



## HOUSE OF REPRESENTATIVES

H. No. 5636

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BY REPRESENTATIVES CUA, SALCEDA, QUIMBO, ABAYA, BIAZON, DEL MAR, YAP (A.), CASTRO (F.L.), TAN (A.), NOEL, OLIVAREZ, SUANSING (H.), SUANSING (E.), ZAMORA (M.C.), ABELLANOSA, TIANGCO, ABU, CASTELO, CAMPOS, MACAPAGAL-ARROYO, HERRERA-DY, BAGUILAT, ANGARA-CASTILLO, RODRIGUEZ (M.), SANTOS-RECTO, CUARESMA, PINEDA, ROMERO, JAVIER, AGLIPAY-VILLAR, OCAMPO, GARIN (S.), TAMBUNTING, CORTUNA, MARCOLETA, ZUBIRI, BAG-AO, VILLAFUERTE, SALIMBANGON, ROCAMORA, SINGSON, ALVAREZ (F.), UNGAB, MONTORO, MANGUDADATU (S.), AMATONG, ACOSTA, CATAMCO, FLOIRENDO, TUPAS, SAHALI, TING, NOGRALES (K.A.), UY (J.), LANETE, DAZA, BIRON, MARQUEZ, CELESTE, VARGAS-ALFONSO, ORTEGA (P.), JALOSJOS, ALMARIO, ADVINCULA, BATOCABE, NOGRALES (J.J.), ANTONIO, SARMIENTO (E.M.), TREÑAS, HOFER, MANGAOANG, AMANTE, NAVA, COLLANTES, VILLANUEVA, BELMONTE (R.), MARCOS, DY, LACSON, CANAMA, BELARO, PICHAY, OAMINAL, TAN (S.), DEFENSOR, DELOSO-MONTALLA, AGGABAO, RADAZA, MANALO, ROQUE (H.), BATAOIL, ARENAS, ROMUALDO, GONZALES (A.P.), MACEDA, NIETO, ESPINO, PRIMICIAS-AGABAS, BORDADO, TEJADA, ABAYON, BRAVO (M.V.), LOBREGAT, SY-ALVARADO, SARMIENTO (C.), RELAMPAGOS, KHO, ALONTE, PANGANIBAN, LEE, MENDING, DEL ROSARIO, DE VERA, SALON, ARCILLAS, ROMUALDEZ, VIOLAGO, ATIENZA, SALO, TY, YU, BERTIZ, BOLILIA, VILLARIN, ZAMORA (R.), UYBARRETA, BARBERS, CO, ROBES, PAPANDAYAN, PADUANO, GONZALES (A.D.), HERNANDEZ, DE VENECIA, NOLASCO, CAMINERO, CASTRO (F.H.), FERRER (L.), CERAFICA, SILVERIO, CALDERON, MERCADO, SAVELLANO, ESPINA, LEACHON, MELLANA, SACDALAN, CERILLES, BERNOS, MANGUDADATU (Z.), ROA-PUNO, UNICO, SAGARBARRIA, ARBISON, VELASCO, CHIPECO, PANCHO, ACOP, SAMBAR, VARGAS, SEMA AND DUAVIT, PER COMMITTEE REPORT NO. 229

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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 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”.

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


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

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

11           (c) To ensure that the government is able to provide for the needs of  
12 those under its jurisdiction and care through the provision of better  
13 infrastructure, health, education and social protection for the people.

14           SEC. 3. Section 5 of the National Internal Revenue Code of 1997, as  
15 amended, is hereby further amended to read as follows:

16           “SEC. 5. *Power of the Commissioner to Obtain*  
17 *Information, and to Summon, Examine, and Take Testimony of*  
18 *Persons.* – In ascertaining the correctness of any return, or in  
19 making a return when none has been made, or in determining the  
20 liability of any person for any internal revenue tax, or in  
21 collecting any such liability, or in evaluating tax compliance, the  
22 Commissioner is authorized:



1 "x x x

2 "(B) To obtain on a regular basis from any person other  
3 than the person whose internal revenue tax liability is subject to  
4 audit or investigation, or from any office or officer of the  
5 national and local governments, government agencies and  
6 instrumentalities, including [the Bangko Sentral ng Pilipinas]  
7 GOVERNMENT FINANCIAL INSTITUTIONS and government-  
8 owned or -controlled corporations, any RELEVANT information  
9 such as, but not limited to, costs and volume of production,  
10 receipts or sales and gross incomes of taxpayers, and the  
11 names, addresses, and financial statements of corporations,  
12 mutual fund companies, insurance companies, regional  
13 operating headquarters of multinational companies, joint  
14 accounts, associations, joint ventures or consortia and  
15 registered partnerships, and their members: *PROVIDED, THAT*  
16 *THE BUREAU OF INTERNAL REVENUE (BIR) AND OTHER*  
17 *NATIONAL GOVERNMENT AGENCIES, LOCAL GOVERNMENT*  
18 *UNITS, AND GOVERNMENT AGENCIES AND INSTRUMENTALITIES,*  
19 *INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS AND*  
20 *GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS,*  
21 *SHALL ESTABLISH ELECTRONIC INTERCONNECTIVITY THAT*  
22 *WILL ALLOW EXCHANGE OF INFORMATION RELEVANT TO THE*  
23 *NEEDS OF EACH AGENCY AS DETERMINED BY THE HEADS OF*  
24 *THE SAID OFFICES AND THE SECRETARY OF FINANCE UNDER*  
25 *JOINT RULES TO BE ISSUED: PROVIDED, FURTHER, THAT IF THE*  
26 *DATA REQUIREMENTS CONSIST OF INFORMATION FOUND IN*  
27 *THE INCOME TAX RETURN OF TAXPAYERS, THE REQUIREMENTS*  
28 *UNDER SECTION 71 SHALL STILL BE COMPLIED WITH:*  
29 *PROVIDED, FURTHERMORE, THAT THE COOPERATIVES*  
30 *DEVELOPMENT AUTHORITY SHALL SUBMIT TO THE BUREAU A*

1 "x x x

2 "(B) To obtain on a regular basis from any person other  
3 than the person whose internal revenue tax liability is subject to  
4 audit or investigation, or from any office or officer of the  
5 national and local governments, government agencies and  
6 instrumentalities, including [the Bangko Sentral ng Pilipinas]  
7 GOVERNMENT FINANCIAL INSTITUTIONS and government-  
8 owned or -controlled corporations, any RELEVANT information  
9 such as, but not limited to, costs and volume of production,  
10 receipts or sales and gross incomes of taxpayers, and the  
11 names, addresses, and financial statements of corporations,  
12 mutual fund companies, insurance companies, regional  
13 operating headquarters of multinational companies, joint  
14 accounts, associations, joint ventures or consortia and  
15 registered partnerships, and their members: *PROVIDED, THAT*  
16 *THE BUREAU OF INTERNAL REVENUE (BIR) AND OTHER*  
17 *NATIONAL GOVERNMENT AGENCIES, LOCAL GOVERNMENT*  
18 *UNITS, AND GOVERNMENT AGENCIES AND INSTRUMENTALITIES,*  
19 *INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS AND*  
20 *GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS,*  
21 *SHALL ESTABLISH ELECTRONIC INTERCONNECTIVITY THAT*  
22 *WILL ALLOW EXCHANGE OF INFORMATION RELEVANT TO THE*  
23 *NEEDS OF EACH AGENCY AS DETERMINED BY THE HEADS OF*  
24 *THE SAID OFFICES AND THE SECRETARY OF FINANCE UNDER*  
25 *JOINT RULES TO BE ISSUED: PROVIDED, FURTHER, THAT IF THE*  
26 *DATA REQUIREMENTS CONSIST OF INFORMATION FOUND IN*  
27 *THE INCOME TAX RETURN OF TAXPAYERS, THE REQUIREMENTS*  
28 *UNDER SECTION 71 SHALL STILL BE COMPLIED WITH:*  
29 *PROVIDED, FURTHERMORE, THAT THE COOPERATIVES*  
30 *DEVELOPMENT AUTHORITY SHALL SUBMIT TO THE BUREAU A*



1 TAX INCENTIVE REPORT, WHICH SHALL INCLUDE  
2 INFORMATION ON THE INCOME TAX, VALUE-ADDED TAX AND  
3 OTHER TAX INCENTIVES AVAILED OF BY COOPERATIVES  
4 REGISTERED AND ENJOYING INCENTIVES UNDER REPUBLIC  
5 ACT NO. 6983, AS AMENDED: *PROVIDED, FINALLY*, THAT  
6 THE INFORMATION SUBMITTED BY THE COOPERATIVES  
7 DEVELOPMENT AUTHORITY TO THE BUREAU SHALL BE  
8 SUBMITTED TO THE DEPARTMENT OF FINANCE AND SHALL BE  
9 INCLUDED IN THE DATABASE CREATED UNDER REPUBLIC ACT  
10 NO. 10708, OTHERWISE KNOWN AS 'THE TAX INCENTIVES  
11 MANAGEMENT AND TRANSPARENCY ACT (TIMTA)'."

12 SEC. 4. Section 6 of the National Internal Revenue Code of 1997, as  
13 amended, is hereby further amended to read as follows:

14 "SEC. 6. *Power of the Commissioner to Make*  
15 *Assessments and Prescribe Additional Requirements for Tax*  
16 *Administration and Enforcement.* -

17 "(A) *Examination of Returns and Determination of Tax*  
18 *Due.* - After a return has been filed as required under the  
19 provisions of this Code, the Commissioner or his duly authorized  
20 representative may authorize the examination of any taxpayer  
21 and the assessment of the correct amount of tax,  
22 NOTWITHSTANDING ANY LAW REQUIRING THE PRIOR  
23 AUTHORIZATION OF ANY GOVERNMENT AGENCY OR  
24 INSTRUMENTALITY: *Provided, however,* That failure to file a  
25 return shall not prevent the Commissioner from authorizing the  
26 examination of any taxpayer.

27 "x x x

28 "x x x

29 "(B) x x x

30 "(C) x x x

1                   “(D) x x x

2                   “(E) x x x

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

13                  “(1) A decedent to determine his gross estate.

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

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

26                  “(3) A specific taxpayer or taxpayers, **UPON AN**  
27                  **OBLIGATION TO EXCHANGE TAX INFORMATION WITH A**  
28                  **FOREIGN TAX AUTHORITY, WHETHER ON REQUEST OR**  
29                  **AUTOMATIC**, [subject of a request for the supply of tax

1 information from a foreign tax authority] pursuant to an  
2 international convention or agreement on tax matters to which  
3 the Philippines is a signatory or a party of: *Provided*, That the  
4 information obtained from the banks and other financial  
5 institutions may be used by the Bureau of Internal Revenue for  
6 tax assessment, verification, audit and enforcement purposes.

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

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

23           “(a) The identity of the person under examination or  
24 investigation;

25           “(b) A statement of the information being sought  
26 including its nature and the form in which the said foreign tax  
27 authority prefers to receive the information from the  
28 Commissioner;

1           “(c) The tax purpose for which the information is being  
2 sought;

3           “(d) Grounds for believing that the information requested  
4 is held in the Philippines or is in the possession or control of a  
5 person within the jurisdiction of the Philippines;

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

8           “(f) A statement that the request is in conformity with  
9 the law and administrative practices of the said foreign tax  
10 authority, such that if the requested information was within the  
11 jurisdiction of the said foreign tax authority then it would be able  
12 to obtain the information under its laws or in the normal course  
13 of administrative practice and that it is in conformity with a  
14 convention or international agreement; and

15           “(g) A statement that the requesting foreign tax authority  
16 has exhausted all means available in its own territory to obtain  
17 the information, except those that would give rise to  
18 disproportionate difficulties.

19           “The Commissioner shall forward the information as  
20 promptly as possible to the requesting foreign tax authority. To  
21 ensure a prompt response, the Commissioner shall confirm  
22 receipt of a request in writing to the requesting tax authority and  
23 shall notify the latter of deficiencies in the request, if any, within  
24 sixty (60) days from receipt of the request.

25           “If the Commissioner is unable to obtain and provide the  
26 information within ninety (90) days from receipt of the request,  
27 due to obstacles encountered in furnishing the information or  
28 when the bank or financial institution refuses to furnish the  
29 information, he shall immediately inform the requesting tax

1 authority of the same, explaining the nature of the obstacles  
2 encountered or the reasons for refusal.

3 "IN CASE THE EXCHANGE OF INFORMATION IS  
4 AUTOMATIC, THE COMMISSIONER SHALL PROVIDE TAX  
5 INFORMATION OBTAINED FROM BANKS AND FINANCIAL  
6 INSTITUTIONS IN ACCORDANCE WITH INTERNATIONAL  
7 COMMON REPORTING STANDARDS.

8 "The term 'foreign tax authority', as used herein, shall  
9 refer to the tax authority or tax administration of the requesting  
10 State under the tax treaty or convention to which the Philippines  
11 is a signatory or a party of.

12 "(4) ANY TAXPAYER UPON ORDER OF ANY COMPETENT  
13 COURT IN CASES INVOLVING OFFENSES COVERED UNDER  
14 SECTION 254 OF THIS CODE SUBJECT TO RULES AND  
15 REGULATIONS PRESCRIBED BY THE SECRETARY OF FINANCE  
16 UPON RECOMMENDATION OF THE COMMISSIONER OF  
17 INTERNAL REVENUE."

18 SEC. 5. Section 22 of the National Internal Revenue Code of 1997, as  
19 amended, is hereby further amended to read as follows:

20 "SEC. 22. *Definitions.* - When used in this Title:

21 "x x x

22 "[ (GG) The term 'statutory minimum wage' shall refer  
23 to the rate fixed by the Regional Tripartite Wage and  
24 Productivity Board, as defined by the Bureau of Labor and  
25 Employment Statistics (BLES) of the Department of Labor and  
26 Employment (DOLE).

27 "(HH) The term 'minimum wage earner' shall refer to a  
28 worker in the private sector paid the statutory minimum wage,  
29 or to an employee in the public sector with compensation income



1 of not more than the statutory minimum wage in the  
2 non-agricultural sector where he/she is assigned.]”

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

5 “SEC. 24. *Income Tax Rates.* –

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

8 “(1) An income tax is hereby imposed:

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

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

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

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

1	"[Not over P10,000 .....	5%
2		
3	"Over P10,000 but not over P30,000 .....	P500 + 10% of the
4		excess over P10,000
5		
6	"Over P30,000 but not over P70,000 .....	P2,500 + 15% of the
7		excess over P30,000
8		
9	"Over P70,000 but not over P140,000 .....	P8,500 + 20% of the
10		excess over P70,000
11		
12	"Over P140,000 but not over P250,000 .....	P22,500 + 25% of
13		the excess over
14		P140,000
15		
16	"Over P250,000 but not over P500,000 .....	P50,000 + 30% of
17		the excess over
18		P250,000
19		
20	"Over P500,000 .....	P125,000 + 32% of
21		the excess over
22		P500,000]

"(A) ON COMPENSATION INCOME EARNERS. --

"TAX SCHEDULE EFFECTIVE JANUARY 1, 2018, 2019 AND 2020

26	"NOT OVER P250,000 .....	0%
27		
28	"OVER P250,000 BUT NOT OVER P400,000 .....	20% OF THE
29		EXCESS OVER
30		P250,000
31		
32	"OVER P400,000 BUT NOT OVER P800,000 .....	P30,000 + 25% OF
33		THE EXCESS OVER
34		P400,000
35		
36	"OVER P800,000 BUT NOT OVER P2,000,000 .....	P130,000 + 30% OF
37		THE EXCESS OVER
38		P800,000
39		
40	"OVER P2,000,000 BUT NOT OVER P5,000,000...	P490,000 + 32% OF
41		THE EXCESS OVER
42		P2,000,000
43		
44	"OVER P5,000,000 .....	P1,450,000 + 35%
45		OF THE EXCESS
46		OVER P5,000,000

1	"TAX SCHEDULE EFFECTIVE JANUARY 1, 2021 AND ONWARDS		
2	"NOT OVER P250,000 .....	0%	
3	"OVER P250,000 BUT NOT OVER P400,000.....	15%	OF THE
4		EXCESS	OVER
5		P250,000	
6			
7	"OVER P400,000 BUT NOT OVER P800,000 .....	P22,500 + 20%	OF
8		THE EXCESS OVER	
9		P400,000	
10			
11	"OVER P800,000 BUT NOT OVER P2,000,000 ....	P102,500 + 25%	OF
12		THE EXCESS OVER	
13		P800,000	
14			
15	"OVER P2,000,000 BUT NOT OVER P5,000,000 ...	P402,500 + 30%	OF
16		THE EXCESS OVER	
17		P2,000,000	
18			
19	"OVER P5,000,000 .....	P1,302,500 + 35%	OF THE EXCESS
20		OVER P5,000,000	
21			
22			

23 "PROVIDED, THAT AFTER 2022, THE TAXABLE INCOME LEVELS  
 24 AND BASE IN THE ABOVE SCHEDULE SHALL BE ADJUSTED ONCE  
 25 EVERY THREE (3) YEARS THROUGH RULES AND REGULATIONS  
 26 ISSUED BY THE SECRETARY OF FINANCE AFTER CONSIDERING  
 27 THE EFFECT ON THE SAME OF THE THREE (3)-YEAR  
 28 CUMULATIVE CPI INFLATION RATE ROUNDED OFF TO THE  
 29 NEAREST THOUSANDTH.

30 "For married individuals, the husband and wife, subject to  
 31 the provision of Section 51(D) hereof, shall compute separately  
 32 their individual income tax based on their respective total taxable  
 33 income: *Provided*, That if any income cannot be definitely  
 34 attributed to or identified as income exclusively earned or  
 35 realized by either of the spouses, the same shall be divided  
 36 equally between the spouses for the purpose of determining their  
 37 respective taxable income.

1           “*Provided*, That minimum wage earners as defined in  
2           Section 22(HH) of this Code shall be exempt from the payment  
3           of income tax on their taxable income: *Provided, further*, That  
4           the holiday pay, overtime pay, night shift differential pay and  
5           hazard pay received by such minimum wage earners shall  
6           likewise be exempt from income tax.]

7           “(B) RATE OF TAX FOR SELF-EMPLOYED AND/OR  
8           PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS  
9           DO NOT EXCEED THE VAT THRESHOLD AS PROVIDED IN  
10          SECTION 109 OF THIS CODE. – AN EIGHT PERCENT (8%)  
11          INCOME TAX ON GROSS SALES OR GROSS RECEIPTS IN EXCESS  
12          OF TWO HUNDRED FIFTY THOUSAND PESOS (P250,000) SHALL  
13          BE IMPOSED IN LIEU OF PERCENTAGE TAX.

14          “(C) RATE OF TAX FOR SELF-EMPLOYED AND/OR  
15          PROFESSIONALS WHOSE GROSS SALES OR GROSS RECEIPTS  
16          EXCEED THE VAT THRESHOLD AS PROVIDED IN SECTION 109  
17          OF THIS CODE. – SELF-EMPLOYED AND/OR PROFESSIONALS  
18          SHALL BE TAXED IN THE SAME MANNER AS CORPORATIONS AS  
19          TO APPLICABLE TAX RATE, MINIMUM INCOME TAX AND  
20          ALLOWABLE DEDUCTIONS, AS PROVIDED IN SECTIONS 27(A),  
21          27(E) AND 34, RESPECTIVELY, OF THIS CODE.

22          “(D) RENEWAL REQUIREMENT FOR PROFESSIONAL  
23          LICENSE. – PROFESSIONALS SHALL BE REQUIRED TO PRESENT  
24          A CERTIFICATE OF TAX PAYMENT FROM THE BIR OR CERTIFIED  
25          TRUE COPY OF THEIR LATEST INCOME TAX RETURN (ITR), AT  
26          THE OPTION OF THE TAXPAYER, UPON APPLICATION FOR  
27          RENEWAL OF THEIR RESPECTIVE PROFESSIONAL LICENSE.  
28

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

2                   “(1) *Interests, Royalties, Prizes, and Other Winnings.* –

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



1 "x x x."

2 SEC. 7. Section 25 of the National Internal Revenue Code of 1997, as  
3 amended, is hereby further amended to read as follows:

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

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

7 "x x x

8 "(B) *Nonresident Alien Individual Not Engaged in Trade*  
9 *or Business Within the Philippines.* –

10 "x x x

11 "[C] *Alien Individual Employed by Regional or Area*  
12 *Headquarters and Regional Operating Headquarters of*  
13 *Multinational Companies.* – There shall be levied, collected and  
14 paid for each taxable year upon the gross income received by  
15 every alien individual employed by regional or area  
16 headquarters and regional operating headquarters established in  
17 the Philippines by multinational companies as salaries, wages,  
18 annuities, compensation, remuneration and other emoluments,  
19 such as honoraria and allowances, from such regional or area  
20 headquarters and regional operating headquarters, a tax equal to  
21 fifteen percent (15%) of such gross income: *Provided, however,*  
22 *That the same tax treatment shall apply to Filipinos employed*  
23 *and occupying the same position as those of aliens employed*  
24 *by these multinational companies. For purposes of this Chapter,*  
25 *the term 'multinational company' means a foreign firm or entity*  
26 *engaged in international trade with affiliates or subsidiaries or*  
27 *branch offices in the Asia-Pacific Region and other foreign*  
28 *markets.]*

1           “[(D) *Alien Individual Employed by Offshore Banking*  
2           *Units.* – There shall be levied, collected and paid for each  
3           taxable year upon the gross income received by every alien  
4           individual employed by offshore banking units established in  
5           the Philippines as salaries, wages, annuities, compensation,  
6           remuneration and other emoluments, such as honoraria and  
7           allowances, from such offshore banking units, a tax equal to  
8           fifteen percent (15%) of such gross income: *Provided, however,*  
9           That the same tax treatment shall apply to Filipinos employed  
10          and occupying the same position as those of aliens employed by  
11          these offshore banking units.]

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

24           “[Any income earned from all other sources within the  
25          Philippines by the alien employees referred to under Subsections  
26          (C), (D) and (E) hereof shall be subject to the pertinent income  
27          tax, as the case may be, imposed under this Code.]”

1 SEC. 8. Section 31 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:

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

8 SEC. 9. Section 32 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby further amended to read as follows:

10 "SEC. 32. *Gross Income.* –

11 "(A) *General Definition.* – x x x

12 "(B) *Exclusions from Gross Income.* – x x x

13 "(1) x x x

14 "(7) *Miscellaneous Items.* –

15 "(a) x x x

16 "(c) *13<sup>th</sup> Month Pay and Other Benefits.* – Gross  
17 benefits received by officials and employees of public and  
18 private entities: *Provided, however,* That the total exclusion  
19 under this subparagraph shall not exceed [eighty-two] **ONE**  
20 **HUNDRED** thousand pesos [(P82,000)] **(P100,000)** which shall  
21 cover:

22 "x x x."

23 SEC. 10. Section 33 of the National Internal Revenue Code of 1997, as  
24 amended, is hereby further amended to read as follows:

25 "SEC. 33. *Special Treatment of Fringe Benefit.* –

26 "(A) *Imposition of Tax.* – **EFFECTIVE JANUARY 1, 2018**  
27 **AND ONWARDS, [A]A** final tax of [thirty-four percent (34%)  
28 effective January 1, 1998; thirty-three percent (33%) effective

1 January 1, 1999; and thirty-two percent (32%) effective January  
2 1, 2000 and thereafter,] **THIRTY PERCENT (30%)** is hereby  
3 imposed on the grossed-up monetary value of fringe benefit  
4 furnished or granted to the employee (except rank and file  
5 employees as defined herein) by the employer, whether an  
6 individual or a corporation (unless the fringe benefit is required  
7 by the nature of, or necessary to the trade, business or profession  
8 of the employer, or when the fringe benefit is for the  
9 convenience or advantage of the employer). The tax herein  
10 imposed is payable by the employer which tax shall be paid in  
11 the same manner as provided for under Section 57(A) of this  
12 Code[. The grossed-up monetary value of the fringe benefit shall  
13 be determined by dividing the actual monetary value of the  
14 fringe benefit by sixty-six percent (66%) effective January 1,  
15 1998; sixty-seven percent (67%) effective January 1, 1999; and  
16 sixty-eight percent (68%) effective January 1, 2000 and  
17 thereafter]: *Provided, however,* That fringe benefit furnished to  
18 employees and taxable under Subsection[s] (B)[, (C), (D) and  
19 (E)] of Section 25 shall be taxed at the applicable rate[s]  
20 imposed thereat: *Provided, further,* That the grossed-up  
21 **MONETARY** value of the fringe benefit shall be determined by  
22 dividing the actual monetary value of the fringe benefit by the  
23 difference between one hundred percent (100%) and the  
24 applicable rate[s] of income tax under Subsection[s] (B)[, (C),  
25 (D) and (E)] of Section 25[.]: **PROVIDED, FURTHERMORE, THAT**  
26 **EFFECTIVE 2022 AND THEREAFTER, THE FRINGE BENEFIT**  
27 **SHALL FORM PART OF THE GROSS INCOME OF ITS RECIPIENT**  
28 **EMPLOYEE SUBJECT TO THE REGULAR INCOME TAX RATES.**

1 "x x x."

2 SEC. 11. Section 34 of the National Internal Revenue Code of 1997, as  
3 amended, is hereby further amended to read as follows:

4 "SEC. 34. *Deductions from Gross Income.* — Except  
5 for taxpayers earning compensation income arising from  
6 personal services rendered under an employer-employee  
7 relationship where no deductions shall be allowed under this  
8 Section [other than under Subsection (M) hereof,] in computing  
9 taxable income subject to income tax under Sections [24(A)]  
10 24(A)(2)(C); 25(A); 26; 27(A), (B) and (C); and 28(A)(1), there  
11 shall be allowed the following deductions from gross income:

12 "(A) *Expenses.* —

13 "(1) *Ordinary and Necessary Trade, Business or*  
14 *Professional Expenses.* —

15 "(a) *In General.* — x x x

16 "(i) A reasonable allowance for salaries, wages, and  
17 other forms of compensation for personal services actually  
18 rendered, including the grossed-up monetary value of fringe  
19 benefit furnished or granted by the employer to the employee:  
20 *Provided,* That the final tax imposed under Section 33 hereof has  
21 been paid[;]: **PROVIDED, HOWEVER, THAT EFFECTIVE 2022 AND**  
22 **THEREAFTER, THE ACTUAL MONETARY VALUE OF THE FRINGE**  
23 **BENEFIT AND NOT THE GROSSED-UP MONETARY VALUE SHALL**  
24 **BE ALLOWED AS DEDUCTION UNDER THIS SECTION.**

25 "x x x

26 "(L) *Optional Standard Deduction (OSD).* — In lieu of the  
27 deductions allowed under the preceding Subsections, [an  
28 individual subject to tax under Section 24, other than a  
29 nonresident alien, may elect a standard deduction in an amount



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

22 “[M] *Premium Payments on Health and/or*  
23 *Hospitalization Insurance of an Individual Taxpayer.* – The  
24 amount of premiums not to exceed Two thousand four hundred  
25 pesos (P2,400) per family or Two hundred pesos (P200) a month  
26 paid during the taxable year for health and/or hospitalization  
27 insurance taken by the taxpayer for himself, including his family,  
28 shall be allowed as a deduction from his gross income:  
29 *Provided*, That said family has a gross income of not more than

1 Two hundred fifty thousand pesos (P250,000) for the taxable  
2 year: *Provided, finally*, That in the case of married taxpayers,  
3 only the spouse claiming the additional exemption for  
4 dependents shall be entitled to this deduction.]

5 "x x x."

6 SEC. 12. Section 35 of the National Internal Revenue Code of 1997, as  
7 amended, is hereby repealed.

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

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

12 "SEC. 79. *Income Tax Collected at Source.* -

13 "x x x

14 "[D] *Personal Exemptions.* -

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

19 "(2) *Exemption Certificates.* -

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

25 "(b) *Change of Status.* - In case of change of status of  
26 an employee as a result of which he would be entitled to a lesser  
27 or greater amount of exemption, the employee shall, within ten  
28 (10) days from such change, file with the employer a new  
29 withholding exemption certificate reflecting the change.

1           “(c) *Use of Certificates.* – The certificates filed  
2 hereunder shall be used by the employer in the determination of  
3 the amount of taxes to be withheld.

4           “(d) *Failure to Furnish Certificate.* – Where an  
5 employee, in violation of this Chapter, either fails or refuses to  
6 file a withholding exemption certificate, the employer shall  
7 withhold the taxes prescribed under the schedule for zero  
8 exemption of the withholding tax table determined pursuant to  
9 Subsection (A) hereof.]

10           “x x x

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

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

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

22           “x x x.”

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

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

1 such net estate[, as computed in accordance with the following  
2 schedule:].

3 “[If the net estate is:

4	Over	But Not Over	The Tax	Plus	Of the Excess
5			Shall be		Over
6		P200,000	Exempt		
7	P200,000	500,000	0	5%	P200,000
8	500,000	2,000,000	P15,000	8%	500,000
9	2,000,000	5,000,000	135,000	11%	2,000,000
10	5,000,000	10,000,000	465,000	15%	5,000,000
11	10,000,000	And Over	1,215,000	20%	10,000,000]”

12 SEC. 16. Section 86 of the National Internal Revenue Code of 1997, as  
13 amended, is hereby further amended to read as follows:

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

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

20 “(1) x x x

21 “(2) x x x

22 “(3) x x x

23 “(4) *The Family Home.* – An amount equivalent to the  
24 current fair market value of the decedent’s family home:  
25 *Provided, however,* That if the said current fair market value  
26 exceeds [One] **THREE** million pesos (P[1]3,000,000), the excess  
27 shall be subject to estate tax. As a *sine qua non* condition for the  
28 exemption or deduction, said family home must have been the  
29 decedent’s family home as certified by the barangay captain of

1 the locality. THE CEILING FAIR MARKET VALUE OF THE FAMILY  
2 HOME SHALL BE ADJUSTED EVERY THREE (3) YEARS  
3 BEGINNING 2018 ACCORDING TO ITS CURRENT VALUE USING A  
4 THREE (3)-YEAR CUMULATIVE CPI INFLATION RATE.

5 “(5) x x x

6 “(6) *Medical Expenses.* – Medical expenses incurred by  
7 the decedent within one (1) year prior to his death which shall be  
8 duly substantiated with receipts: *Provided*, That in no case shall  
9 the deductible medical expenses exceed Five hundred thousand  
10 pesos (P500,000).

11 “(7) *Amount Received by Heirs under Republic Act*  
12 *No. 4917.* – Any amount received by the heirs from the  
13 decedent’s employer as a consequence of the death of  
14 the decedent-employee in accordance with Republic Act  
15 No. 4917: *Provided*, That such amount is included in the gross  
16 estate of the decedent.

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

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

25 “[2)](1) *Property Previously Taxed.* – An amount  
26 equal to the value specified below of any property forming part  
27 of the gross estate situated in the Philippines of any person who  
28 died within five (5) years prior to the death of the decedent, or  
29 transferred to the decedent by gift within five (5) years prior to



1 his death, where such property can be identified as having been  
2 received by the decedent from the donor by gift, or from such  
3 prior decedent by gift, bequest, devise or inheritance, or which  
4 can be identified as having been acquired in exchange for  
5 property so received:

6 "One hundred percent (100%) of the value, if the prior  
7 decedent died within one (1) year prior to the death of the  
8 decedent, or if the property was transferred to him by gift, within  
9 the same period prior to his death;

10 "Eighty percent (80%) of the value, if the prior decedent  
11 died more than one (1) year but not more than two (2) years prior  
12 to the death of the decedent, or if the property was transferred to  
13 him by gift within the same period prior to his death;

14 "Sixty percent (60%) of the value, if the prior decedent  
15 died more than two (2) years but not more than three (3) years  
16 prior to the death of the decedent, or if the property was  
17 transferred to him by gift within the same period prior to his  
18 death;

19 "Forty percent (40%) of the value, if the prior decedent  
20 died more than three (3) years but not more than four (4) years  
21 prior to the death of the decedent, or if the property was  
22 transferred to him by gift within the same period prior to his  
23 death; and

24 "Twenty percent (20%) of the value, if the prior decedent  
25 died more than four (4) years but not more than five (5) years  
26 prior to the death of the decedent, or if the property was  
27 transferred to him by gift within the same period prior to his  
28 death.

29 "These deductions shall be allowed only where a donor's  
30 tax, or estate tax imposed under this Title is finally determined

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

24 "[3)] (2) *Transfers for Public Use.* — The amount of all  
25 bequests, legacies, devises or transfers to or for the use of the  
26 Government of the Republic of the Philippines or any political  
27 subdivision thereof, for exclusively public purposes.

28 "(C) *Share in the Conjugal Property.* — The net share of  
29 the surviving spouse in the conjugal partnership property as

1 diminished by the obligations properly chargeable to such  
2 property shall, for the purpose of this Section, be deducted from  
3 the net estate of the decedent.

4 “[(D) *Miscellaneous Provisions.* – No deduction shall  
5 be allowed in the case of a nonresident not a citizen of the  
6 Philippines, unless the executor, administrator, or anyone of the  
7 heirs, as the case may be, includes in the return required to be  
8 filed under Section 90 the value at the time of his death of that  
9 part of the gross estate of the nonresident not situated in the  
10 Philippines.]

11 “[(E)](D) *Tax Credit for Estate Taxes Paid to a Foreign*  
12 *Country.* –

13 “(1) *In General.* – The tax imposed by this Title shall  
14 be credited with the amounts of any estate tax imposed by the  
15 authority of a foreign country.

16 “(2) *Limitations on Credit.* – The amount of the credit  
17 taken under this Section shall be subject to each of the following  
18 limitations:

19 “(a) The amount of the credit in respect to the tax paid  
20 to any country shall not exceed the same proportion of the tax  
21 against which such credit is taken, which the decedent’s net  
22 estate situated within such country taxable under this Title bears  
23 to his entire net estate; and

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

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

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

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

7                   “[If the net gift is:

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

18                   “[(B) *Tax Payable by Donor if Donee is a Stranger.* –

19                   When the donee or beneficiary is a stranger, the tax payable by  
20 the donor shall be thirty percent (30%) of the net gifts. For the  
21 purpose of this tax, a ‘stranger’ is a person who is not a:

22                   “(1) Brother, sister (whether by whole or half-blood),  
23 spouse, ancestor and lineal descendant; or

24                   “(2) Relative by consanguinity in the collateral line within  
25 the fourth degree of relationship.]

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

1           SEC. 18. Section 106 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:

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

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

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

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

20           “x x x

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

23           “(a) *Export Sales.* – The term ‘export sales’ means:

24           “(1) The sale and actual shipment of goods from the  
25 Philippines to a foreign country, irrespective of any shipping  
26 arrangement that may be agreed upon which may influence or  
27 determine the transfer of ownership of the goods so exported and  
28 paid for in acceptable foreign currency or its equivalent in goods

1 or services, and accounted for in accordance with the rules and  
2 regulations of the Bangko Sentral ng Pilipinas (BSP);

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

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

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

15 “[5)](4) Those considered export sales under Executive  
16 Order No. 226, otherwise known as the Omnibus Investment  
17 Code of 1987, and other special laws; and

18 “[6)](5) The sale of goods, supplies, equipment and fuel  
19 to persons engaged in international shipping or international  
20 air transport operations[.]: **PROVIDED, THAT THE GOODS,  
21 SUPPLIES, EQUIPMENT AND FUEL SHALL BE USED FOR  
22 INTERNATIONAL SHIPPING OR AIR TRANSPORT OPERATIONS.**

23 **“PROVIDED, THAT ITEMS (2), (3) AND (4) HEREOF SHALL BE  
24 SUBJECT TO THE TWELVE PERCENT (12%) VALUE-ADDED TAX  
25 AND NO LONGER BE CONSIDERED EXPORT SALES SUBJECT TO  
26 ZERO PERCENT (0%) VAT RATE UPON THE ESTABLISHMENT  
27 AND IMPLEMENTATION OF AN ENHANCED VAT REFUND  
28 SYSTEM WHICH GIVES THE TAXPAYER THE ACTUAL REFUND OR**

1 DENIAL OF HIS APPLICATION WITHIN NINETY (90) DAYS FROM  
2 THE FILING OF THE VAT REFUND APPLICATION.

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

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

14 “(C) SALE OF GOLD TO THE BANGKO SENTRAL NG  
15 PILIPINAS (BSP).

16 “X X X.”

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

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

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



1 based on the landed cost plus excise taxes, if any.[: *Provided,*  
2 *further,* That the President, upon the recommendation of the  
3 Secretary of Finance, shall, effective January 1, 2006, raise the  
4 rate of value-added tax to twelve percent (12%), after any of the  
5 following conditions has been satisfied:

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

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

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

12 SEC. 20. Section 108 of the National Internal Revenue Code of 1997,  
13 as amended, is hereby further amended to read as follows:

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

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

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

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

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

1 exercise or use of the physical or mental faculties. The phrase  
2 'sale or exchange of services' shall likewise include:

3 "(1) The lease or the use of or the right or privilege to use  
4 any copyright, patent, design or model, plan, secret formula or  
5 process, goodwill, trademark, trade brand or other like property  
6 or right;

7 "(2) The lease or the use of, or the right to use of any  
8 industrial, commercial or scientific equipment;

9 "(3) The supply of scientific, technical, industrial or  
10 commercial knowledge or information;

11 "(4) The supply of any assistance that is ancillary and  
12 subsidiary to and is furnished as a means of enabling the  
13 application or enjoyment of any such property, or right as is  
14 mentioned in subparagraph (2) or any such knowledge or  
15 information as is mentioned in subparagraph (3);

16 "(5) The supply of services by a nonresident person or  
17 his employee in connection with the use of property or rights  
18 belonging to, or the installation or operation of any brand,  
19 machinery or other apparatus purchased from such nonresident  
20 person;

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

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

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

29 "Lease of properties shall be subject to the tax herein  
30 imposed irrespective of the place where the contract of lease or

1 licensing agreement was executed if the property is leased or  
2 used in the Philippines.

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

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

14 "(1) x x x

15 "(2) x x x

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

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

25 "(5) Services performed by subcontractors and/or  
26 contractors in processing, converting, or manufacturing goods  
27 for an enterprise whose export sales exceed seventy percent  
28 (70%) of total annual production;

29 "(6) Transport of passengers and cargo by **DOMESTIC** air  
30 or sea vessels from the Philippines to a foreign country; and

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

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

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

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

19           “(A) x x x;

20           “(B) x x x;

21           “(C) x x x;

22           “[(D) Importation of professional instruments and  
23 implements, wearing apparel, domestic animals, and personal  
24 household effects (except any vehicle, vessel, aircraft,  
25 machinery, other goods for use in the manufacture and  
26 merchandise of any kind in commercial quantity) belonging to  
27 persons coming to settle in the Philippines, for their own use and  
28 not for sale, barter or exchange, accompanying such persons, or  
29 arriving within ninety (90) days before or after their arrival, upon  
30 the production of evidence satisfactory to the Commissioner, that

1 such persons are actually coming to settle in the Philippines and  
2 that the change of residence is bona fide;]

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

25           “(E) Services subject to percentage tax under  
26 Title V;

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

1           “(G) Medical, dental, hospital and veterinary services  
2           except those rendered by professionals;

3           “(H) Educational services rendered by private  
4           educational institutions, duly accredited by the Department of  
5           Education (DepEd), the Commission on Higher Education  
6           (CHED), the Technical Education and Skills Development  
7           Authority (TESDA) and those rendered by government  
8           educational institutions;

9           “(I) Services rendered by individuals pursuant to an  
10          employer-employee relationship;

11          “(J) Services rendered by regional or area headquarters  
12          established in the Philippines by multinational corporations  
13          which act as supervisory, communications and coordinating  
14          centers for their affiliates, subsidiaries or branches in the Asia-  
15          Pacific Region and do not earn or derive income from the  
16          Philippines;

17          “(K) Transactions which are exempt under international  
18          agreements to which the Philippines is a signatory or under  
19          special laws, except those under Presidential Decree No. 529;

20          “(L) Sales by agricultural cooperatives duly registered  
21          with the Cooperative Development Authority to their members  
22          as well as sale of their produce, whether in its original state or  
23          processed form, to non-members; their importation of direct farm  
24          inputs, machineries and equipment, including spare parts thereof,  
25          to be used directly and exclusively in the production and/or  
26          processing of their produce;

27          “(M) Gross receipts from lending activities by credit or  
28          multi-purpose cooperatives duly registered with the Cooperative  
29          Development Authority;



1           “(N) Sales by non-agricultural, non-electric and  
2 non-credit cooperatives duly registered with the Cooperative  
3 Development Authority: *Provided*, That the share capital  
4 contribution of each member does not exceed Fifteen thousand  
5 pesos (P15,000) and regardless of the aggregate capital and net  
6 surplus ratably distributed among the members;

7           “(O) Export sales by persons who are not  
8 VAT-registered;

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

22           “[(Q) Lease of a residential unit with a monthly rental  
23 not exceeding Ten thousand pesos (P10,000): *Provided*, That  
24 not later than January 31, 2009 and every three (3) years  
25 thereafter, the amount herein stated shall be adjusted to its  
26 present value using the Consumer Price Index, as published by  
27 the National Statistics Office (NSO);]

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

6           “[S] (R) Transport of passengers by international  
7 carriers;

8           “[(T)] (S) Sale, importation or lease of passenger or  
9 cargo vessels and aircraft, including engine, equipment and spare  
10 parts thereof for domestic or international transport operations;

11           “[(U)] (T) Importation of fuel, goods and supplies by  
12 persons engaged in international shipping or air transport  
13 operations: *PROVIDED, THAT THE FUEL, GOODS AND SUPPLIES*  
14 *SHALL BE USED FOR INTERNATIONAL SHIPPING OR AIR*  
15 *TRANSPORT OPERATIONS;*

16           “[(V)] (U) Services of bank, non-bank financial  
17 intermediaries performing quasi-banking functions, and other  
18 non-bank financial intermediaries; [and]

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

25           “(W) Sale or lease of goods or properties or the  
26 performance of services other than the transactions mentioned in  
27 the preceding paragraphs, the gross annual sales and/or receipts  
28 do not exceed the amount of [One million five hundred

1 thousand] **THREE MILLION pesos [(P1,500,000)] (P3,000,000):**  
 2 *Provided*, That not later than January 31, [2009] 2021 and every  
 3 three (3) years thereafter, the amount herein stated shall be  
 4 adjusted to its present value using the Consumer Price Index, as  
 5 published by the [National Statistics Office (NSO);] **PHILIPPINE**  
 6 **STATISTICS AUTHORITY (PSA).**

7 **"PROVIDED, THAT THE SALE OF REAL PROPERTY UTILIZED FOR**  
 8 **SOCIALIZED HOUSING UNDER ITEM (P) HEREOF SHALL NO**  
 9 **LONGER BE AN EXEMPT TRANSACTION UPON THE**  
 10 **ESTABLISHMENT OF A HOUSING VOUCHER SYSTEM WHICH**  
 11 **SHALL BENEFIT BUYERS OF SOCIALIZED HOUSING.**

12 "x x x."

13 **SEC. 22.** Section 116 of the National Internal Revenue Code of 1997,  
 14 as amended, is hereby further amended to read as follows:

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

25 **SEC. 23.** Chapter 5 of Title VI of the National Internal Revenue Code  
 26 of 1997, as amended, is hereby further amended to read as follows:

27 **"CHAPTER V - EXCISE TAX ON PETROLEUM PRODUCTS**

28 **"SEC. 148. *Manufactured Oils and Other Fuels.* -**

29 **There shall be collected on refined and manufactured mineral**

1 oils and motor fuels, the following excise taxes which shall  
2 attach to the goods hereunder enumerated as soon as they are in  
3 existence as such:

4 **"EFFECTIVE JANUARY 1, 2018**

5       “(a) Lubricating oils and greases, including but not  
6 limited to, basestock for lube oils and greases, high vacuum  
7 distillates, aromatic extracts and other similar preparations, and  
8 additives for lubricating oils and greases, whether such additives  
9 are petroleum based or not, per liter and kilogram, respectively,  
10 of volume capacity or weight, [Four pesos and fifty centavos  
11 (P4.50)] **SEVEN PESOS (P7.00)**: [ *Provided, however,* That the  
12 excise taxes paid on the purchased feedstock (bunker) used in the  
13 manufacture of excisable articles and forming part thereof shall  
14 be credited against the excise tax due therefrom:] *Provided,*  
15 [ *further,*] That lubricating oils and greases produced from  
16 basestocks and additives on which the excise tax has already  
17 been paid shall no longer be subject to excise tax: *Provided,*  
18 [ *finally,*] **FURTHER**, That locally produced or imported oils  
19 previously taxed as such but are subsequently reprocessed,  
20 rerefined or recycled shall likewise be subject to the tax imposed  
21 under this [Section] **SUBSECTION**.

22       “(b) Processed gas, per liter of volume capacity, [Five  
23 centavos (P0.05)] **THREE PESOS (P3.00)**;

24       “(c) Waxes and petrolatum, per kilogram, [Three pesos  
25 and fifty centavos (P3.50)] **SEVEN PESOS (P7.00)**;

26       “(d) On denatured alcohol to be used for motive power,  
27 per liter of volume capacity, [Five centavos (P0.05)] **THREE**

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

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

28           “(f) Leaded premium gasoline, per liter of volume  
29 capacity, [Five pesos and thirty-five centavos (P5.35)] **SEVEN**

1 PESOS (P7.00); unleaded premium gasoline, per liter of volume  
2 capacity, [Four pesos and thirty-five centavos (P4.35)] SEVEN  
3 PESOS (P7.00);

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

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

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

15 “(j) Liquefied petroleum gas, per liter, [zero (P0.00)]  
16 THREE PESOS (P3.00): *PROVIDED, THAT, LIQUEFIED*  
17 *PETROLEUM GAS WHEN USED AS RAW MATERIAL IN THE*  
18 *PRODUCTION OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE*  
19 *RULES AND REGULATIONS TO BE PROMULGATED BY THE*  
20 *SECRETARY OF ENERGY, IN CONSULTATION WITH THE*  
21 *SECRETARY OF FINANCE, PER LITER OF VOLUME CAPACITY,*  
22 *ZERO (P0.00): Provided, FINALLY,* That liquefied petroleum gas  
23 used for motive power shall be taxed at the equivalent rate as the  
24 excise tax on diesel fuel oil;

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

27 “(l) Bunker fuel oil, and on similar fuel oils having more  
28 or less the same generating power, per liter of volume capacity,

1 [zero (P0.00).] THREE PESOS (P3.00): *PROVIDED, HOWEVER,*  
2 THAT THE EXCISE TAXES PAID ON THE PURCHASED BASESTOCK  
3 (BUNKER) USED IN THE MANUFACTURE OF EXCISABLE  
4 ARTICLES AND FORMING PART THEREOF SHALL BE CREDITED  
5 AGAINST THE EXCISE TAX DUE THEREFROM.

6 "EFFECTIVE JANUARY 1, 2019

7 "(A) LUBRICATING OILS AND GREASES, INCLUDING BUT  
8 NOT LIMITED TO, BASESTOCK FOR LUBE OILS AND GREASES,  
9 HIGH VACUUM DISTILLATES, AROMATIC EXTRACTS AND OTHER  
10 SIMILAR PREPARATIONS, AND ADDITIVES FOR LUBRICATING  
11 OILS AND GREASES, WHETHER SUCH ADDITIVES ARE  
12 PETROLEUM BASED OR NOT, PER LITER AND KILOGRAM,  
13 RESPECTIVELY, OF VOLUME CAPACITY OR WEIGHT, NINE  
14 PESOS (P9.00): *PROVIDED,* THAT LUBRICATING OILS AND  
15 GREASES PRODUCED FROM BASESTOCKS AND ADDITIVES ON  
16 WHICH THE EXCISE TAX HAS ALREADY BEEN PAID SHALL NO  
17 LONGER BE SUBJECT TO EXCISE TAX: *PROVIDED, FURTHER,*  
18 THAT LOCALLY PRODUCED OR IMPORTED OILS PREVIOUSLY  
19 TAXED AS SUCH BUT ARE SUBSEQUENTLY REPROCESSED,  
20 REREFINED OR RECYCLED SHALL LIKEWISE BE SUBJECT TO  
21 THE TAX IMPOSED UNDER THIS SUBSECTION.

22 "(B) PROCESSED GAS, PER LITER OF VOLUME  
23 CAPACITY, FIVE PESOS (P5.00);

24 "(C) WAXES AND PETROLATUM, PER KILOGRAM, NINE  
25 PESOS (P9.00);

26 "(D) ON DENATURED ALCOHOL TO BE USED FOR  
27 MOTIVE POWER, PER LITER OF VOLUME CAPACITY, FIVE PESOS  
28 (P5.00): *PROVIDED,* THAT UNLESS OTHERWISE PROVIDED BY  
29 SPECIAL LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH  
30 GASOLINE, THE EXCISE TAX ON WHICH HAS ALREADY BEEN



1 PAID, ONLY THE ALCOHOL CONTENT SHALL BE SUBJECT TO  
2 THE TAX HEREIN PRESCRIBED. FOR PURPOSES OF THIS  
3 SUBSECTION, THE REMOVAL OF DENATURED ALCOHOL OF NOT  
4 LESS THAN ONE HUNDRED EIGHTY DEGREES (180°) PROOF  
5 (NINETY PERCENT (90%) ABSOLUTE ALCOHOL) SHALL BE  
6 DEEMED TO HAVE BEEN REMOVED FOR MOTIVE POWER,  
7 UNLESS SHOWN OTHERWISE;

8 "(e) NAPHTHA, REGULAR GASOLINE AND OTHER  
9 SIMILAR PRODUCTS OF DISTILLATION, PER LITER OF VOLUME  
10 CAPACITY, NINE PESOS (P9.00): *PROVIDED, HOWEVER,* THAT  
11 NAPHTHA, WHEN USED AS A RAW MATERIAL IN THE  
12 PRODUCTION OF PETROCHEMICAL PRODUCTS OR AS  
13 REPLACEMENT FUEL FOR NATURAL-GAS-FIRED-COMBINED  
14 CYCLE POWER PLANT, IN LIEU OF LOCALLY-EXTRACTED  
15 NATURAL GAS DURING THE NON-AVAILABILITY THEREOF,  
16 SUBJECT TO THE RULES AND REGULATIONS TO BE  
17 PROMULGATED BY THE SECRETARY OF ENERGY, IN  
18 CONSULTATION WITH THE SECRETARY OF FINANCE, PER  
19 LITER OF VOLUME CAPACITY, ZERO (P0.00): *PROVIDED,*  
20 *FURTHER,* THAT THE BY-PRODUCT INCLUDING FUEL OIL,  
21 DIESEL FUEL, KEROSENE, PYROLYSIS GASOLINE, LIQUEFIED  
22 PETROLEUM GASES AND SIMILAR OILS HAVING MORE OR LESS  
23 THE SAME GENERATING POWER, WHICH ARE PRODUCED IN THE  
24 PROCESSING OF NAPHTHA INTO PETROCHEMICAL PRODUCTS  
25 SHALL BE SUBJECT TO THE APPLICABLE EXCISE TAX SPECIFIED  
26 IN THIS SECTION, EXCEPT WHEN SUCH BY-PRODUCTS ARE  
27 TRANSFERRED TO ANY OF THE LOCAL OIL REFINERIES  
28 THROUGH SALE, BARTER OR EXCHANGE, FOR THE PURPOSE OF  
29 FURTHER PROCESSING OR BLENDING INTO FINISHED PRODUCTS  
30 WHICH ARE SUBJECT TO EXCISE TAX UNDER THIS SECTION;

1           “(F) LEADED PREMIUM GASOLINE, PER LITER OF  
2 VOLUME CAPACITY, NINE PESOS (P9.00); UNLEADED PREMIUM  
3 GASOLINE, PER LITER OF VOLUME CAPACITY, NINE PESOS  
4 (P9.00);

5           “(G) AVIATION TURBO JET FUEL, PER LITER OF VOLUME  
6 CAPACITY, NINE PESOS (P9.00);

7           “(H) KEROSENE, PER LITER OF VOLUME CAPACITY,  
8 FIVE PESOS (P5.00): *PROVIDED*, THAT KEROSENE, WHEN USED  
9 AS AVIATION FUEL, SHALL BE SUBJECT TO THE SAME TAX ON  
10 AVIATION TURBO JET FUEL UNDER THE PRECEDING  
11 PARAGRAPH (G), SUCH TAX TO BE ASSESSED ON THE USER  
12 THEREOF;

13           “(I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS  
14 HAVING MORE OR LESS THE SAME GENERATING POWER, PER  
15 LITER OF VOLUME CAPACITY, FIVE PESOS (P5.00);

16           “(J) LIQUEFIED PETROLEUM GAS, PER LITER, FIVE  
17 PESOS (P5.00): *PROVIDED*, THAT, LIQUEFIED PETROLEUM GAS  
18 WHEN USED AS RAW MATERIAL IN THE PRODUCTION OF  
19 PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES AND  
20 REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF  
21 ENERGY, IN CONSULTATION WITH THE SECRETARY OF  
22 FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00):  
23 *PROVIDED, FINALLY*, THAT LIQUEFIED PETROLEUM GAS USED  
24 FOR MOTIVE POWER SHALL BE TAXED AT THE EQUIVALENT  
25 RATE AS THE EXCISE TAX ON DIESEL FUEL OIL; :

26           “(K) ASPHALTS, PER KILOGRAM, FIVE PESOS (P5.00);  
27 AND

28           “(L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS  
29 HAVING MORE OR LESS THE SAME GENERATING POWER,  
30 PER LITER OF VOLUME CAPACITY, FIVE PESOS (P5.00):

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

5           *"EFFECTIVE JANUARY 1, 2020*

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

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

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

25                    *"(D) ON DENATURED ALCOHOL TO BE USED FOR*  
26            MOTIVE POWER, PER LITER OF VOLUME CAPACITY, SIX PESOS  
27            (P6.00): *PROVIDED, THAT UNLESS OTHERWISE PROVIDED BY*  
28            *SPECIAL LAWS, IF THE DENATURED ALCOHOL IS MIXED WITH*  
29            *GASOLINE, THE EXCISE TAX ON WHICH HAS ALREADY BEEN*  
30            *PAID, ONLY THE ALCOHOL CONTENT SHALL BE SUBJECT TO*  
31            *THE TAX HEREIN PRESCRIBED. FOR PURPOSES OF THIS*

1           SUBSECTION, THE REMOVAL OF DENATURED ALCOHOL OF NOT  
2           LESS THAN ONE HUNDRED EIGHTY DEGREES (180°) PROOF  
3           (NINETY PERCENT (90%) ABSOLUTE ALCOHOL) SHALL BE  
4           DEEMED TO HAVE BEEN REMOVED FOR MOTIVE POWER,  
5           UNLESS SHOWN OTHERWISE;

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

29          “(F) LEADED PREMIUM GASOLINE, PER LITER OF  
30          VOLUME CAPACITY, TEN PESOS (P10.00); UNLEADED PREMIUM

1           **GASOLINE, PER LITER OF VOLUME CAPACITY, TEN PESOS**  
2           **(P10.00);**

3           **“(G) AVIATION TURBO JET FUEL, PER LITER OF VOLUME**  
4           **CAPACITY, TEN PESOS (P10.00);**

5           **“(H) KEROSENE, PER LITER OF VOLUME CAPACITY, SIX**  
6           **PESOS (P6.00): PROVIDED, THAT KEROSENE, WHEN USED AS**  
7           **AVIATION FUEL, SHALL BE SUBJECT TO THE SAME TAX ON**  
8           **AVIATION TURBO JET FUEL UNDER THE PRECEDING**  
9           **PARAGRAPH (G), SUCH TAX TO BE ASSESSED ON THE USER**  
10           **THEREOF;**

11           **“(I) DIESEL FUEL OIL, AND ON SIMILAR FUEL OILS**  
12           **HAVING MORE OR LESS THE SAME GENERATING POWER, PER**  
13           **LITER OF VOLUME CAPACITY, SIX PESOS (P6.00);**

14           **“(J) LIQUEFIED PETROLEUM GAS, PER LITER, SIX**  
15           **PESOS (P6.00): PROVIDED, THAT, LIQUEFIED PETROLEUM**  
16           **GAS WHEN USED AS RAW MATERIAL IN THE PRODUCTION**  
17           **OF PETROCHEMICAL PRODUCTS, SUBJECT TO THE RULES**  
18           **AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY**  
19           **OF ENERGY, IN CONSULTATION WITH THE SECRETARY OF**  
20           **FINANCE, PER LITER OF VOLUME CAPACITY, ZERO (P0.00):**  
21           **PROVIDED, FINALLY, THAT LIQUEFIED PETROLEUM GAS USED**  
22           **FOR MOTIVE POWER SHALL BE TAXED AT THE EQUIVALENT**  
23           **RATE AS THE EXCISE TAX ON DIESEL FUEL OIL;**

24           **“(K) ASPHALTS, PER KILOGRAM, SIX PESOS (P6.00);**  
25           **AND**

26           **“(L) BUNKER FUEL OIL, AND ON SIMILAR FUEL OILS**  
27           **HAVING MORE OR LESS THE SAME GENERATING POWER,**  
28           **PER LITER OF VOLUME CAPACITY, SIX PESOS (P6.00):**  
29           **PROVIDED, HOWEVER, THAT THE EXCISE TAXES PAID ON THE**  
30           **PURCHASED BASESTOCK (BUNKER) USED IN THE MANUFACTURE**

1 OF EXCISABLE ARTICLES AND FORMING PART THEREOF SHALL  
2 BE CREDITED AGAINST THE EXCISE TAX DUE THEREFROM.

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

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

17 "SECTION 148-A. *MANDATORY MARKING OF ALL*  
18 *PETROLEUM PRODUCTS.* -

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

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

1           “(A) THE PERSON, ENTITY, OR TAXPAYER WHO OWNS  
2 OR ENTERS THE PETROLEUM PRODUCTS INTO THE COUNTRY,  
3 OR THE PERSON TO WHOM THE PETROLEUM PRODUCTS ARE  
4 CONSIGNED SHALL CAUSE AND ACCOMMODATE THE MARKING  
5 OF THE PETROLEUM PRODUCTS WITH THE OFFICIAL MARKING  
6 AGENT;

7           “(B) A CUSTOMS/BIR OFFICIAL SHALL BE ON SITE TO  
8 ADMINISTER THE DECLARATION OF THE TAX AND DUTIES  
9 APPLIED ON THE PETROLEUM PRODUCTS;

10           “(C) *OFFICIAL MARKERS.* – THERE SHALL BE A LIST OF  
11 CHEMICAL ADDITIVES AND CORRESPONDING QUANTITATIVE  
12 RATIO FOR EACH TYPE OF FUEL TO BE IDENTIFIED BY THE  
13 SECRETARY OF THE DOF AS OFFICIAL FUEL MARKERS.

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

18           “THE OFFICIAL MARKERS’ CHEMICAL COMPOSITION  
19 AND QUANTITATIVE RATIO MUST PERSIST FOR AT LEAST THREE  
20 (3) YEARS FROM THEIR APPLICATION OR ADMINISTRATION TO  
21 THE UNMARKED FUEL;

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



1           “THE ABSENCE OF THE OFFICIAL MARKER OR THE USE  
2 OF FRAUDULENT MARKER ON THE PETROLEUM PRODUCTS  
3 SHALL BE CONSIDERED *PRIMA FACIE* EVIDENCE THAT THE  
4 SAME HAVE BEEN WITHDRAWN OR IMPORTED WITHOUT THE  
5 PAYMENT OF THE EXCISE TAX;


6           “(E) THE FAILURE OF ANY PERSON, ENTITY, OR  
7 TAXPAYER RESPONSIBLE FOR THE MARKING OF PETROLEUM  
8 PRODUCTS AS REQUIRED IN THIS SECTION SHALL BE  
9 PROSECUTED UNDER SECTION 265-A OF THIS CODE;

10           “(F) *RANDOM FIELD TESTS*. – PERIODIC RANDOM FIELD  
11 TESTS SHALL BE CONDUCTED ON FUELS FOUND IN THE  
12 WAREHOUSES, GAS STATIONS AND OTHER RETAIL OUTLETS,  
13 AND IN SUCH OTHER PROPERTIES OR EQUIPMENT, INCLUDING  
14 MECHANISMS OF TRANSPORTATION, OF PERSONS ENGAGED  
15 IN THE SALE, DELIVERY, TRADING, TRANSPORTATION,  
16 DISTRIBUTION, OR IMPORTATION OF FUEL INTENDED FOR THE  
17 DOMESTIC MARKET.

18           “THE FIELD TESTS SHALL BE CONDUCTED IN THE  
19 PRESENCE OF A REPRESENTATIVE FROM THE BIR OR BOC,  
20 THIRD PARTY MARKING PROVIDER, AND THE AUTHORIZED  
21 REPRESENTATIVE OF THE OWNER OF THE FUEL TO BE TESTED.  
22 FOR PURPOSES OF THIS ACT, AN EMPLOYEE ASSIGNED OR  
23 WORKING AT THE PLACE WHERE THE RANDOM FIELD TEST  
24 IS CONDUCTED SHALL BE DEEMED AN AUTHORIZED  
25 REPRESENTATIVE OF THE OWNER.

26           “ALL FIELD TESTS SHALL BE PROPERLY FILMED OR  
27 VIDEO-TAPED, AND DOCUMENTED.

28           “THE CUSTOMS OR BIR SHALL IMMEDIATELY OBTAIN A  
29 SAMPLE OF THE TESTED FUEL UPON DISCOVERING THAT THE  
30 SAME IS UNMARKED, ADULTERATED, OR DILUTED;



1           “(G) *CONFIRMATORY TESTS.* – A CONFIRMATORY TEST  
2 OF THE TESTED UNMARKED, ADULTERATED, OR DILUTED FUEL  
3 SHALL IMMEDIATELY BE CONDUCTED IN AN ACCREDITED  
4 TESTING FACILITY THAT IS CERTIFIED TO ISO 17025.

5           “CONFIRMATORY FUEL TEST CERTIFICATES ISSUED BY  
6 FUEL TESTING FACILITIES SHALL BE VALID FOR ANY LEGAL  
7 PURPOSE FROM THE DATE OF ISSUE, AND SHALL CONSTITUTE  
8 ADMISSIBLE AND CONCLUSIVE EVIDENCE BEFORE ANY COURT;

9           “(H) *PROGRAM IMPLEMENTATION OFFICE (PIO).* –  
10 THERE SHALL BE A PIO HEADED BY A DOF SENIOR OFFICER  
11 TO BE DESIGNATED BY THE SECRETARY OF FINANCE, AND  
12 WITH THE COMMISSIONER OF CUSTOMS AND THE  
13 COMMISSIONER OF INTERNAL REVENUE OR THEIR DULY  
14 AUTHORIZED REPRESENTATIVES WITH THE RANK OF DEPUTY  
15 COMMISSIONER, AND ONE (I) SENIOR OFFICER EACH FROM  
16 THE DEPARTMENT OF ENERGY (DOE) AND THE DEPARTMENT  
17 OF TRADE AND INDUSTRY (DTI), TO BE DESIGNATED BY THE  
18 SECRETARIES OF THE DOE AND DTI, RESPECTIVELY, AS  
19 MEMBERS THAT SHALL DIRECTLY COORDINATE AND  
20 SUPERVISE THE PROPER AND EFFECTIVE IMPLEMENTATION OF  
21 THIS ACT. THE PIO SHALL BE SUPPORTED BY PERSONNEL OF  
22 THE DOF, AS WELL AS THOSE ASSIGNED OR SECONDED FROM  
23 AGENCIES ATTACHED TO THE DOF;

24           “(I) *POWERS AND DUTIES OF THE PIO.* – THE PIO  
25 SHALL EXERCISE THE FOLLOWING POWERS AND DUTIES:

26           “(1) FORMULATE, DEVELOP AND ESTABLISH A  
27 COMPREHENSIVE, INTEGRATED, UNIFIED AND BALANCED  
28 NATIONAL FUEL TRAFFICKING PREVENTION AND CONTROL  
29 STRATEGY AND FOR THIS PURPOSE, ISSUE THE TERMS OF  
30 REFERENCE AND ENGAGEMENT OF THE OFFICIAL MARKING  
31 PROVIDER, ENSURE THAT ALL OPERATIONAL AND TECHNICAL

1 WRITTEN INSTRUCTIONS ARE IN PLACE AND PROPERLY  
2 DISSEMINATED TO ALL CONCERNED TO ENSURE THE  
3 EFFECTIVENESS OF THE MARKING SYSTEM;

4 "(2) PROMULGATE SUCH RULES AND REGULATIONS AS  
5 MAY BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS  
6 ACT, INCLUDING THE MANNER OF SAFEKEEPING, DISPOSITION,  
7 AND SALE OF CONFISCATED FUEL, AND PRESCRIBE  
8 ADMINISTRATIVE REMEDIES OR SANCTIONS FOR THE  
9 VIOLATIONS OF SUCH RULES AND REGULATIONS;

10 "(3) DESIGN AND DEVELOP, IN CONSULTATION WITH  
11 THE DOE AND OTHER PUBLIC OR PRIVATE AGENCIES, SPECIAL  
12 TRAININGS IN ORDER TO PROVIDE LAW ENFORCEMENT  
13 OFFICERS, MEMBERS OF THE JUDICIARY, AND PROSECUTORS  
14 WITH KNOWLEDGE AND KNOW-HOW IN FUEL TRAFFICKING  
15 AND SMUGGLING, AND IDENTIFY AND RESOLVE OPERATIONAL  
16 AND TECHNICAL DIFFICULTIES IDENTIFIED IN THE COURSE OF  
17 IMPLEMENTATION;

18 "(4) INITIATE AND AUTHORIZE CLOSURE PROCEEDINGS  
19 AGAINST NON-ACCREDITED AND/OR SUBSTANDARD FUEL  
20 TESTING FACILITIES BASED ON VERIFIED REPORTS AND/OR  
21 VERIFIED COMPLAINTS;

22 "(5) RECEIVE, GATHER, COLLECT AND EVALUATE ALL  
23 INFORMATION ON THE IMPORTATION, SALE, TRANSFER,  
24 DELIVERY, OR DISTRIBUTION OF UNMARKED, ADULTERATED,  
25 OR DILUTED FUEL INTENDED OR HELD FOR THE DOMESTIC  
26 MARKET;

27 "(6) CONDUCT BIDDING, GIVE ACCREDITATION, AND  
28 ENGAGE A THIRD PARTY MARKING PROVIDER;

29 "(7) PERFORM OVERSIGHT FUNCTION OVER THE THIRD  
30 PARTY MARKING PROVIDER, AND CONDUCT PERIODIC

1           INSPECTIONS ON THE FACILITIES AND PERSONNEL OF THE  
2           THIRD PARTY MARKING PROVIDER;

3           “(8) APPOINT AND ENGAGE SUCH TECHNICAL,  
4           ADMINISTRATIVE AND OTHER PERSONNEL AS MAY BE  
5           NECESSARY FOR THE EFFECTIVE IMPLEMENTATION OF THIS  
6           ACT, SUBJECT TO CIVIL SERVICE LAW AND ITS RULES AND  
7           REGULATIONS;

8           “(9) CALL ON ANY OFFICIAL OF THE DOE AND ITS  
9           ATTACHED AGENCIES FOR SUCH ASSISTANCE AS MAY BE  
10          NECESSARY, AS WELL AS TO REQUIRE THE PARTICIPATION OF  
11          EXPERTS TO HELP ACHIEVE THE OBJECTIVES OF THIS ACT;

12          “(10) INITIATE CRIMINAL, CIVIL, AND/OR  
13          ADMINISTRATIVE ACTIONS IN THE PROPER COURT OR QUASI-  
14          JUDICIAL AGENCY FOR VIOLATIONS OF THIS ACT;

15          “(11) SUBMIT MONTHLY PROGRESS REPORT TO THE  
16          SECRETARY OF FINANCE, AND ANNUAL REPORT TO THE  
17          RELEVANT COMMITTEES OF THE SENATE AND THE HOUSE OF  
18          REPRESENTATIVES; AND

19          “(12) ESTABLISH AN EXTENSIVE MEDIA AND PUBLIC  
20          INFORMATION CAMPAIGN TO INFORM THE PUBLIC OF THE  
21          IMPORTANCE OF FUEL MARKING AND ITS EXPECTED ECONOMIC  
22          BENEFITS.

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

1                   “(J) *ENGAGEMENT OF THIRD PARTY MARKING*  
2                   *PROVIDER.* -- THE PIO SHALL, IN ACCORDANCE WITH THE  
3                   IMPLEMENTING RULES AND REGULATIONS, AND EXISTING  
4                   LAWS ON PROCUREMENT AND BIDDING, ENGAGE A THIRD  
5                   PARTY MARKING PROVIDER: *PROVIDED*, THAT THE PIO SHALL  
6                   NOT ENGAGE MORE THAN ONE (1) THIRD PARTY MARKING  
7                   PROVIDER; AND THAT THE THIRD PARTY MARKING PROVIDER  
8                   SHOULD NOT HAVE ANY CUSTOMERS IN THE PHILIPPINES  
9                   BESIDES THE GOVERNMENT.

10                   “(THE THIRD PARTY MARKING PROVIDER SHALL  
11                   PROVIDE AN END-TO-END SOLUTION TO THE GOVERNMENT. IT  
12                   SHALL BE RESPONSIBLE FOR PROVIDING, MONITORING, AND  
13                   ADMINISTERING THE FUEL MARKERS, PROVIDE EQUIPMENT  
14                   AND DEVICES, CONDUCT FIELD AND CONFIRMATORY TESTS,  
15                   AND PERFORM SUCH OTHER ACTS INCIDENTAL OR NECESSARY  
16                   TO THE PROPER IMPLEMENTATION OF THE PROVISIONS OF THIS  
17                   ACT;

18                   “(K) *COSTS.* -- ALL COSTS IN RELATION TO THE  
19                   IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION  
20                   SHALL BE BORNE BY THE REFINER, IMPORTER, OR  
21                   MANUFACTURER OF PETROLEUM PRODUCTS; AND

22                   “(L) *DEFINITION OF TERMS.* -- AS USED IN THIS  
23                   SECTION, THE FOLLOWING TERMS SHALL HAVE THE MEANING  
24                   INDICATED:

25                   “(1) ‘CHEMICAL DIVERSION’ REFERS TO THE SALE,  
26                   DISTRIBUTION, SUPPLY OR TRANSPORT OF LEGITIMATELY  
27                   IMPORTED, IN-TRANSIT, MANUFACTURED OR PROCURED  
28                   CONTROLLED PRECURSORS AND ESSENTIAL CHEMICALS, IN  
29                   DILUTED, MIXTURES OR IN CONCENTRATED FORM, TO ANY  
30                   PERSON OR ENTITY ENGAGED IN FUEL TRAFFICKING, AND

1 SHALL INCLUDE, BUT IS NOT LIMITED TO, PACKAGING,  
2 REPACKAGING, LABELING, RELABELING OR CONCEALMENT  
3 OF SUCH TRANSACTION THROUGH FRAUD, DESTRUCTION  
4 OF DOCUMENTS, FRAUDULENT USE OF PERMITS,  
5 MISDECLARATION, USE OF FRONT COMPANIES OR MAIL FRAUD;

6 “(2) ‘CONFIRMATORY TEST’ REFERS TO AN ACCURATE  
7 AND PRECISE ANALYTICAL TEST USING A DEVICE, TOOL OR  
8 EQUIPMENT WHICH WILL VALIDATE AND CONFIRM THE RESULT  
9 OF THE FIELD TEST;

10 “(3) ‘DELIVER’ OR ‘TRANSPORT’ REFERS TO THE ACT  
11 OF KNOWINGLY PASSING FUEL OF COMMERCIAL QUANTITY TO  
12 ANOTHER PERSON, WHETHER PERSONALLY OR OTHERWISE,  
13 AND BY ANY MEANS, WITH OR WITHOUT CONSIDERATION;

14 “(4) ‘FIELD TEST’ REFERS TO THE RANDOM  
15 INSPECTIONS AND TESTS PERFORMED TO ESTABLISH  
16 QUALITATIVE POSITIVE RESULT OF FUEL TRAFFICKING;

17 “(5) ‘FUEL’, AS USED IN THIS SECTION, REFERS TO ANY  
18 COMBUSTIBLE GAS OR COMBUSTIBLE LIQUID THAT CAN BE  
19 USED TO GENERATE POWER BY MEANS OF AN INTERNAL  
20 COMBUSTION OR TURBINE ENGINE, OR FOR HEATING, AND  
21 INCLUDES ADDITIVES TO THAT FUEL, EXCEPT JET FUEL,  
22 AVIATION FUEL AND LIQUEFIED PETROLEUM GAS;

23 “(6) ‘FUEL MARKERS’ REFER TO THE OFFICIAL  
24 MARKERS IDENTIFIED BY THE SECRETARY OF FINANCE THAT IS  
25 ADMINISTERED OR MIXED INTO A PARTICULAR FUEL TO  
26 DISTINGUISH IT FROM OTHER TYPES OF FUEL OR UNMARKED  
27 FUEL OF THE SAME TYPE;

28 “(7) ‘FUEL MARKING’ REFERS TO THE ADDITION OR  
29 ADMINISTRATION OF ADDITIVES TO FUEL IN ORDER TO  
30 DISTINGUISH IT FROM OTHER TYPES OF FUEL OR SIMILAR  
31 UNMARKED FUEL;

1           “(8) ‘FUEL TRAFFICKING’ REFERS TO THE SALE,  
2           TRADE, DELIVERY, DISTRIBUTION, OR TRANSPORTATION OF  
3           UNMARKED, ADULTERATED, OR DILUTED FUEL OR  
4           COUNTERFEIT ADDITIVE, THE ACT OF ADULTERATING OR  
5           DILUTING MARKED OR UNMARKED FUEL, OR ANY RELATED  
6           ACTS DESIGNED TO CIRCUMVENT THIS SECTION;

7           “(9) ‘IMPORTATION’ REFERS TO THE ENTRY OF FUEL,  
8           FUEL PRODUCTS, OR ADDITIVES INTO THE PHILIPPINES  
9           (THROUGH THE APPROVED SEAPORTS OR AIRPORTS, AS  
10          DETERMINED BY THE BUREAU OF CUSTOMS), THE FUEL, FUEL  
11          PRODUCT, OR ADDITIVE BEING INTENDED FOR DIRECT  
12          CONSUMPTION, MERCHANDISING, WAREHOUSING, OR FOR  
13          FURTHER PROCESSING;

14          “(10) ‘MANUFACTURE’ REFERS TO THE PRODUCTION,  
15          PREPARATION, COMPOUNDING OR PROCESSING OF ANY FUEL  
16          OR PETROLEUM PRODUCT FOR SALE, TRADE, DISTRIBUTION,  
17          OR TRANSPORT; THE TERM DOES NOT INCLUDE THE  
18          PREPARATION, COMPOUNDING, PACKAGING OR LABELING OF A  
19          FUEL, FUEL PRODUCT, OR ADDITIVE BY A DULY AUTHORIZED  
20          PRACTITIONER AS AN INCIDENT TO HIS/HER PROFESSIONAL  
21          PRACTICE INCLUDING RESEARCH, TEACHING AND CHEMICAL  
22          ANALYSIS OF FUEL OR FUEL ADDITIVES OR SUCH SUBSTANCES  
23          THAT ARE NOT INTENDED FOR SALE, TRADE, DELIVERY,  
24          DISTRIBUTION, OR TRANSPORTATION;

25          “(11) ‘MARKED FUEL’ REFERS TO FUEL THAT IS  
26          MARKED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT;

27          “(12) ‘PERSON’ REFERS TO ANY ENTITY, NATURAL OR  
28          JURIDICAL, INCLUDING AMONG OTHERS, A CORPORATION,  
29          PARTNERSHIP, TRUST OR ESTATE, JOINT STOCK COMPANY,  
30          ASSOCIATION, SYNDICATE, JOINT VENTURE OR OTHER



1 UNINCORPORATED ORGANIZATION OR GROUP CAPABLE OF  
2 ACQUIRING RIGHTS OR ENTERING INTO OBLIGATIONS;

3 “(13) ‘SELL’ OR ‘DISTRIBUTE’ REFERS TO ANY ACT OF  
4 GIVING AWAY ANY FUEL, FUEL PRODUCT AND/OR ADDITIVE,  
5 WHETHER FOR MONEY OR ANY OTHER CONSIDERATION, AND  
6 WHETHER AS PRIVATE SALE OR SALE TO THE CONSUMING  
7 PUBLIC;

8 “(14) ‘TESTING FACILITY’ REFERS TO THE TESTING  
9 LABORATORY OPERATED BY THE ACCREDITED THIRD PARTY  
10 MARKING PROVIDER, THAT IS CERTIFIED TO ISO 17025 AND  
11 SUCH OTHER CRITERIA AS DETERMINED BY THE PIO; AND

12 “(15) ‘TRADING’ REFERS TO ANY TRANSACTION  
13 INVOLVING FUEL, FUEL PRODUCTS AND/OR ADDITIVES,  
14 WHETHER DIRECTLY OR ACTING AS A BROKER, AND WHETHER  
15 FOR MONEY OR ANY OTHER CONSIDERATION.”

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

18 “CHAPTER VI – EXCISE TAX ON MISCELLANEOUS ARTICLES

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

23 “EFFECTIVE JANUARY 1, 2018

24 “Net manufacturer’s price/ 25 importer’s selling price 26 up to P600 Thousand	Rate [2%] 3%
27 “Over P600 Thousand to 28 P1.1 Million 29 30 31	[P12,000 + 20%] P18,000 + 30% of value in excess of P600 Thousand

1	"Over P1.1 Million to	[P112, 000 + 40%]
2	P2.1 Million	<b>P168,000 + 50%</b> of
3		value in excess of
4		P1.1 Million
5	"Over P2.1 Million TO	[P512,000 + 60%]
6	<b>P3.1 MILLION</b>	<b>P668,000 + 80%</b> of
7		value in excess of
8		P2.1 Million
9	"OVER P3.1 MILLION	<b>P1,468,000 + 90%</b>
10		<b>OF VALUE IN EXCESS</b>
11		<b>OF P3.1 MILLION</b>
12	"EFFECTIVE JANUARY 1, 2019	
13	"NET MANUFACTURER'S PRICE/ IMPORTER'S SELLING PRICE	<b>RATE</b>
14	UP TO P600 THOUSAND	<b>4%</b>
15		
16	"OVER P600 THOUSAND TO	<b>P24,000 + 40% OF</b>
17	<b>P1.1 MILLION</b>	<b>VALUE IN EXCESS OF</b>
18		<b>P600 THOUSAND</b>
19	"OVER P1.1 MILLION TO	<b>P224,000 + 60% OF</b>
20	<b>P2.1 MILLION</b>	<b>VALUE IN EXCESS OF</b>
21		<b>P1.1 MILLION</b>
22	"OVER P2.1 MILLION TO	<b>P824,000 + 100% OF</b>
23	<b>P3.1 MILLION</b>	<b>VALUE IN EXCESS OF</b>
24		<b>P2.1 MILLION</b>
25	"OVER P3.1 MILLION	<b>P1,824,000 + 120%</b>
26		<b>OF VALUE IN EXCESS</b>
27		<b>OF P3.1 MILLION</b>

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

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

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

11           “As used in this Section –

12           “(a) Automobile shall mean any four (4) or more  
13 wheeled motor vehicle regardless of seating capacity, which is  
14 propelled by gasoline, diesel, **OR ANY OTHER MOTIVE POWER**  
15 **EXCEPT PURELY POWERED BY electricity OR BY ELECTRICITY**  
16 **IN COMBINATION WITH GASOLINE, DIESEL OR ANY OTHER**  
17 **MOTIVE POWER [or any other motive power]:** *Provided,* That  
18 for purposes of this Act, buses, trucks, cargo vans,  
19 jeeps/jeepneys/jeepney substitutes, single cab chassis, and  
20 special-purpose vehicles shall not be considered as automobiles.

21           “(b) Truck/cargo van shall mean a motor vehicle of any  
22 configuration that is exclusively designed for the carriage of  
23 goods and with any number of wheels and axles: *Provided,* That  
24 pick-ups shall [not] be considered as trucks.

25           “(c) Jeep/jeepney/jeepney substitutes shall mean as  
26 ‘Philippine jeep or jeepney’ which are of the jitney type locally  
27 designed and manufactured generally from surplus parts and  
28 components. It shall also include jeepney substitutes that are  
29 manufactured from brand-new single cab chassis or cowl chassis

1 and locally customized rear body that has continuous sideway  
2 row seats with open rear door and without retractable glass  
3 windows.

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

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

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

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

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

24 *“Automobiles used exclusively within the freeport zone*  
25 *shall be exempt from excise tax.”*

26 SEC. 26. A new section designated as Section 150-A under Chapter  
27 VI, Title VI of the National Internal Revenue Code of 1997, as amended, is  
28 hereby inserted to read as follows:

29 “SEC. 150-A. *SUGAR SWEETENED BEVERAGES.* -

1           “(A) *RATE AND BASE OF TAX.* – ON SUGAR SWEETENED  
2 BEVERAGES, THERE SHALL BE LEVIED, ASSESSED AND  
3 COLLECTED PER LITER OF VOLUME CAPACITY EFFECTIVE  
4 JANUARY 1, 2018 THE FOLLOWING EXCISE TAXES:

5           “(1) BEVERAGES CONTAINING PURELY LOCALLY  
6 PRODUCED SUGAR – TEN PESOS (P10.00); AND

7           “(2) OTHERS – TWENTY PESOS (P20.00).

8           “THE RATES OF TAX IMPOSED UNDER THIS SECTION  
9 SHALL BE ADJUSTED ONCE EVERY THREE (3) YEARS THROUGH  
10 RULES AND REGULATIONS ISSUED BY THE SECRETARY OF  
11 FINANCE AFTER CONSIDERING THE EFFECT ON THE SAME OF  
12 THE THREE (3)-YEAR CUMULATIVE CPI INFLATION RATE.

13           “(B) *EXCLUSIONS.* – THE FOLLOWING ARE EXCLUDED  
14 FROM THE SCOPE OF THIS ACT:

15           “(1) PLAIN MILK AND MILK DRINK PRODUCTS WITHOUT  
16 ADDED SUGAR;

17           “(2) ALL MILK PRODUCTS, INFANT FORMULA AND MILK  
18 ALTERNATIVES, SUCH AS SOY MILK OR ALMOND MILK,  
19 INCLUDING FLAVORED MILK, SUCH AS CHOCOLATE MILK;

20           “(3) ONE HUNDRED PERCENT (100%) NATURAL FRUIT  
21 JUICES – ORIGINAL LIQUID RESULTING FROM THE PRESSING  
22 OF FRUIT, THE LIQUID RESULTING FROM THE RECONSTITUTION  
23 OF NATURAL FRUIT JUICE CONCENTRATE, OR THE LIQUID  
24 RESULTING FROM THE RESTORATION OF WATER TO  
25 DEHYDRATED NATURAL FRUIT JUICE THAT DO NOT HAVE  
26 ADDED SUGAR OR CALORIC SWEETENER;

27           “(4) ONE HUNDRED PERCENT (100%) NATURAL  
28 VEGETABLE JUICES – ORIGINAL LIQUID RESULTING FROM  
29 THE PRESSING OF VEGETABLES, THE LIQUID RESULTING FROM  
30 THE RECONSTITUTION OF NATURAL VEGETABLE JUICE

1           CONCENTRATE, OR THE LIQUID RESULTING FROM THE  
2           RESTORATION OF WATER TO DEHYDRATED NATURAL  
3           VEGETABLE JUICE THAT DO NOT HAVE ADDED SUGAR OR  
4           CALORIC SWEETENER;

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

13          “(6) GROUND COFFEE; AND

14          “(7) UNSWEETENED TEA.

15          “(C) *DEFINITION OF TERMS. – AS USED IN THIS ACT:*

16          “(1) *SUGAR SWEETENED BEVERAGES (SSBs)* REFER TO  
17          NON-ALCOHOLIC BEVERAGES OF ANY CONSTITUTION (LIQUID,  
18          POWDER, OR CONCENTRATES) THAT ARE PRE-PACKAGED AND  
19          SEALED IN ACCORDANCE WITH THE FOOD AND DRUG  
20          ADMINISTRATION (FDA) STANDARDS, THAT CONTAIN SUGAR  
21          ADDED BY THE MANUFACTURERS, AND SHALL INCLUDE THE  
22          FOLLOWING:

23          “(A) SWEETENED JUICE DRINKS;

24          “(B) SWEETENED TEA AND COFFEE;

25          “(C) OTHER BEVERAGES:

26          “(I) ALL CARBONATED BEVERAGES WITH ADDED  
27          SUGAR, INCLUDING THOSE WITH CALORIC AND NON-CALORIC  
28          SWEETENERS;

29          “(II) FLAVORED WATER;

30          “(III) ENERGY DRINKS;

31          “(IV) SPORTS DRINKS;

1           “(v) POWDERED DRINKS NOT CLASSIFIED AS MILK,  
2           JUICE, TEA AND COFFEE;

3           “(vi) CEREAL AND GRAIN BEVERAGES; AND

4           “(vii) OTHER NON-ALCOHOLIC BEVERAGES THAT  
5           CONTAIN ADDED SUGAR.

6           “(2) *CALORIC SWEETENER* REFERS TO A SUBSTANCE  
7           THAT IS SWEET AND INCLUDES SUCROSE, FRUCTOSE,  
8           INCLUDING HIGH FRUCTOSE CORN SWEETENER, GLUCOSE OR  
9           ANY ARTIFICIAL SUGAR SUBSTITUTE THAT PRODUCES A  
10           DESIRED SWEETNESS.

11           “(3) *ARTIFICIAL SWEETENER* REFERS TO A SUBSTANCE  
12           THAT IS USED IN PLACE OF SWEETENERS CONTAINING  
13           SUGAR OR SUGAR ALCOHOLS, THAT IS ALTERNATIVELY  
14           CALLED SUGAR SUBSTITUTE, NON-NUTRITIVE SWEETENER  
15           AND NON-CALORIC SWEETENER. IT PROVIDES SWEETNESS TO  
16           FOODS AND DRINKS BUT ARE NON-CALORIC. ARTIFICIAL  
17           SWEETENER IS A CHEMICALLY PROCESSED SUBSTANCE WHICH  
18           CAN BE DIRECTLY ADDED TO FOOD OR DURING ITS  
19           PREPARATION, SUCH AS, ASPARTAME, SUCRALOSE,  
20           SACCHARIN, STEVIA, ACESULFAME K, NEOTAME, MONK FRUIT  
21           AND CYCLAMATES.

22           “(D) *FILING OF RETURN AND PAYMENT OF EXCISE TAX*  
23           *AND PENALTY. -*

24           “(1) *FILING OF RETURN AND PAYMENT OF EXCISE TAX*  
25           *ON DOMESTIC AND IMPORTED SUGAR SWEETENED BEVERAGES*  
26           *- THE PROVISION OF SECTIONS 130 AND 131 OF THIS CODE*  
27           *REGARDING THE FILING OF RETURN AND PAYMENT OF*  
28           *EXCISE TAX ON DOMESTIC AND IMPORTED SUGAR SWEETENED*  
29           *BEVERAGES, RESPECTIVELY, SHALL APPLY.*

30           “(2) *PENALTY - UPON FINAL FINDINGS BY THE*  
31           *COMMISSIONERS OF INTERNAL REVENUE AND/OR CUSTOMS*



1 THAT ANY MANUFACTURER OR IMPORTER, IN VIOLATION OF  
2 THIS SECTION, MISDECLARES OR MISREPRESENTS IN THE  
3 SWORN STATEMENT HEREIN REQUIRED, ANY PERTINENT DATA  
4 OR INFORMATION, THE PENALTY OF SUMMARY CANCELLATION  
5 OR WITHDRAWAL OF THE PERMIT TO ENGAGE IN BUSINESS AS  
6 MANUFACTURER OR IMPORTER OF SSBs, SHALL BE IMPOSED.

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

12 "ANY PERSON LIABLE FOR ANY OF THE ACTS OR  
13 OMISSIONS PROHIBITED UNDER THIS SECTION SHALL BE  
14 CRIMINALLY LIABLE AND PENALIZED UNDER SECTION 254  
15 OF THIS CODE. ANY PERSON WHO WILLFULLY AIDS OR ABETS  
16 IN THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL BE  
17 CRIMINALLY LIABLE IN THE SAME MANNER AS THE PRINCIPAL.

18 "IF NOT A CITIZEN OF THE PHILIPPINES, THE OFFENDER  
19 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE  
20 SENTENCE WITHOUT FURTHER PROCEEDINGS FOR  
21 DEPORTATION.

22 "(E) *SPECIFIC RESPONSIBILITY OF THE FOOD AND DRUG*  
23 *ADMINISTRATION (FDA)*. - THE FDA SHALL REQUIRE ALL  
24 MANUFACTURERS AND IMPORTERS TO STATE ON THE LABEL  
25 THAT CALORIC OR NON-CALORIC SWEETENER IS ADDED TO THE  
26 SSBs. THE FDA SHALL EXAMINE THE SSBs TO DETERMINE  
27 THE CALORIC AND NON-CALORIC SWEETENER CONTENT OF  
28 THE SSBs AS SPECIFIED ON THE LABEL BEFORE THESE  
29 PRODUCTS ARE SOLD IN THE MARKET. IT SHALL ALSO  
30 REQUIRE ALL MANUFACTURERS AND IMPORTERS OF SSBs IN  
31 POWDER FORM TO INDICATE ON THE LABEL, THE EQUIVALENT

1 OF EACH SERVING (NUMBER OF SCOOPS, TEASPOONS OR  
2 TABLESPOONS) PER LITER OF VOLUME CAPACITY.

3 "THE FDA SHALL ALSO CONDUCT RANDOM INSPECTION  
4 OF THE SSBS ON DISPLAY IN SUPERMARKETS, GROCERIES OR  
5 RETAIL STORES TO DETERMINE COMPLIANCE WITH THE  
6 REQUIREMENTS OF THIS SECTION."

7 SEC. 27. Section 155 of the National Internal Revenue Code of 1997,  
8 as amended, is hereby further amended to read as follows:

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

24 "This requirement shall be complied with before  
25 commencement of operations."

26 SEC. 28. Section 171 of the National Internal Revenue Code of 1997,  
27 as amended, is hereby further amended to read as follows:

28 "SEC. 171. *Authority of Internal Revenue Officer in*  
29 *Searching for AND TESTING Taxable Articles.* - Any internal  
30 revenue officer may, in the discharge of his official duties, enter

1 any house, building or place where articles subject to tax under  
2 this Title are produced or kept, or are believed by him upon  
3 reasonable grounds to be produced or kept, so far as may be  
4 necessary to examine, discover or seize the same.

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

9 "SUBJECT TO RULES AND REGULATIONS TO BE ISSUED  
10 BY THE 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 OF THIS CODE FOUND IN WAREHOUSES,  
14 GAS STATIONS AND OTHER RETAIL OUTLETS, AND IN SUCH  
15 OTHER PROPERTIES OF PERSONS ENGAGED IN THE SALE,  
16 DELIVERY, TRADING, TRANSPORTATION, DISTRIBUTION, OR  
17 IMPORTATION OF FUEL INTENDED FOR THE DOMESTIC  
18 MARKET."

19 SEC. 29. Section 232 of the National Internal Revenue Code of 1997,  
20 as amended, is hereby further amended to read as follows:

21 "SEC. 232. *Keeping of Books of Accounts.* -

22 "(A) *Corporations, Companies, Partnerships or Persons*  
23 *Required to Keep Books of Accounts.* - All corporations,  
24 companies, partnerships or persons required by law to pay  
25 internal revenue taxes shall keep a journal and a ledger or their  
26 equivalents: *Provided, however,* That those whose quarterly  
27 sales, earnings, receipts, or output do not exceed [Fifty] TWO  
28 HUNDRED FIFTY thousand pesos [P50,000] (P250,000) shall  
29 keep and use simplified set of bookkeeping records duly  
30 authorized by the Secretary of Finance wherein all transactions

1 and results of operations are shown and from which all taxes due  
2 the Government may readily and accurately be ascertained and  
3 determined any time of the year: *Provided, further*, That  
4 corporations, companies, partnerships or persons whose gross  
5 quarterly sales, earnings, receipts or output exceed [One] SEVEN  
6 hundred fifty thousand pesos [(P150,000)] (P750,000), shall  
7 have their books of accounts audited and examined yearly by  
8 independent Certified Public Accountants and their income tax  
9 returns accompanied with a duly accomplished Account  
10 Information Form (AIF) which shall contain, among others,  
11 information lifted from certified balance sheets, profit and loss  
12 statements, schedules listing income-producing properties and  
13 the corresponding income therefrom and other relevant  
14 statements.

15 "x x x."

16 SEC. 30. Section 237 of the National Internal Revenue Code of 1997,  
17 as amended, is hereby further amended to read as follows:

18 "SEC. 237. [*Issuance of Receipts or Sales or Commercial*  
19 *Invoices.*] **ELECTRONIC RECEIPTS OR ELECTRONIC SALES OR**  
20 **COMMERCIAL INVOICES.** -

21 "(A) **ISSUANCE.** - All persons subject to an internal  
22 revenue tax shall, [for] **AT THE POINT OF** each sale and transfer  
23 of merchandise or for services rendered valued at Twenty-five  
24 pesos (P25.00) or more, issue duly registered **ELECTRONIC**  
25 receipts or **ELECTRONIC** sales or commercial invoices, [prepared  
26 at least in duplicate,] showing the date of transaction, quantity,  
27 unit cost and description of merchandise or nature of service:  
28 *Provided, however*, That where the **ELECTRONIC** receipt is

1 issued to cover payment made as rentals, commissions,  
 2 compensation or fees, ELECTRONIC receipts or ELECTRONIC  
 3 invoices shall be issued which shall show the name, business  
 4 style, if any, and address of the purchaser, customer or client[.]:

5 *PROVIDED, FURTHER, THAT THE ELECTRONIC RECEIPT OR*  
 6 *SALES OR COMMERCIAL INVOICE SHALL BE ISSUED EITHER*  
 7 *ELECTRONICALLY OR BY TENDERING A PRINTED COPY*  
 8 *THEREOF: PROVIDED, FINALLY, THAT THE DIGITAL RECORD*  
 9 *OR THE PRINTED COPY OF THE ELECTRONIC RECEIPT OR SALES*  
 10 *OR COMMERCIAL INVOICE SHALL BE KEPT BY THE ISSUER,*  
 11 *PURCHASER, CUSTOMER OR CLIENT IN HIS PLACE OF BUSINESS*  
 12 *FOR A PERIOD OF THREE (3) YEARS FROM THE CLOSE OF THE*  
 13 *TAXABLE YEAR IN WHICH SUCH INVOICE OR RECEIPT WAS*  
 14 *ISSUED.*

15 "x x x

16 "(B) *TRANSMISSION.* -- THE PRECEDING PARAGRAPH  
 17 NOTWITHSTANDING, AN ELECTRONIC RECEIPT OR ELECTRONIC  
 18 INVOICE, AS THE CASE MAY BE, SHALL BE TRANSMITTED  
 19 DIRECTLY TO THE BIR AT THE SAME TIME AND DATE OF EACH  
 20 SALE TRANSACTION."

21 SEC. 31. A new section designated as Section 237-A under Chapter II,  
 22 Title IX of the National Internal Revenue Code of 1997, as amended, is hereby  
 23 inserted to read as follows:

24 "SEC. 237-A. *ELECTRONIC SALES REPORTING SYSTEM.*

25 -  
 26 "(A) *ELECTRONIC REPORTING OF SALES DATA* -- THE  
 27 BUREAU SHALL REQUIRE TAXPAYERS TO ELECTRONICALLY  
 28 REPORT THEIR SALES DATA TO THE BUREAU'S ELECTRONIC  
 29 SYSTEM THROUGH THE USE OF CASH REGISTER  
 30 MACHINE/POINT OF SALES (CRM/POS) MACHINES, SUBJECT  
 31 TO RULES AND REGULATIONS TO BE ISSUED BY THE

1 SECRETARY OF FINANCE AS RECOMMENDED BY THE  
2 COMMISSIONER OF INTERNAL REVENUE: *PROVIDED*, THAT  
3 THE MACHINES AND OTHER ANCILLARY DEVICES SHALL BE AT  
4 THE EXPENSE OF THE TAXPAYERS: *PROVIDED, FURTHER*, THAT  
5 THE ESTABLISHMENT BY THE BUREAU OF THE ELECTRONIC  
6 SALES REPORTING SYSTEM SHALL BE DONE WITHIN THREE (3)  
7 YEARS FROM THE EFFECTIVITY OF THIS ACT.

8 “(B) *CONFIDENTIALITY OF TAXPAYER INFORMATION*  
9 *AND COMPLIANCE WITH THE ‘DATA PRIVACY ACT’* – THE  
10 PROVISIONS OF SECTION 270 OF THIS CODE ON UNLAWFUL  
11 DIVULGENCE OF TAXPAYER INFORMATION SHALL BE STRICTLY  
12 COMPLIED WITH.

13 “THE DATA PROCESSING OF SALES AND PURCHASE DATA  
14 SHALL ALSO COMPLY WITH THE PROVISIONS OF REPUBLIC ACT  
15 NO. 10173 OR THE ‘DATA PRIVACY ACT’.”

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

18 “SEC. 254. *Attempt to Evade or Defeat Tax.* – Any  
19 person who willfully attempts in any manner to evade or defeat  
20 any tax imposed under this Code or the payment thereof shall, in  
21 addition to other penalties provided by law, upon conviction  
22 thereof, be punished [by a fine of not less than Thirty thousand  
23 pesos (P30,000) but not more than One hundred thousand pesos  
24 (P100,000) and suffer imprisonment of not less than two (2)  
25 years but not more than four (4) years:] WITH AN  
26 ADMINISTRATIVE FINE OF NOT LESS THAN FIVE HUNDRED  
27 THOUSAND PESOS (P500,000) BUT NOT MORE THAN TEN  
28 MILLION PESOS (P10,000,000), AND IMPRISONMENT OF NOT  
29 LESS THAN SIX (6) YEARS BUT NOT MORE THAN TEN (10) YEARS:  
30 *Provided*, That the conviction or acquittal obtained under this

1 Section shall not be a bar to the filing of a civil suit for the  
2 collection of taxes.”

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

5 “SEC. 264. *Failure or Refusal to Issue Receipts or Sales*  
6 *or Commercial Invoices, Violations Related to the Printing of*  
7 *such Receipts or Invoices and Other Violations.* –

8 “(a) x x x

9 “(b) Any person who commits any of the acts  
10 enumerated hereunder shall be penalized [in the same manner  
11 and to the same extent as provided for in this Section] **WITH AN**  
12 **ADMINISTRATIVE FINE OF NOT LESS THAN FIVE HUNDRED**  
13 **THOUSAND PESOS (P500,000) BUT NOT MORE THAN TEN**  
14 **MILLION PESOS (P10,000,000), AND IMPRISONMENT OF NOT**  
15 **LESS THAN SIX (6) YEARS BUT NOT MORE THAN TEN (10) YEARS:**

16 “(1) x x x; [or]

17 “(2) x x x; [or]

18 “(3) x x x[.]; **OR**

19 “**(4) PRINTING OF OTHER FRAUDULENT RECEIPTS OR**  
20 **SALES OR COMMERCIAL INVOICES.”**

21 SEC. 34. A new section designated as Section 264-A under Chapter II,  
22 Title X of the National Internal Revenue Code of 1997, as amended, is hereby  
23 inserted as follows:

24 “SEC. 264-A. *FAILURE TO TRANSMIT SALES DATA*  
25 *ENTERED ON CRM/POS MACHINES TO THE BIR'S ELECTRONIC*  
26 *SALES REPORTING SYSTEM.* – ANY TAXPAYER REQUIRED BY  
27 RULES AND REGULATIONS TO TRANSMIT SALES DATA TO THE  
28 BUREAU'S ELECTRONIC SALES REPORTING SYSTEM BUT FAILS  
29 TO DO SO SHALL, FOR EACH DAY OF VIOLATION, PAY A



1 PENALTY AMOUNTING TO ONE-HALF OF ONE PERCENT (1/2 OF  
2 1%) OF THE ANNUAL GROSS SALES AS REFLECTED IN THE  
3 VAT-REGISTERED TAXPAYER'S AUDITED FINANCIAL  
4 STATEMENT FOR THE SECOND YEAR PRECEDING THE CURRENT  
5 TAXABLE YEAR, OR TEN THOUSAND PESOS (P10,000),  
6 WHICHEVER IS HIGHER: *PROVIDED*, THAT PAYMENT OF THE  
7 PENALTY SHALL BE MADE SIMULTANEOUSLY WITH THE  
8 PAYMENT FOR VAT ON A MONTHLY BASIS AS PROVIDED  
9 IN SECTION 114(A) OF THIS CODE: *PROVIDED, FURTHER*,  
10 THAT SHOULD THE AGGREGATE NUMBER OF DAYS OF  
11 VIOLATION EXCEED ONE HUNDRED EIGHTY (180) DAYS WITHIN  
12 A TAXABLE YEAR, AN ADDITIONAL PENALTY OF PERMANENT  
13 CLOSURE OF THE VAT-REGISTERED TAXPAYER SHALL BE  
14 IMPOSED."

15 SEC. 35. A new section designated as Section 264-B under Chapter II,  
16 Title X of the National Internal Revenue Code of 1997, as amended, is hereby  
17 inserted to read as follows:

18 "SEC. 264-B. *PURCHASE, USE, POSSESSION, SALE OR*  
19 *OFFER TO SELL, INSTALLMENT, TRANSFER, UPDATE, UPGRADE,*  
20 *KEEPING OR MAINTAINING OF SALES SUPPRESSION DEVICES. —*  
21 *ANY PERSON WHO SHALL PURCHASE, USE, POSSESS, SELL OR*  
22 *OFFER TO SELL, INSTALL, TRANSFER, UPDATE, UPGRADE,*  
23 *KEEP, OR MAINTAIN ANY SOFTWARE OR DEVICE DESIGNED*  
24 *FOR, OR IS CAPABLE OF (A) SUPPRESSING THE CREATION OF*  
25 *ELECTRONIC RECORDS OF SALE TRANSACTIONS THAT A*  
26 *TAXPAYER IS REQUIRED TO KEEP UNDER EXISTING TAX*  
27 *LAWS AND/OR REGULATIONS, OR (B) MODIFYING, HIDING, OR*  
28 *DELETING ELECTRONIC RECORDS OF SALES TRANSACTIONS*  
29 *AND PROVIDING A READY MEANS OF ACCESS TO THEM, SHALL*  
30 *BE PUNISHED BY AN ADMINISTRATIVE FINE OF NOT LESS THAN*  
31 *FIVE HUNDRED THOUSAND PESOS (P500,000) BUT NOT MORE*

1           TIAN TEN MILLION PESOS (P10,000,000), AND SUFFER  
2           IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS BUT NOT  
3           MORE THAN FOUR (4) YEARS: *PROVIDED*, THAT A CUMULATIVE  
4           SUPPRESSION OF ELECTRONIC SALES RECORD IN EXCESS OF  
5           THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000) SHALL  
6           BE CONSIDERED AS ECONOMIC SABOTAGE AND SHALL BE  
7           PUNISHED IN THE MAXIMUM PENALTY PROVIDED FOR UNDER  
8           THIS PROVISION."

9           SEC. 36. A new section designated as Section 265-A under Chapter II,  
10          Title X of the National Internal Revenue Code of 1997, as amended, is hereby  
11          inserted to read as follows:

12                   "SEC. 265-A. *OFFENSES RELATING TO FUEL MARKING.*

13           - ALL OFFENSES RELATING TO FUEL MARKING ARE HEREBY  
14           CONSIDERED AS ECONOMIC SABOTAGE, AND SHALL, IN  
15           ADDITION TO THE PENALTIES IMPOSED UNDER TITLE X OF THIS  
16           ACT, SECTION 1401 OF REPUBLIC ACT NO. 10863, AND OTHER  
17           RELEVANT LAWS, BE PUNISHABLE AS FOLLOWS:

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

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

25                   "(2) FOR THE SECOND OFFENSE, A FINE OF FIVE  
26           MILLION PESOS (P5,000,000); AND

27                   "(3) FOR THE THIRD OFFENSE, A FINE OF TEN MILLION  
28           PESOS (P10,000,000) AND REVOCATION OF LICENSE TO  
29           ENGAGE IN ANY TRADE OR BUSINESS.

1                   **“(B) ANY PERSON WHO CAUSES THE REMOVAL OF THE**  
2                   **OFFICIAL FUEL MARKING AGENT FROM MARKED FUEL, AND**  
3                   **THE ADULTERATION OR DILUTION OF FUEL INTENDED FOR**  
4                   **SALE TO THE DOMESTIC MARKET, OR THE KNOWING**  
5                   **POSSESSION, STORAGE, TRANSFER OR OFFER FOR SALE OF**  
6                   **FUEL OBTAINED AS A RESULT OF SUCH REMOVAL,**  
7                   **ADULTERATION OR DILUTION SHALL BE PENALIZED IN THE**  
8                   **SAME MANNER AND EXTENT AS PROVIDED FOR IN THE**  
9                   **PRECEDING SUBSECTION.**

10                   **“(C) ANY PERSON WHO COMMITS ANY OF THE ACTS**  
11                   **ENUMERATED HEREUNDER SHALL, UPON CONVICTION, BE**  
12                   **PUNISHED BY A FINE OF NOT LESS THAN ONE MILLION PESOS**  
13                   **(P1,000,000) BUT NOT MORE THAN FIVE MILLION PESOS**  
14                   **(P5,000,000), AND SUFFER IMPRISONMENT OF NOT LESS THAN**  
15                   **FOUR (4) YEARS BUT NOT MORE THAN EIGHT (8) YEARS:**

16                   **“(1) MAKING, IMPORTING, SELLING, USING OR**  
17                   **POSSESSING FUEL MARKERS WITHOUT EXPRESS AUTHORITY;**

18                   **“(2) MAKING, IMPORTING, SELLING, USING OR**  
19                   **POSSESSING COUNTERFEIT FUEL MARKERS; OR**

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

22                   **“(D) ANY PERSON WHO WILLFULLY INSERTS, PLACES,**  
23                   **ADDS OR ATTACHES DIRECTLY OR INDIRECTLY, THROUGH ANY**  
24                   **OVERT OR COVERT ACT, WHATEVER QUANTITY OF ANY**  
25                   **UNMARKED FUEL, COUNTERFEIT ADDITIVE OR CHEMICAL IN**  
26                   **THE PERSON, HOUSE, EFFECTS, INVENTORY, OR IN THE**  
27                   **IMMEDIATE VICINITY OF AN INNOCENT INDIVIDUAL FOR THE**  
28                   **PURPOSE OF IMPLICATING, INCRIMINATING OR IMPUTING THE**  
29                   **COMMISSION OF ANY VIOLATION OF THIS ACT SHALL, UPON**  
30                   **CONVICTION, BE PUNISHED BY A FINE OF NOT LESS THAN FIVE**

1           MILLION PESOS (P5,000,000) BUT NOT MORE THAN TEN  
2           MILLION PESOS (P10,000,000), AND SUFFER IMPRISONMENT OF  
3           NOT LESS THAN FOUR (4) YEARS BUT NOT MORE THAN EIGHT  
4           (8) YEARS.

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

12          “THE ADDITIONAL PENALTIES OF REVOCATION OF THE  
13          LICENSE TO PRACTICE HIS/HER PROFESSION IN CASE OF A  
14          PRACTITIONER, AND THE CLOSURE OF THE FUEL TESTING  
15          FACILITY, MAY ALSO BE IMPOSED AT THE INSTANCE OF THE  
16          COURT.”

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

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

20                 “(A) x x x

21                 “(B) x x x

22                 “(C) x x x

23                 “(D) x x x

24                 “(E) x x x

25                 “(F) *EARMARKING OF INCREMENTAL REVENUES FROM*  
26                 *THE TAX REFORM FOR ACCELERATION AND INCLUSION ACT.* –  
27                 FOR A PERIOD OF FOUR (4) YEARS, FORTY PERCENT (40%) OF  
28                 THE YEARLY INCREMENTAL REVENUES GENERATED FROM THE  
29                 PETROLEUM EXCISE TAX UNDER SECTION 148 OF THIS CODE  
30                 SHALL BE ALLOCATED TO FUND A SOCIAL BENEFITS PROGRAM

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

17 "FOR THE SAME PERIOD AND SUCCEEDING YEARS  
18 THEREAFTER, THE REMAINING YEARLY INCREMENTAL  
19 REVENUES SHALL BE ALLOCATED PROPORTIONALLY, BASED ON  
20 EXISTING BUDGET ALLOCATION, FOR INFRASTRUCTURE,  
21 HEALTH, EDUCATION, HOUSING AND SOCIAL PROTECTION  
22 EXPENDITURES: *PROVIDED*, THAT THE INFRASTRUCTURE  
23 ALLOCATION SHALL BE PRIORITIZED TO ADDRESS CONGESTION  
24 THROUGH MASS TRANSPORT AND NEW ROAD NETWORK:  
25 *PROVIDED, FURTHER*, THAT INCREMENTAL REVENUES  
26 GENERATED FROM VAT IMPOSITION ON SALE OF REAL  
27 PROPERTY UTILIZED FOR SOCIALIZED HOUSING AS DEFINED BY  
28 LAW SHALL BE EXCLUSIVELY ALLOCATED AS SUBSIDY  
29 THROUGH A VOUCHER SYSTEM FOR QUALIFIED BENEFICIARIES  
30 UNDER THE GOVERNMENT'S SHELTER PROGRAMS.

1                   “(G) *HEALTH PROMOTION FUND.* – THE REVENUE TO BE  
2 COLLECTED UNDER SECTION 150-A OF THIS CODE SHALL BE  
3 ALLOCATED FOR THE FOLLOWING PURPOSES:

4                   “(1) FIFTEEN PERCENT (15%) OF THE TAX COLLECTION  
5 SHALL ACCRUE TO FUND PROGRAMS UNDER REPUBLIC ACT  
6 NO. 10659, OTHERWISE KNOWN AS ‘THE SUGARCANE  
7 INDUSTRY DEVELOPMENT ACT OF 2015’, TO ADVANCE THE  
8 SELF-RELIANCE OF SUGAR FARMERS THAT WILL INCREASE  
9 PRODUCTIVITY, PROVIDE LIVELIHOOD OPPORTUNITIES,  
10 DEVELOP ALTERNATIVE FARMING SYSTEMS AND ULTIMATELY  
11 ENHANCE FARMERS’ INCOME; AND

12                   “(2) EIGHTY-FIVE PERCENT (85%) SHALL ACCRUE TO  
13 THE GENERAL FUND TO SUPPORT THE FOLLOWING PRIORITY  
14 PROGRAMS:

15                   “(A) OPERATIONALIZATION AND MONITORING OF  
16 NON-TAX MEASURES TO PREVENT NON-COMMUNICABLE  
17 DISEASES INCLUDING REGULATORY MEASURES ON  
18 MARKETING, MANDATORY LABELING AND SALE OF  
19 UNHEALTHY FOOD AND BEVERAGE PRODUCTS; NATIONWIDE  
20 INFORMATION AND ADVOCACY MEASURES TO CURB LIFESTYLE  
21 RELATED RISK FACTORS; DIRECT PROVISIONS AND INCENTIVE-  
22 BASED MEASURES TO INCREASE ACCESS TO AND  
23 AFFORDABILITY OF HEALTHIER FOOD AND BEVERAGE  
24 PRODUCTS; AND PROMOTION OF ORAL HEALTH;

25                   “(B) PROVISION OF SPORTS FACILITIES AND ACCESS TO  
26 POTABLE DRINKING WATER FOR PUBLIC SCHOOLS; DEVELOP  
27 AND SUSTAIN SCHOOL-BASED FEEDING PROGRAM; PREVENTION  
28 PROGRAMS AND AWARENESS CAMPAIGNS AGAINST OBESITY,  
29 OVERWEIGHT AND DENTAL CARIES; AND OTHER DIET-RELATED  
30 HEALTH AWARENESS PROGRAMS USING EDUCATIONAL,

1 ENVIRONMENTAL, POLICY AND OTHER PUBLIC HEALTH  
2 APPROACHES;

3 “(C) PROVISION OF POTABLE DRINKING WATER SUPPLY  
4 IN ALL PUBLIC PLACES; AND

5 “(D) FUNDING TO ENABLE THE FOOD AND DRUG  
6 ADMINISTRATION TO FULFILL ITS MANDATE OF ENSURING THE  
7 SAFETY, EFFICACY OR QUALITY OF HEALTH PRODUCTS AS  
8 DEFINED BY REPUBLIC ACT NO. 9711, OTHERWISE KNOWN  
9 AS THE ‘FOOD AND DRUG ADMINISTRATION (FDA) ACT OF  
10 2009’.”

11 SEC. 38. *Reportorial Requirements.* – The inter-agency  
12 committee created and the concerned departments/agencies/beneficiaries  
13 under Section 37 of this Act shall submit to the President of the Senate of  
14 the Philippines, the Speaker of the House of Representatives, the Senate  
15 Committee on Finance and the House Committee on Appropriations a detailed  
16 report on the expenditure of the amounts earmarked. The report shall likewise  
17 be posted on the official website of the agencies concerned.

18 SEC. 39. *Implementing Rules and Regulations.* – Within six (6)  
19 months from the effectivity of this Act, the Secretary of Finance shall, upon the  
20 recommendation of the Commissioner of Internal Revenue, promulgate the  
21 necessary rules and regulations for its effective implementation.

22 SEC. 40. *Separability Clause.* – If any provision of this Act is  
23 subsequently declared invalid or unconstitutional, the other provisions hereof  
24 which are not affected thereby shall remain in full force and effect.

25 SEC. 41. *Repealing Clause.* – All laws, including special laws  
26 covering VAT exemptions, VAT zero-rating and personal income tax  
27 exemption, acts, presidential decrees, executive orders, issuances, presidential  
28 proclamations, rules and regulations or parts thereof, which are contrary to or  
29 inconsistent with any provision of this Act are hereby repealed, amended or  
30 modified accordingly; and the persons and/or transactions affected herein are



1 fully made subject to the VAT or personal income tax provisions of the  
2 National Internal Revenue Code of 1997, as amended.

3       SEC. 42. *Effectivity.* – This Act shall take effect fifteen (15) days after  
4 its complete publication in the *Official Gazette* or in at least two (2)  
5 newspapers of general circulation.

Approved,

**O**