



HOUSE OF REPRESENTATIVES

H. No. 11197

INTRODUCED BY HONORABLE BAGATSING JR., ALMARIO, LOBREGAT, RECTO, MATTI, CARMONA, TY, PAREDES, JR., JAVIER (E.), MONTEJO, ISIDRO, GULLAS, PEREZ (H.), DEL ROSARIO, BAKUNAWA, CHIONGBIAN, ALMORO, VALDEZ, MASTURA, SATOR, TINGZON, SARMIENTO (R.), GUANZON, LACSON, PUEY, STARKE, YULO, QUIMPO, PLAZA, RAMIREZ, LIBAN, FUENTEBELLA, DIAZ (R.), GILLEGO, TAJON, FIGUEROA, PARAS, DEL MAR, DURANO III, SINGSON, MARTINEZ, JR., ANDOLANA, ESPINOSA, LOPEZ (A.), BONDOC, TINGA, CANDAZO, CABILAO, URRO, TAMMANG, LOPEZ (J.), SARMIENTO (A.), VENEGAS, FUENTES, SOONRUIZ, HENSON, GARCIA (M.), BAGUIO, ZUBIRI, JR., ALFELOR, PAYUMO, ENRILE, BICHARA, CHAVES, TANJUATCO, JR., AQUINO (F.), ARROYO, TUAZON, GOLEZ, BELMONTE, JR., ADASA, JR., ALBANO, PEREZ, JR., DAZA, BAGATSING (A.), PUNZALAN, JR., VELOSO, YAP (R.), ECLEO, DRAGON AND MADRONA, PER COMMITTEE REPORT No. 367

AN ACT RESTRUCTURING THE VALUE-ADDED TAX (VAT) SYSTEM TO WIDEN ITS TAX BASE AND ENHANCE ITS ADMINISTRATION, AMENDING FOR THESE PURPOSES SECTIONS 99, 100, 102, 103, 104, 105, 106, 107, 108, AND 110 OF TITLE IV, 112, 115, AND 116 OF TITLE V, AND 236, 237, AND 238 OF TITLE IX, AND REPEALING SECTIONS 113 AND 114 OF TITLE V, ALL OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

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

SECTION 1. Section 99 of the National Internal Revenue

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1 Code, as amended, is hereby further amended to read as follows:

2 "SEC. 99. *Persons Liable*. - Any person who, in the course of
3 trade or business, sells, barter or exchanges goods OR PROPERTIES,
4 LEASES PERSONAL PROPERTIES, renders services, or engages in
5 similar transactions and any person who imports goods shall be
6 [subject] LIABLE to the value-added tax (VAT) imposed in
7 Sections 100 to 102 of this Code.

8 "THE VALUE-ADDED TAX IS AN INDIRECT TAX AND THE
9 AMOUNT OF TAX MAYBE SHIFTED OR PASSED ON TO THE BUYER,
10 TRANSFEREE OR LESSEE OF THE GOODS, PROPERTIES OR SERVICES
11 EVEN IN THE CASE OF EXISTING CONTRACTS OF SALE OR LEASE OF
12 GOODS. PROPERTIES OR SERVICES AT THE TIME OF THE
13 EFFECTIVITY OF THIS ACT.

14 "THE PHRASE 'IN THE COURSE OF TRADE OR BUSINESS'
15 MEANS THE REGULAR CONDUCT OR PURSUIT OF A COMMERCIAL
16 OR AN ECONOMIC ACTIVITY INCLUDING TRANSACTIONS
17 INCIDENTAL THERETO, BY ANY PERSON REGARDLESS OF WHETHER
18 OR NOT THE PERSON ENGAGED THEREIN IS A NON-STOCK, NON-
19 PROFIT PRIVATE ORGANIZATION, (IRRESPECTIVE OF THE
20 DISPOSITION OF ITS NET INCOME AND WHETHER OR NOT IT SELLS
21 EXCLUSIVELY TO MEMBERS OR THEIR GUESTS), OR
22 GOVERNMENT ENTITY

1 "THE RULE OF REGULARITY. TO THE CONTRARY
 2 NOTWITHSTANDING, SERVICES RENDERED IN THE PHILIPPINES BY
 3 NONRESIDENT FOREIGN PERSONS SHALL BE CONSIDERED AS BEING
 4 RENDERED IN THE COURSE OF TRADE OR BUSINESS."

5 SEC. 2. Section 100 of the National Internal Revenue Code,
 6 as amended, is hereby further amended to read as follows:

7 "SEC. 100. *Value-added tax on sale of goods.* - (a) *Rate and*
 8 *Base of Tax.* - There shall be levied, assessed and collected on every
 9 sale, barter or exchange of goods OR PROPERTIES, a value-added
 10 tax equivalent to 10% of the gross selling price or gross value in
 11 money of the goods OR PROPERTIES sold, bartered or exchanged,
 12 such tax to be paid by the seller or transferor. [*Provided, That*
 13 *the following sales by VAT-registered persons shall be subject to*
 14 *0%:*]

15 "THE TERM 'GOODS OR PROPERTIES' SHALL INCLUDE:

16 "(1) THE RIGHT OR THE PRIVILEGE TO USE PATENT.
 17 COPYRIGHT, DESIGN OR MODEL, PLAN, SECRET FORMULA OR
 18 PROCESS, GOODWILL, TRADEMARK, TRADE BRAND OR OTHER LIKE
 19 PROPERTY OR RIGHT:

20 "(2) THE RIGHT OR THE PRIVILEGE TO USE IN THE
 21 PHILIPPINES OF ANY INDUSTRIAL, COMMERCIAL OR SCIENTIFIC
 22 EQUIPMENT:

1 (3) THE RIGHT OR THE PRIVILEGE TO USE MOTION PICTURE
2 FILMS, FILMS, TAPES AND DISCS;

3 (4) RADIO AND TELEVISION TIME; AND

4 (5) OTHER SIMILAR PROPERTIES.

5 "THE TERM 'GROSS SELLING PRICE' MEANS THE TOTAL
6 AMOUNT OF MONEY OR ITS EQUIVALENT WHICH THE PURCHASER
7 PAYS OR IS OBLIGATED TO PAY TO THE SELLER IN CONSIDERATION
8 OF THE SALE. BARTER OR EXCHANGE OF THE GOODS OR
9 PROPERTIES, EXCLUDING THE VALUE-ADDED TAX. THE EXCISE
10 TAX, IF ANY, ON SUCH GOODS OR PROPERTIES SHALL FORM PART OF
11 THE GROSS SELLING PRICE.

12 "THE FOLLOWING SALES BY VAT-REGISTERED PERSONS
13 SHALL BE SUBJECT TO 0%:

14 "(1) Export sales [; and]. - THE TERM 'EXPORT SALES'
15 MEANS:

16 "(i) THE SALE AND ACTUAL SHIPMENT OF GOODS FROM THE
17 PHILIPPINES TO A FOREIGN COUNTRY, IRRESPECTIVE OF ANY
18 SHIPPING ARRANGEMENT THAT MAY BE AGREED UPON WHICH
19 MAY INFLUENCE OR DETERMINE THE TRANSFER OF OWNERSHIP OF
20 THE GOODS SO EXPORTED AND PAID FOR IN ACCEPTABLE
21 FOREIGN CURRENCY OR ITS EQUIVALENT IN GOODS OR SERVICES,
22 AND ACCOUNTED FOR IN ACCORDANCE WITH THE RULES AND

1 REGULATIONS OF THE BANGKO SENTRAL NG PILIPINAS (BSP);

2 "(ii) THE SALE OF RAW MATERIALS OR PACKAGING
3 MATERIALS TO A NONRESIDENT BUYER FOR DELIVERY TO A
4 RESIDENT LOCAL EXPORT-ORIENTED ENTERPRISE REGISTERED
5 WITH THE BOARD OF INVESTMENT (BOI) TO BE USED IN
6 MANUFACTURING, PROCESSING, PACKING OR REPACKING IN THE
7 PHILIPINES OF THE SAID BUYER'S GOODS AND PAID FOR IN
8 ACCEPTABLE FOREIGN CURRENCY AND ACCOUNTED FOR IN
9 ACCORDANCE WITH THE RULES AND REGULATIONS OF THE
10 BANGKO SENTRAL NG PILIPINAS (BSP);

11 "(iii) THE SALE OF RAW MATERIALS OR PACKAGING
12 MATERIALS TO EXPORT-ORIENTED BOI-REGISTERED ENTERPRISE
13 WHOSE EXPORT SALES EXCEED SEVENTY PERCENT (70%) OF
14 TOTAL ANNUAL PRODUCTION;

15 "(iv) THE SALE OF GOLD TO BANGKO SENTRAL NG PILIPINAS
16 (BSP); AND

17 "(v) THOSE CONSIDERED EXPORT SALES UNDER
18 EXECUTIVE ORDER NO. 226, OTHERWISE KNOWN AS THE OMNIBUS
19 INVESTMENT CODE OF 1987, AND OTHER SPECIAL LAWS.

20 "[2) Sales to persons or entities whose exemption under
21 special laws or international agreements to which the Philippines
22 is a signatory effectively subjects such sales to zero rate.]

1 "(2) *FOREIGN CURRENCY DENOMINATED SALE.* - THE PHRASE
 2 'FOREIGN CURRENCY DENOMINATED SALE' MEANS SALE TO A
 3 NONRESIDENT OF GOODS, EXCEPT THOSE MENTIONED IN
 4 SECTIONS 149 AND 150, ASSEMBLED OR MANUFACTURED IN THE
 5 PHILIPPINES FOR DELIVERY TO A RESIDENT IN THE PHILIPPINES,
 6 PAID FOR IN ACCEPTABLE FOREIGN CURRENCY AND ACCOUNTED
 7 FOR IN ACCORDANCE WITH THE RULES AND REGULATIONS OF
 8 THE BANGKO SENTRAL NG PILIPINAS (BSP).

9 "(3) SALES TO PERSONS OR ENTITIES WHOSE EXEMPTION
 10 UNDER SPECIAL LAWS OR INTERNATIONAL AGREEMENTS TO
 11 WHICH THE PHILIPPINES IS A SIGNATORY EFFECTIVELY SUBJECTS
 12 SUCH SALES TO ZERO-RATE.

13 "[Export sales' means the sale and shipment or exportation
 14 of goods from the Philippines to a foreign country, irrespective of
 15 any shipping arrangement that may be agreed upon which may
 16 influence or determine the transfer of ownership of the goods so
 17 exported, or foreign currency denominated sales. 'Foreign currency
 18 denominated sales' means sales to nonresidents of goods
 19 assembled or manufactured in the Philippines, for delivery to
 20 residents in the Philippines and paid for in convertible foreign
 21 currency remitted through the banking system in the Philippines.]

22 "(b) *Transactions deemed sale.*- The following transactions

1 shall be deemed sale:

2 "(1) Transfer, use, or consumption not in the course of
3 business of goods OR PROPERTIES originally intended for sale or
4 for use in the course of business.

5 "(2) Distribution or transfer to:

6 "(A) Shareholders or investors as share in the profits of the
7 VAT-registered persons; or

8 "(B) Creditors in payment of debt.

9 "(3) Consignment of goods if actual sale is not made within
10 60 days following the date such goods were consigned.

11 "(4) Retirement from or cessation of business, with respect
12 to inventories of taxable goods existing as of such retirement or
13 cessation.

14 "(c) *Changes in or cessation of status of a VAT-registered*
15 *person.* - The tax imposed in paragraph (a) of this section shall also
16 apply to goods disposed of or existing as of a certain date if under
17 circumstances to be prescribed in regulations to be promulgated by
18 the Secretary of Finance, the status of a person as a VAT-registered
19 person changes or is terminated.

20 "(d) *Determination of the Tax.* - (1) *[Tax billed as a separate*
21 *item in the invoice.* - If the tax is billed as a a separate item in the
22 invoice, the tax shall be based on the gross selling price, excluding

1 the tax. 'Gross selling price' means the total amount of money or its
 2 equivalent which the purchaser pays or is obligated to pay to the
 3 seller in consideration of the sale, barter or exchange of the goods,
 4 excluding the value-added tax. The excise tax, if any, on such goods
 5 shall form part of the gross selling price.] THE TAX SHALL BE
 6 COMPUTED BY MULTIPLYING THE TOTAL AMOUNT INDICATED IN
 7 THE INVOICE BY 1/11.

8 *"[(2) Tax not billed separately or is billed erroneously in the*
 9 *invoice. - In case the tax is not billed separately or is billed*
 10 *erroneously in the invoice, the tax shall be determined by*
 11 *multiplying the gross selling price, including the amount intended*
 12 *by the seller to cover the tax or the tax billed erroneously, by the*
 13 *factor 1/11 or such factor as may be prescribed by regulations in*
 14 *case of persons partially exempt under special laws.]*

15 *"[(3)] (2) Sales returns, allowances and sales discounts. -*
 16 *The value of goods sold and subsequently returned or for which*
 17 *allowances were granted by a VAT-registered person may be*
 18 *deducted from the gross sales or receipts for the quarter in which*
 19 *a refund is made or a credit memorandum or refund is issued.*
 20 *Sales discounts granted and indicated in the invoice at the time of*
 21 *sale AND THE GRANT OF WHICH DOES NOT DEPEND UPON THE*
 22 *HAPPENING OF A FUTURE EVENT may be excluded from the gross*

1 sales within the same quarter IT WAS GIVEN.

2 "[(4)] (3) Authority of the Commissioner to determine the
3 appropriate tax base. - The Commissioner shall, by regulations,
4 determine the appropriate tax base in cases where a transaction is
5 deemed a sale, barter or exchange of goods OR PROPERTIES under
6 paragraph (b) hereof, or where the gross selling price is
7 unreasonably lower than the actual market value."

8 SEC. 3. Section 102 of the National Internal Revenue Code,
9 as amended, is hereby further amended to read as follows:

10 "SEC. 102. Value-added tax on sale of services. - (a) Rate
11 and base of tax. - There shall be levied, assessed and
12 collected, a value-added tax equivalent to 10% of gross receipts
13 derived [by any person engaged in the sale of services.] FROM
14 THE SALE OR EXCHANGE OF SERVICES, INCLUDING THE USE OR
15 LEASE OF PERSONAL PROPERTIES.

16 "The phrase 'sale OR EXCHANGE of services' means the
17 performance of all kinds of services IN THE PHILIPPINES for others
18 for a fee, remuneration or consideration, including those
19 performed or rendered by construction and service contractors;
20 stock, real estate, commercial, customs and immigration brokers;
21 lessors of personal property; OWNERS, lessors or distributors of
22 cinematographic films; persons engaged in milling, processing,

1 manufacturing or repacking goods for others; PROPRIETORS,
 2 OPERATORS OR KEEPERS OF HOTELS, MOTELS AND OTHERS;
 3 PROPRIETORS OR OPERATORS OF RESTAURANTS, REFRESHMENT
 4 PARLORS, CAFES AND OTHER EATING PLACES, INCLUDING CLUBS
 5 AND CATERERS; and similar services regardless of whether or not
 6 the performance thereof calls for the exercise or use of the
 7 physical or mental faculties[:]. [Provided, That the following
 8 services performed in the Philippines by VAT-registered persons
 9 shall be subject to 0%:] THE PHRASE 'SALE OR EXCHANGE OF
 10 SERVICES' SHALL LIKEWISE INCLUDE:

11 "(1) THE LEASE OR THE USE OF OR THE RIGHT OR
 12 PRIVILEGE TO USE ANY COPYRIGHT, PATENT, DESIGN OR MODEL,
 13 PLAN, SECRET FORMULA OR PROCESS, GOODWILL, TRADEMARK,
 14 TRADE BRAND OR OTHER LIKE PROPERTY OR RIGHT;

15 "(2) THE LEASE OR THE USE OF, OR THE RIGHT TO USE OF
 16 ANY INDUSTRIAL, COMMERCIAL OR SCIENTIFIC EQUIPMENT;

17 "(3) THE SUPPLY OF SCIENTIFIC, TECHNICAL, INDUSTRIAL OR
 18 COMMERCIAL KNOWLEDGE OR INFORMATION;

19 "(4) THE SUPPLY OF ANY ASSISTANCE THAT IS ANCILLARY
 20 AND SUBSIDIARY TO AND IS FURNISHED AS A MEANS OF ENABLING
 21 THE APPLICATION OR ENJOYMENT OF ANY SUCH PROPERTY, OR
 22 RIGHT AS IS MENTIONED IN SUBPARAGRAPH (2) OR ANY SUCH

1 KNOWLEDGE OR INFORMATION AS IS MENTIONED IN
2 SUBPARAGRAPH (3); OR

3 "(5) THE SUPPLY OF SERVICES BY A NONRESIDENT PERSON
4 OR HIS EMPLOYEE IN CONNECTION WITH THE USE OF PROPERTY OR
5 RIGHTS BELONGING TO, OR THE INSTALLATION OR OPERATION OF
6 ANY BRAND, MACHINERY OR OTHER APPARATUS PURCHASED FROM
7 SUCH NONRESIDENT PERSON;

8 "(6) THE SUPPLY OF TECHNICAL ADVICE, ASSISTANCE OR
9 SERVICES RENDERED IN CONNECTION WITH TECHNICAL
10 MANAGEMENT OR ADMINISTRATION OF ANY SCIENTIFIC.
11 INDUSTRIAL OR COMMERCIAL UNDERTAKING, VENTURE. PROJECT
12 OR SCHEME;

13 "(7) THE LEASE OR THE USE OF OR THE RIGHT TO USE
14 MOTION PICTURE FILMS, FILMS, TAPES AND DISCS; AND

15 "(8) THE LEASE OR THE USE OF OR THE RIGHT TO USE
16 TELEVISION AND RADIO AIRTIME.

17 LEASE OF PROPERTIES SHALL BE SUBJECT TO THE TAX
18 HEREIN IMPOSED IRRESPECTIVE OF THE PLACE WHERE THE
19 CONTRACT OF LEASE OR LICENSING AGREEMENT WAS EXECUTED
20 IF THE PROPERTY IS LEASED OR USED IN THE PHILIPPINES.

21 "THE TERM 'GROSS RECEIPTS' MEANS THE TOTAL AMOUNT
22 OF MONEY OR ITS EQUIVALENT REPRESENTING THE CONTRACT

1 PRICE. COMPENSATION, SERVICE FEE, RENTAL OR ROYALTY,
 2 INCLUDING THE AMOUNT CHARGED FOR MATERIALS SUPPLIED
 3 WITH THE SERVICES AND DEPOSITS AND ADVANCED PAYMENTS
 4 ACTUALLY OR CONSTRUCTIVELY RECEIVED DURING THE TAXABLE
 5 QUARTER FOR THE SERVICES PERFORMED OR TO BE PERFORMED
 6 FOR ANOTHER PERSON, EXCLUDING VALUE-ADDED TAX.

7 (B) TRANSACTIONS SUBJECT TO ZERO-RATE. - THE
 8 FOLLOWING SERVICES PERFORMED IN THE PHILIPPINES BY VAT-
 9 REGISTERED PERSONS SHALL BE SUBJECT TO 0%:

10 (1) Processing, manufacturing or repacking goods for other
 11 persons doing business outside the Philippines which goods are
 12 subsequently exported, where the services are paid for in acceptable
 13 foreign currency[, inwardly remitted to the Philippines] and
 14 accounted for in accordance with the rules and regulations of the
 15 [Central Bank of the Philippines] BANGKO SENTRAL NG PILIPINAS
 16 (BSP).

17 (2) Services other than those mentioned in the preceding
 18 subparagraph, the consideration for which is paid for in acceptable
 19 foreign currency [which is remitted inwardly to the Philippines]
 20 and accounted for in accordance with the rules and regulations of
 21 the [Central Bank of the Philippines] BANGKO SENTRAL NG
 22 PILIPINAS (BSP).

1 "(3) Services rendered to persons or entities whose
 2 exemption under special laws or international agreements to which
 3 the Philippines is a signatory effectively subjects the supply of such
 4 services to zero rate.

5 "(4) SERVICES RENDERED TO VESSELS ENGAGED
 6 EXCLUSIVELY IN INTERNATIONAL SHIPPING; AND

7 "(5) SERVICES PERFORMED BY SUBCONTRACTORS AND/OR
 8 CONTRACTORS REGISTERED WITH THE BOARD OF INVESTMENT IN
 9 PROCESSING, CONVERTING, OR MANUFACTURING GOODS FOR A
 10 BOI-REGISTERED ENTERPRISE WHOSE EXPORT SALES EXCEED
 11 SEVENTY PERCENT (70%) OF TOTAL ANNUAL PRODUCTION.

12 ["Gross receipts" means the total amount of money, or its
 13 equivalent representing the contract price, compensation or service
 14 fee, including the amount charged for materials supplied with the
 15 services and deposits or advance payments actually or constructively
 16 received during the taxable quarter for the services performed or
 17 to be performed for another person, excluding value-added tax.]

18 "[(b)](C) *Determination of the tax.* - [(1) *Tax billed as a*
 19 *separate item in the invoice.* - If the tax is billed as a separate item
 20 in the invoice, the tax shall be based on the gross receipts,
 21 excluding the tax.]

22 "[(2) *Tax not billed separately or is billed erroneously in the*

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1 *invoice*. - If the tax is not billed separately or is billed erroneously
 2 in the invoice, the tax shall be determined by multiplying the gross
 3 receipts (including the amount intended to cover the tax or the tax
 4 billed erroneously) by 1/11.] THE TAX SHALL BE COMPUTED BY
 5 MULTIPLYING THE TOTAL AMOUNT INDICATED IN THE OFFICIAL
 6 RECEIPT BY 1/11."

7 SEC. 4. Section 103 of the National Internal Revenue Code,
 8 as amended, is hereby further amended to read as follows:

9 "SEC. 103. *Exempt transactions*. - The following shall be
 10 exempt from the value-added tax:

11 "(a) Sale of nonfood agricultural; marine and forest products
 12 in their original state by the primary producer or the owner of the
 13 land where the same are produced.

14 "(B) SALE OF COTTON IN ITS ORIGINAL STATE; AND COPRA;

15 "[(b)] (C) Sale or importation [in their original state] of
 16 agricultural and marine food products IN THEIR ORIGINAL STATE
 17 (EXCEPT ON IMPORTATION OF MEAT); livestock and poultry of a
 18 kind generally used as, or yielding or producing foods for human
 19 consumption; and breeding stock and genetic materials therefor.

20 "Products classified under this paragraph and paragraph (a)
 21 shall be considered in their original state even if they have
 22 undergone the simple processes of preparation or preservation for

1 the market, such as freezing, drying, salting, smoking or stripping.
 2 Polished and/or husked rice, corn grits, MOLASSES, [and]
 3 LOCALLY PRODUCED raw cane sugar AND ORDINARY SALT shall be
 4 considered in their original state.

5 "[c)](D) Sale or importation of fertilizers[, pesticides and
 6 herbicides; chemicals for the formulation of pesticides;]; AND SALE
 7 OR IMPORTATION OF seeds, seedlings and fingerlings; fish,
 8 [animal] LIVESTOCK and poultry feeds[;], [and soya bean and fish
 9 meals] INCLUDING INGREDIENTS, WHETHER LOCALLY PRODUCED
 10 OR IMPORTED, USED IN THE MANUFACTURE OF FINISHED FEEDS
 11 EXCEPT SPECIALTY FEEDS. SPECIALTY FEEDS ARE FEEDS OR FOOD
 12 FOR RACE HORSES, FIGHTING COCKS, AQUARIUM FISH, ZOO
 13 ANIMALS AND OTHER ANIMALS GENERALLY CONSIDERED AS
 14 PETS.

15 "[d)](E) Sale or importation of petroleum products (except
 16 lubricating oil, processed gas, grease, wax, and petrolatum)
 17 subject to excise tax imposed under Title VI;

18 "[e)](F) Sale or importation of raw materials to be used by
 19 the buyer or importer himself in the manufacture of petroleum
 20 products [(except lubricating oil and grease)] subject to excise
 21 tax[;], EXCEPT LUBRICATING OIL, PROCESSED GAS, GREASE, WAX
 22 AND PETROLATUM:

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

6 "[(g)](H) Importation of passenger and/or cargo vessel of
 7 more than ten thousand tons, whether coastwise or ocean-going,
 8 including engine and spare parts of said vessel to be used by the
 9 importer himself as operator thereof;

10 "[(h)](I) Importation of personal and household effects
 11 belonging to residents of the Philippines returning from abroad and
 12 nonresident citizens coming to resettle in the Philippines: *Provided,*
 13 That such goods are exempt from customs duties under the Tariff
 14 and Customs Code of the Philippines;

15 "[(i)](J) Importation of professional instruments and
 16 implements, wearing apparel, domestic animals, and personal
 17 household effects (except any vehicle, vessel, aircraft, machinery,
 18 other goods for use in manufacture and merchandise of any kind in
 19 commercial quantity) belonging to persons coming to settle for the
 20 first time in the Philippines, for their own use and not for sale,
 21 barter or exchange, accompanying such persons, or arriving within
 22 Ninety (90) days before or after their arrival, upon the production

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1 of evidence satisfactory to the Commissioner of Internal Revenue,
 2 that such persons are actually coming to settle in the Philippines
 3 and that the change of residence is *bona fide*;

4 "[(j)](K) Services [rendered by persons] subject to percentage
 5 tax under Title V;

6 "[(k)](L) Services by agricultural contract growers and
 7 milling for others of palay into rice, corn into grits and sugar cane
 8 into raw sugar;

9 "[(l)](M) Medical, dental, hospital and veterinary services;

10 "[(m)](N) Educational services rendered by private
 11 educational institutions, duly accredited by the Department of
 12 Education, Culture and Sports, and those rendered by government
 13 educational institutions;

14 "[(n)](O) Sale by the artist himself of his works of art, literary
 15 works, musical compositions and similar creations, or his services
 16 performed for the production of such works;

17 "[(o)](P) Services performed as actors and actresses, talents,
 18 singers and emcees; radio and television broadcasters,
 19 choreographers; musical, radio, movie, television and stage
 20 directors;

21 "[(p)](Q) Services performed as professional athletes;

22 "[(q)](R) Leasing of real property;

1 "[(r)](S) Services performed in the exercise of profession or
 2 calling (except [customs] ALL brokers) subject to the [occupation]
 3 PROFESSIONAL tax under the Local [Tax] GOVERNMENT Code, and
 4 professional services performed by registered general
 5 professional partnerships;

6 "[(s)](T) Services rendered by individuals pursuant to an
 7 employer-employee relationship;

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

14 "[(u)](V) Transactions which are exempt under special laws
 15 or international agreements to which the Philippines is a signatory;

16 "[(v)](W) Export sales by persons who are not VAT-
 17 registered; [and]

18 [(w) Sales and/or services performed by persons other than
 19 those mentioned in the preceding paragraphs whose annual gross
 20 sales and/or receipts do not exceed the amount prescribed in
 21 regulations to be promulgated by the Secretary of Finance which
 22 shall not be less than ₱100,000 or higher than ₱500,000.]

1 "(X) SALE OR TRANSFER OF SECURITIES AS DEFINED IN THE
2 REVISED SECURITIES ACT (BATAS PAMBANSA BLG. 178);

3 "(Y) SALE OF REAL PROPERTIES;

4 "(Z) SALE OR LEASE OF GOODS OR PROPERTIES OR THE
5 PERFORMANCE OF SERVICES OTHER THAN THE TRANSACTIONS
6 MENTIONED IN THE FOREGOING PARAGRAPHS, THE GROSS
7 ANNUAL SALES AND/OR RECEIPTS OF WHICH DOES NOT EXCEED
8 THE AMOUNT OF TWO HUNDRED FORTY THOUSAND PESOS
9 (P240,000.00).

10 "THE FOREGOING EXEMPTIONS TO THE CONTRARY
11 NOTWITHSTANDING, ANY PERSON WHOSE SALE OF GOODS OR
12 PROPERTIES OR SERVICES WHICH ARE OTHERWISE NOT SUBJECT TO
13 VAT, BUT WHO ISSUES A VAT INVOICE OR RECEIPT THEREFOR
14 SHALL, IN ADDITION TO HIS LIABILITY TO OTHER APPLICABLE
15 PERCENTAGE TAX, IF ANY, BE LIABLE TO THE TAX IMPOSED IN
16 SECTION 100 OR 102 WITHOUT THE BENEFIT OF INPUT TAX CREDIT.
17 AND SUCH TAX SHALL NOT ALSO BE RECOGNIZED AS INPUT TAX
18 CREDIT TO THE PURCHASER UNDER SECTION 104, ALL OF THIS
19 CODE."

20 SEC. 5. Section 104 of the National Internal Revenue Code.
21 as amended, is hereby further amended to read as follows:

1 "SEC. 104. *Tax Credits.* - (a) *Creditable input tax.* - Any input
 2 tax [on the] EVIDENCED BY A VAT INVOICE OR OFFICIAL RECEIPT
 3 ISSUED IN ACCORDANCE WITH SECTION 108 HEREOF ON THE
 4 FOLLOWING TRANSACTIONS SHALL BE CREDITABLE AGAINST THE
 5 OUTPUT TAX:

6 "(1) Purchase or importation of goods:

7 "(A) For sale [or for conversion into or intended to form
 8 part of a finished product for sale or for use in the course of
 9 business]; or

10 "(B) FOR CONVERSION INTO OR INTENDED TO FORM PART
 11 OF A FINISHED PRODUCT FOR SALE; OR

12 "[(B)](C) For use as supplies [in the course of business]; or

13 "[(C)](D) For use as materials supplied in the sale of service;

14 or

15 "[(D)](E) For use in trade or business for which deduction
 16 for depreciation OR AMORTIZATION is allowed under [Section 29(f)
 17 of] this Code [; and], EXCEPT AUTOMOBILES, AIRCRAFT AND
 18 YACHTS.

19 "(2) [Service performed by a VAT-registered person shall be
 20 credited against the output tax payable by the VAT-registered
 21 person: *Provided*, That in the case of domestic purchase of goods or
 22 services, the invoice or receipt was issued therefor by a VAT-

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1 registered person in a manner prescribed in Section 108.]
2 PURCHASE OF SERVICES.

3 "THE INPUT TAX ON DOMESTIC PURCHASE OF GOODS OR
4 PROPERTIES SHALL BE CREDITABLE TO THE PURCHASER UPON
5 CONSUMMATION OF SALE AND ON IMPORTATION OF GOODS, IT
6 SHALL BE CREDITABLE TO THE IMPORTER UPON PAYMENT OF THE
7 VALUE-ADDED TAX PRIOR TO THE RELEASE OF THE GOODS FROM
8 THE CUSTODY OF THE BUREAU OF CUSTOMS. HOWEVER, IN THE
9 CASE OF PURCHASE OF SERVICES, LEASE OR USE OF PROPERTIES
10 THE INPUT TAX SHALL BE CREDITABLE TO THE PURCHASER, LESSEE
11 OR LICENSEE UPON PAYMENT OF THE COMPENSATION, RENTAL,
12 ROYALTY OR FEE.

13 "A VAT-registered person who is also engaged in
14 transactions not subject to the value-added tax shall be allowed
15 INPUT tax credit as follows:

16 "(A) Total input tax which can be directly attributed to
17 transactions subject to value-added tax; and

18 "(B) A rateable portion of any input tax which cannot be
19 directly attributed to either activity.

20 "THE TERM 'Input tax' means the value-added tax DUE FROM
21 OR paid by a VAT-registered person in the course of his trade or
22 business on importation of goods or local purchase of goods or

1 services, INCLUDING LEASE OR USE OF PROPERTY, from a VAT-
 2 registered person. It shall also include the
 3 transitional/PRESUMPTIVE input tax determined in accordance
 4 with Section 105 of this Code [and other transitional input taxes
 5 as prescribed by regulations].

6 "[In case tax-exempt products of a pioneer enterprise
 7 registered with the BOI as of August 1, 1986 are sold
 8 domestically to a value-added tax registered person, the value-
 9 added tax otherwise due on such products shall also be
 10 considered as input tax creditable against his output tax payable.]

11 "The term 'output tax' means the value-added tax due on
 12 the sale OR LEASE of taxable goods or services by any person
 13 registered or required to register under Section 107 of this Code.

14 "(b) *Excess output or input tax.*- If at the end of the any
 15 taxable quarter the output tax exceeds the input tax, the excess shall
 16 be paid by the VAT-registered person. If the input tax exceeds the
 17 output tax, the excess shall be carried over to the succeeding
 18 quarters. Any input tax attributable to the purchase of capital
 19 goods or to zero-rated sales by a VAT-registered person may at his
 20 option be refunded or credited against other internal revenue taxes,
 21 subject to the provisions of Section 106.

22 "(c) *DETERMINATION OF CREDITABLE INPUT TAX. - THE SUM*

1 OF THE EXCESS INPUT TAX CARRIED OVER FROM THE PRECEDING
 2 MONTH OR QUARTER AND THE INPUT TAX CREDITABLE TO A VAT-
 3 REGISTERED PERSON DURING THE TAXABLE MONTH OR QUARTER
 4 SHALL BE REDUCED BY THE AMOUNT OF CLAIM FOR REFUND OR
 5 TAX CREDIT FOR VALUE-ADDED TAX AND OTHER ADJUSTMENTS,
 6 SUCH AS PURCHASE RETURNS OR ALLOWANCES AND INPUT TAX
 7 ATTRIBUTABLE TO EXEMPT SALE.

8 "THE CLAIM FOR TAX CREDIT REFERRED TO IN THE
 9 FOREGOING PARAGRAPH SHALL INCLUDE NOT ONLY THOSE FILED
 10 WITH THE BUREAU OF INTERNAL REVENUE (BIR) BUT ALSO
 11 THOSE FILED WITH THE OTHER GOVERNMENT AGENCIES, SUCH AS
 12 THE BOARD OF INVESTMENTS (BOI) AND THE BUREAU OF
 13 CUSTOMS (BOC)."

14 SEC. 6. Section 105 of the National Internal Revenue Code,
 15 as amended, is hereby further amended to read as follows:

16 "SEC. 105. *Transitional/PRESUMPTIVE Input Tax Credits.* - A
 17 person who becomes liable to value-added tax or any person who
 18 elects to be a VAT-registered person shall, subject to the filing of
 19 an inventory as prescribed by regulations, be allowed input tax on
 20 his beginning inventory of goods, materials and supplies equivalent
 21 to 8% of the value of such inventory or the actual value-added tax
 22 paid on such goods, materials and supplies, whichever is higher.

1 which shall be creditable against the output tax.

2 "IN THE ABSENCE OF ACTUAL PROOF OF TAX CREDITS.
3 CONSTRUCTION CONTRACTORS SHALL LIKEWISE BE ALLOWED
4 TRANSITIONAL OR PRESUMPTIVE INPUT TAX EQUIVALENT TO 4%
5 OF THE CONTRACT PRICE."

6 SEC. 7. Section 106 of the National Internal Revenue Code,
7 as amended, is hereby further amended to read as follows:

8 "SEC. 106. [*Refunds or tax credits of input tax. - (a) Export*
9 *sales. - An exporter who is a VAT-registered person may within*
10 *two years from the date of exportation, apply for the issuance of*
11 *a tax credit certificate or refund of the input tax attributable to*
12 *the goods exported, to the extent that such input tax has not been*
13 *applied to output tax and upon presentation of proof that the*
14 *foreign exchange proceeds has been accounted for in accordance*
15 *with the regulations of the Central Bank of the Philippines.]*

16 "*[(b) Zero-rated or effectively zero-rated sales. - Any person,*
17 *except those covered by paragraph (a) above, whose sales are zero-*
18 *rated or are effectively zero-rated may, within two years after the*
19 *close of the quarter when such sales were made, apply for the*
20 *issuance of a tax credit certificate or refund of the input taxes*
21 *attributable to such sales to the extent that such input tax has not*
22 *been applied against output tax. | REFUNDS OR TAX CREDITS OF*

1 CREDITABLE INPUT TAX A) ANY VAT-REGISTERED PERSON
2 WHOSE SALES ARE ZERO-RATED OR EFFECTIVELY ZERO-RATED.
3 MAY. WITHIN TWO (2) YEARS AFTER THE CLOSE OF THE TAXABLE
4 QUARTER WHEN THE SALES WERE MADE. APPLY FOR THE
5 ISSUANCE OF A TAX CREDIT CERTIFICATE OR REFUND OF
6 CREDITABLE INPUT TAX DUE OR PAID ATTRIBUTABLE TO SUCH
7 SALES, EXCEPT TRANSITIONAL/PRESUMPTIVE INPUT TAX. TO THE
8 EXTENT THAT SUCH INPUT TAX HAS NOT BEEN APPLIED AGAINST
9 OUTPUT TAX: *PROVIDED, HOWEVER*, THAT IN THE CASE OF ZERO-
10 RATED SALES UNDER SECTION 100 (A) (1) (i), (ii) AND (2) AND
11 SECTION 102 (B) (1), (2), (3) AND (4), THE ACCEPTABLE FOREIGN
12 CURRENCY EXCHANGE PROCEEDS THEREOF HAD BEEN DULY
13 ACCOUNTED FOR IN ACCORDANCE WITH THE REGULATIONS OF
14 THE BANGKO SENTRAL NG PILIPINAS (BSP): *PROVIDED,*
15 *FURTHER*, THAT WHERE THE TAXPAYER IS ENGAGED IN ZERO-
16 RATED OR EFFECTIVELY ZERO-RATED SALE AND ALSO IN TAXABLE
17 OR EXEMPT SALE OF GOODS OR PROPERTIES OR SERVICES. AND
18 THE AMOUNT OF CREDITABLE INPUT TAX DUE OR PAID CANNOT
19 BE DIRECTLY AND ENTIRELY ATTRIBUTED TO ANY ONE OF THE
20 TRANSACTIONS, IT SHALL BE ALLOCATED PROPORTIONATELY ON
21 THE BASIS OF THE VOLUME OF SALES.

22 "[(c)] (B) Capital goods. - A VAT-registered person may

1 apply for the issuance of a tax credit certificate or refund of input
 2 taxes paid on capital goods imported or locally purchased, to the
 3 extent that such input taxes have not been applied against output
 4 taxes. The application [for refund] may be made only WITHIN TWO
 5 (2) YEARS after the [expiration of 2 succeeding quarters
 6 following the quarter in which the] CLOSE OF THE TAXABLE
 7 QUARTER WHEN THE importation or [local] purchase was made.]:
 8 *Provided*, That a VAT-registered person who is just commencing
 9 business may apply for refund of input taxes under this paragraph
 10 not earlier than 180 days from the date of registration or actual
 11 start of business operations, whichever comes later: *Provided*,
 12 *however*, That the application is filed not later than 2 years from
 13 the dates herein prescribed.]

14 "(d)(C) *Cancellation of VAT-registration.* - A person whose
 15 registration has been cancelled due to retirement from or cessation
 16 of business, or due to changes in or cessation of status under
 17 Section 100 (c) of this Code may, within 2 years from the date of
 18 cancellation, apply for the issuance of a tax credit certificate for any
 19 unused input tax which he may use in payment of his other internal
 20 revenue taxes.

21 "[e)(D) *Period within which refund OR TAX CREDIT of input*
 22 *taxes [may] SHALL be made [by the Commissioner].* - IN

1 PROPER CASES, [T]he Commissioner shall GRANT A refund OR
 2 ISSUE THE TAX CREDIT FOR CREDITABLE input taxes within Sixty
 3 (60) days from the date [the application for refund was filed with
 4 him or his duly authorized representative. No refund of input taxes
 5 shall be allowed unless the VAT-registered person files an
 6 application for refund within the period prescribed in paragraphs
 7 (a), (b) and (c) as the case may be.] OF SUBMISSION OF COMPLETE
 8 DOCUMENTS IN SUPPORT OF THE APPLICATION FILED IN
 9 ACCORDANCE WITH SUBPARAGRAPHS (A) AND (B) HEREOF. IN
 10 CASE OF DENIAL, FULLY OR PARTIALLY. OF THE CLAIM FOR TAX
 11 REFUND OR TAX CREDIT, OR THE FAILURE ON THE PART OF THE
 12 COMMISSIONER TO ACT ON THE APPLICATION WITHIN THE PERIOD
 13 PRESCRIBED ABOVE, THE TAXPAYER AFFECTED MAY, WITHIN
 14 THIRTY (30) DAYS FROM THE RECEIPT OF THE DECISION DENYING
 15 THE CLAIM OR AFTER THE EXPIRATION OF THE SIXTY-DAY PERIOD,
 16 APPEAL THE DECISION OR THE UNACTED CLAIM WITH THE COURT
 17 OF TAX APPEALS."

18 "[f](E) *Manner of giving refund.* - Refund shall be made
 19 upon warrants drawn by the Commissioner or by his duly
 20 authorized representative without the necessity of being
 21 countersigned by the Chairman, Commission on Audit, the
 22 provisions of the Revised Administrative Code to the contrary

1 notwithstanding: *Provided*, That refunds under this paragraph shall
2 be subject to post audit by the Commission on Audit."

3 SEC. 8. Section 107 of the National Internal Revenue
4 Code, as amended, is hereby further amended to read as follows:

5 "SEC. 107. *Registration of value-added taxpayers.* - (a) *In*
6 *General.* - Any person subject to a value-added tax under Section
7 100 and 102 of this Code shall register with the appropriate
8 revenue district officer AND PAY AN ANNUAL REGISTRATION FEE
9 IN THE AMOUNT OF FIVE HUNDRED PESOS (P500.00) FOR EVERY
10 SEPARATE OR DISTINCT ESTABLISHMENT OR PLACE OF BUSINESS
11 AND EVERY YEAR THEREAFTER ON OR BEFORE THE LAST DAY OF
12 JANUARY. ANY PERSON JUST COMMENCING A BUSINESS SUBJECT
13 TO THE VALUE-ADDED TAX MUST PAY THE FEE BEFORE
14 ENGAGING THEREIN.

15 "A person who maintains a head or main office and branches
16 in different places shall register with the revenue district office
17 which has jurisdiction over the place wherein the main or head
18 office is located. HOWEVER, THE FEE SHALL BE PAID TO THE
19 REVENUE DISTRICT OFFICER, COLLECTION AGENT, AUTHORIZED
20 TREASURER OF THE MUNICIPALITY WHERE EACH PLACE OF
21 BUSINESS OR BRANCH IS SITUATED.

22 "(b) *Persons commencing a business.* - Any person who

1 expects to realize gross sales or receipts subject to value-added tax
 2 in excess of the amount prescribed [by the Secretary of Finance]
 3 UNDER SECTION 103 (Z) OF THIS CODE for the next 12 month
 4 period from the commencement of the business shall, within thirty
 5 (30) days before the start of the said business, register with the
 6 revenue district officer who has jurisdiction over his principal place
 7 of business AND SHALL PAY THE ANNUAL REGISTRATION FEE
 8 PRESCRIBED IN THE PRECEDING PARAGRAPH.

9 *"(c) Persons becoming liable to the value-added tax. - Any*
 10 *person whose gross sales or receipts in any 12-months period*
 11 *exceeds the amount prescribed [by regulations] UNDER SECTION 103*
 12 *(Z) OF THIS CODE for exemption from the value-added tax shall*
 13 *register AND PAY THE ANNUAL REGISTRATION FEE PRESCRIBED IN*
 14 *PARAGRAPH (A) OF THIS SECTION within thirty (30) days after the*
 15 *end of the last month of that period, and shall be liable to the*
 16 *value-added tax commencing from the first day of the month*
 17 *following his registration.*

18 *"(d) Optional registration of exempt person - Any person*
 19 *whose transactions are exempt from value-added tax under Section*
 20 *103 [(a), (b), (c), (f), and (w)] (Z) of this Code, OR ANY PERSON*
 21 *WHOSE TRANSACTIONS ARE EXEMPT FROM VALUE-ADDED TAX*
 22 *UNDER SECTION 103 (A), (B), (C), (D) AND (G) OF THIS CODE*

1 WITH RESPECT TO HIS EXPORT SALES ONLY, may apply for
 2 registration as a VAT-registered person not later than Ten (10)
 3 days before the beginning of the taxable quarter AND SHALL PAY
 4 THE ANNUAL REGISTRATION FEE PRESCRIBED IN SUBPARAGRAPH
 5 (A) OF THIS SECTION.

6 "[A VAT-registered person who is, at the same time,
 7 engaged in activities exempted under Section 103 (a), (b), (c) and
 8 (f) of this Code may register any or all of his exempt activities
 9 within the same period provided for in this paragraph.]

10 "In any case, the Commissioner may, for administrative
 11 reasons, deny any application for registration.

12 "For purposes of this Title, any person registered in
 13 accordance with the provisions of this section shall be referred to as
 14 'VAT-registered person'. Each VAT-registered person shall be
 15 assigned only one [registration] TAXPAYER'S IDENTIFICATION
 16 number.

17 "(e) *Cancellation of Registration.* - The registration of any
 18 person who ceases to be liable to the value-added tax shall be
 19 cancelled by the Commissioner upon filing of an application for
 20 cancellation of registration. Any person who opted to be registered
 21 under paragraph (d) of this section may, under regulation of the
 22 Secretary of Finance, apply for cancellation of such registration."

1 SEC. 9. Section 108 of the National Internal Revenue
2 Code, as amended, is hereby further amended to read as follows:

3 "SEC. 108. *Invoicing and accounting requirements for VAT-*
4 *registered persons.* - (a) Invoicing requirements. - A VAT-
5 registered person shall, for every sale, issue an invoice or receipt.
6 In addition to the information required under Section 238, the
7 following information shall be indicated in the invoice or receipt:

- 8 "[1) The VAT registration number.]
- 9 "[2) If the seller bills the tax as a separate item in the
- 10 invoice:]

11 "[A) The amount of gross selling price or gross receipts on
12 which the value-added tax is based;]

13 "[B) The amount of value-added tax determined by
14 multiplying the amount of gross selling price or gross receipts by
15 the rate of tax; and]

16 "[C) The sum of (i) the gross selling price or gross receipts
17 and (ii) the value-added tax which the purchaser pays or is
18 obligated to pay to the vendor;]

19 "[3) If the seller elects not to bill the tax as a separate item in
20 the invoice or receipt, the total amount charged against the buyer.]

21 "(1) A STATEMENT THAT THE SELLER IS A VAT-REGISTERED
22 PERSON. FOLLOWED BY HIS TAXPAYER IDENTIFICATION NUMBER

1 (TIN): AND

2 "(2) THE TOTAL AMOUNT WHICH THE PURCHASER PAYS OR
3 IS OBLIGATED TO PAY TO THE SELLER WITH THE INDICATION THAT
4 SUCH AMOUNT INCLUDES THE VALUE-ADDED TAX."

5 "(b) *Accounting requirements.* - Notwithstanding the
6 provision of Section 233, all persons subject to the value-added tax
7 under Sections 100 and 102 shall, in addition to the regular
8 accounting records required, maintain a subsidiary sales journal and
9 subsidiary purchase journal on which the daily sales and purchases
10 are recorded. The subsidiary journals shall contain such
11 information as may be required by the Secretary of Finance."

12 SEC. 10. Section 110(c) of the National Internal Revenue
13 Code, as amended, is hereby further amended to read as follows:

14 "(c) *Withholding of Creditable Value-Added Tax.* - The
15 government or any of its political subdivisions, instrumentalities or
16 agencies, including government-owned or -controlled corporations
17 (GOCCs) shall, before making payment on account of its purchase
18 of goods from sellers and services rendered by contractors which
19 are subject to the value-added tax imposed in Sections 100 and 102
20 of this Code, deduct and withhold the value-added tax due at the
21 rate of three percent (3%) of the gross payment for the purchase of
22 goods and six percent (6%) on gross receipts for services rendered

1 by contractors on every release or installment payment which shall
 2 be creditable against the value-added tax liability of the seller or
 3 contractor: *PROVIDED, HOWEVER, THAT THE PAYMENT FOR LEASE*
 4 *OR USE OF PROPERTIES OR PROPERTY RIGHTS TO NONRESIDENT*
 5 *OWNERS SHALL BE SUBJECT TO TEN PERCENT (10%)*
 6 *WITHHOLDING TAX AT THE TIME OF PAYMENT. FOR THIS PURPOSE,*
 7 *THE PAYOR OR PERSON IN CONTROL OF THE PAYMENT SHALL BE*
 8 *CONSIDERED AS THE WITHHOLDING AGENT."*

9 SEC. 11. Section 112 of the National Internal Revenue
 10 Code, as amended, is hereby further amended to read as follows

11 "SEC. 112. *Tax on persons exempt from value-added tax*
 12 *(VAT).* - Any person whose sales or receipts are exempt under
 13 Section 103 [(w)] (Z) of this Code from payment of value-added
 14 tax and who is not a VAT-registered person shall pay a tax
 15 equivalent to [two] THREE percent [(2%)] (3%) of his gross
 16 quarterly sales or receipts.

17 SEC. 12. Section 115 of the National Internal Revenue Code,
 18 as amended, is hereby further amended to read as follows:

19 "SEC. 115. *Percentage tax on carriers and keepers of garages.* -
 20 *Keepers of garages, cars for rent or hire driven by the lessee,*
 21 *transportation contractors, persons who transport passenger or*
 22 *freight for hire, and common carriers by land, air or water, except*

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1 owners of bancas and owners of animal-drawn two wheeled
 2 vehicles, shall pay a tax equivalent to three (3%) *per centum* of
 3 their quarterly gross receipts.

4 THE GROSS RECEIPTS OF COMMON CARRIERS DERIVED FROM
 5 THEIR INCOMING AND OUTGOING FREIGHT SHALL NOT BE
 6 SUBJECTED TO THE LOCAL TAXES IMPOSED UNDER REPUBLIC ACT
 7 NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE
 8 OF 1991.

9 In computing the percentage tax provided in this Section, the
 10 following shall be considered the minimum quarterly gross receipts
 11 in each particular case:

12	[Autocalesa:]	
13	[1. Manila and other cities.....	₱1,200.00]
14	[2. Provincial	600.00]
15	Jeepney for hire-	
16	1. Manila and other cities.....	₱2,400.00
17	2. Provincial.....	1,200.00
18	Public utility bus-	
19	Not exceeding 30 passengers	₱3,600.00
20	Exceeding 30 but not exceeding	
21	50 passengers	6,000.00
22	Exceeding 50 passengers	7,200.00

1 Taxis -

2	1. Manila and other cities.....	₱3,600.00
3	2. Provincial.....	2,400.00
4	Car for hire (w/ chauffeur).....	3,000.00
5	Car for hire (w/out chauffeur).....	1,800.00"

6 SEC. 13. Section 116 of the National Internal Revenue Code,
 7 as amended, is hereby further amended to read as follows:

8 "SEC. 116. *Percentage tax on dealers in securities; lending*
 9 *investors; OWNERS OF PAWNSHOPS; FOREIGN CURRENCY DEALERS*
 10 *AND/OR MONEY CHANGERS.* - Dealers in securities shall pay a tax
 11 equivalent to Six (6%) *per centum* of their gross income. Lending
 12 investors, OWNERS OF PAWNSHOPS AND FOREIGN CURRENCY
 13 DEALERS AND/OR MONEY CHANGERS shall pay a tax equivalent to
 14 Five (5%) per cent of their gross income."

15 SEC. 14. Section 236 of the National Internal Revenue Code,
 16 as amended, is hereby further amended to read as follows

17 "SEC. 236. *[Supplying] INDICATION of taxpayer [account]*
 18 *IDENTIFICATION number (TIN).* - FOR TAX IDENTIFICATION
 19 PURPOSES, [Any] ANY person required under the authority of this
 20 Code, to make, render, or file a return, statement, or [other] A
 21 document, shall be supplied with or assigned a taxpayer [account]
 22 IDENTIFICATION number (TIN) which shall [include in] BE

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1 INDICATED ON such return, statement or document [filed with the
2 Commissioner for his proper identification for tax purposes].

3 "[Only one account number shall be given to a person
4 required to have one, and a] Any person who shall secure more
5 than one [account number] TIN OR WHO FAILS TO INDICATE HIS
6 CORRECT TIN AS REQUIRED IN THE FOREGOING PARAGRAPH, shall
7 be criminally liable under the provisions of Section [337* (should
8 now be 274)] 274 of this Code."

9 SEC. 15. Section 237 of the National Internal Revenue
10 Code, as amended, is hereby further amended to read as follows:

11 "*SEC. 237. Registration of name or style with the revenue*
12 *district officer or collection agent.* - Every person, other than
13 persons required to be registered under the provisions of Section
14 107, engaged in any business shall, on or before the
15 commencement of his business, or whenever he transfers to another
16 revenue district, register with the revenue district officer concerned
17 within 10 days from the commencement of business or transfer
18 AND SHALL PAY THE ANNUAL REGISTRATION FEE IN THE AMOUNT
19 OF FIVE HUNDRED PESOS (P500.00) FOR EVERY SEPARATE OR
20 DISTINCT ESTABLISHMENT OR PLACE OF BUSINESS AND EVERY
21 YEAR THEREAFTER ON OR BEFORE THE LAST DAY OF JANUARY.
22 THE FEE SHALL BE PAID TO THE REVENUE DISTRICT OFFICER,

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1 COLLECTION AGENT. AUTHORIZED TREASURER OF THE
 2 MUNICIPALITY WHERE EACH PLACE OF BUSINESS OR BRANCH IS
 3 SITUATED. In cities or municipalities where no revenue district
 4 officer is stationed, such person shall register AND PAY THE FEE
 5 PRESCRIBED HEREIN with the collection agent. The registration
 6 shall contain his name or style, place of residence, business, the
 7 place where such business is carried on, and such other
 8 information as may be required by the Commissioner in the form
 9 prescribed therefor. In the case of a firm, the names and residences
 10 of the various persons constituting the same shall also be
 11 registered. The Commissioner, after taking into consideration the
 12 volume of sales, financial condition and other relevant factors,
 13 may require the registrant to guarantee the payment of his taxes by
 14 way of advance payment, or the posting or filing of a security,
 15 guarantee or collateral acceptable to the Commissioner."

16 SEC. 16. Section 238 of the National Internal Revenue
 17 Code, as amended, is hereby further amended to read as follows:

18 "SEC. 238. *Issuance of receipts or sales or commercial*
 19 *invoices.* - All persons, subject to an internal revenue tax shall for
 20 each sale or transfer of merchandise or for services rendered
 21 valued at P25.00 or more, issue DULY REGISTERED receipts or sales
 22 or commercial invoices, prepared at least in duplicate, showing the

1 date of transaction, quantity, unit cost and description of
 2 merchandise or nature of service: *Provided, HOWEVER,* That in
 3 the case of sales, receipts or transfers in the amount of P100.00 or
 4 more, or, regardless of amount, where the sale or transfer is made
 5 by A person[s subject] **LIABLE** to value-added tax to [other]
 6 ANOTHER person[s] also [subject] **LIABLE** to value-added tax; or,
 7 where the receipt is issued to cover payment made as rentals,
 8 commissions, compensations or fees, receipts or invoices shall be
 9 issued which shall show the name, business style, if any, and
 10 address of the purchaser, customer, or client[.]: *PROVIDED,*
 11 *FURTHER,* THAT WHERE THE PURCHASER IS A VAT-REGISTERED
 12 PERSON, IN ADDITION TO THE INFORMATION HEREIN REQUIRED,
 13 THE INVOICE OR RECEIPT SHALL FURTHER SHOW THE TAXPAYER
 14 IDENTIFICATION NUMBER OF THE PURCHASER.

15 "The original of each receipt or invoice shall be issued to the
 16 purchaser, customer or client at the time the transaction is
 17 effected, who, if engaged in business or in the exercise of profession,
 18 shall keep and preserve the same in his place of business for a
 19 period of 3 years from the close of the taxable year in which such
 20 invoice or receipt was issued, while the duplicate shall be kept and
 21 preserved by the issuer, also in his place of business, for a like
 22 period.

1 "The Commissioner may, in meritorious cases, exempt any
2 person subject to an internal revenue tax from compliance with the
3 provisions of this section."

4 SEC. 17. SPECIAL FUNDS ARE HEREBY CREATED TO BE
5 KNOWN AS THE INFRASTRUCTURE FUND WHICH SHALL BE SPENT
6 FOR THE CONSTRUCTION AND REPAIR OF ROADS, BRIDGES AND
7 OTHER INFRASTRUCTURES. ANY INCREMENTAL REVENUE THAT
8 WILL BE GENERATED UNDER AND AFTER THE EFFECTIVITY OF THIS
9 ACT SHALL ACCRUE EXCLUSIVELY TO THE INFRASTRUCTURE FUND.

10 SEC. 18. Sections 113 and 114 of the National Internal
11 Revenue Code, as amended are hereby repealed.

12 SEC. 19. The Secretary of Finance shall, upon the
13 recommendation of the Commissioner of Internal Revenue,
14 promulgate the necessary rules and regulations for the effective
15 implementation of this Act.

16 SEC. 20. Any law, decree, executive order, rule and
17 regulation or part thereof, which is inconsistent with this Act is
18 hereby repealed or modified accordingly.

19 SEC. 21. This Act shall take effect Fifteen (15) days
20 following the completion of its publication in the *Official Gazette*
21 or a newspaper of general circulation.

Approved,

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