

SENATE

10 JUL 26 AM 32

P. S. Res. No. 48

RECEIVED BY: 

Introduced by: Sen. Ralph G. Recto

A RESOLUTION

DIRECTING THE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED PLAN OF THE BUREAU OF INTERNAL REVENUE (BIR) TO IMPOSE THE TWELVE PERCENT (12%) VALUE ADDED TAX (VAT) ON TOLLWAY OPERATIONS WITH THE END VIEW OF ENSURING THAT THE IMPOSITION IS VALID AND WITH LEGAL BASIS

WHEREAS, Section 24, Article VI of the Constitution states that: All appropriations, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills, shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments;

WHEREAS, the Bureau of Internal Revenue (BIR) is reportedly planning to impose the 12-percent Value-Added Tax (VAT) on toll way charges nationwide starting Aug. 16, 2010 as mandated by BIR Circular No. 63-2010;

WHEREAS, the Circular is being issued to fully implement Section 108 of the National Internal Revenue Code (NIRC) on tollway operations;

WHEREAS, Republic Act No. 9337, otherwise known as the Expanded Value-Added Tax (EVAT) Law amended the National Internal Revenue Code by raising the VAT rate from 10% to 12% and lifted exemptions on transactions which were previously exempt from VAT like power and petroleum;

WHEREAS, Republic Act No. 9337 was approved on May 24, 2005 and implemented on November 1st of the same year;

WHEREAS, RA 9337 went through exhaustive deliberations in both the Lower and Upper Houses of Congress;

WHEREAS, during the deliberations of the measure, the imposition of VAT on tollway operations was never discussed because it was never the intention of the framers of RA 9337 to impose VAT on tollway operations;

WHEREAS, since the implementation of Republic Act No. 9337, tollway operators was never made subject to the VAT;

WHEREAS, the recent pronouncements by the BIR that it will impose VAT on tollway operators run counter to the original intent of the EVAT law;

WHEREAS, there are interpretations that toll is already an imposition of the government on motorists using the expressways, hence the imposition of VAT on toll is considered double taxation,

WHEREAS, the BIR cannot just arbitrarily impose a VAT on tollway operations by virtue of its mere interpretation of the law;

WHEREAS, there is a need to determine if the BIR's move is tantamount to imposing a new tax in the face of President Benigno Aquino III's recent statement that his administration will not impose new tax measures on the Filipino people;

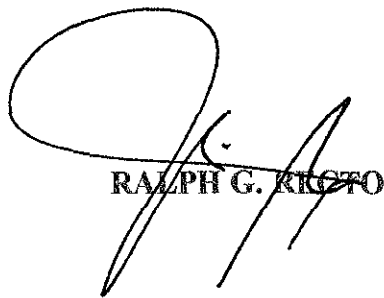
WHEREAS, according to reports, revenues from the imposition of VAT on toll fees will generate an estimated P1 billion a month;

WHEREAS, the imposition of VAT on toll fees will consequently increase the costs of agricultural produce, bus fares, and basic goods being transported to and from the provinces, which would further burden the plight of the poor;

WHEREAS, there is a need for the BIR to explain how it arrived at that interpretation of the law and its basis in saying that it can impose VAT on toll fees;

Now Therefore, Be It Resolved, by the Philippine Senate, to direct the Committee on Ways and Means to conduct an inquiry, in aid of legislation, on the reported plan of the Bureau of Internal Revenue (BIR) to impose the twelve percent (12%) Value Added Tax (VAT) on tollway operations with the end view of ensuring that the imposition is valid and with legal basis.

Adopted,



RALPH G. RICOTO