of this Act shall submit to the President of the Senate
2 of the Philippines, the Speaker of the House of Representatives, the Senate
3 Committee on Finance and the House Committee on Appropriations a
4 detailed report on the expenditure of the amounts earmarked. The report
5 shall likewise be posted on the official website of the agencies concerned.
6
7

8 SEC. 39. *Implementing Rules and Regulation.* – Within six (6) months from
9 the effectivity of this Act, the Secretary of Finance shall, upon the
10 recommendation of the Commissioner of Internal Revenue, promulgate the
11 necessary Rules and Regulations for its effective implementation.
12
13

14 SEC. 40. *Separability Clause.* – If any provision of this Act is subsequently
15 declared invalid or unconstitutional, other provisions hereof which are not
16 affected thereby shall remain in full force and effect.
17
18

19 SEC. 41. *Repealing Clause.* – All laws, including special laws covering VAT
20 exemptions, VAT zero-rating and personal income tax exemption, acts,
21 presidential decrees, executive orders, issuances, presidential
22 proclamations, rules and regulations or parts thereof, which are contrary to
23 and inconsistent with any provision of this Act are hereby repealed,
24 amended or modified accordingly; and the persons and/or transactions
25 affected herein are fully made subject to the VAT or personal income tax
26 provisions of the National Internal Revenue Code of 1997, as amended.
27
28

29 SEC. 42. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
30 its complete publication in the Official Gazette or in at least two (2)
31 newspapers of general circulation.
32
33

34 Approved,