

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

'22 JUL 27 P2 :03

**SENATE**  
S. No. 900

RECEIVED BY: 

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Introduced by Senator **PIA S. CAYETANO**

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**AN ACT**

**AMENDING SECTIONS 22, 24, 25, 27, 28, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 121, 122, 123, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 195, 198, AND 199; AND REPEALING SECTIONS 175, 177, 178, 180, 188, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The Comprehensive Tax Reform Program (CTRP) of the previous administration has made significant progress to boost government revenues, especially to fund flagship infrastructure projects and the universal health care program. Through the implementation of those tax reform programs, the government collected P575.8 billion in incremental revenues from 2018 to 2021 particularly on Republic Act No. 10963 or the "Tax Reform for Acceleration and Inclusion (TRAIN) Law," Republic Act No. 11467 or the "Sin Tax Reform Act of 2020," and tax amnesty program.<sup>1</sup>

In the 2022 State of the Nation Address<sup>2</sup> of President Ferdinand Marcos, Jr., he made mention that his administration will continue to push for the passage of the remaining tax reforms under the CTRP, which includes the fourth package or the

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<sup>1</sup> Rosales, E. (2022, June). Government generates P576 billion from various tax reforms. [philstar.com/business/2022/06/01/2185088/government-generates-p576-billion-various-tax-reforms#:~:text=Finance%20Undersecretary%20Valery%20Brion%20yesterday,laws%20and%20tax%20amnesty%20program.](https://philstar.com/business/2022/06/01/2185088/government-generates-p576-billion-various-tax-reforms#:~:text=Finance%20Undersecretary%20Valery%20Brion%20yesterday,laws%20and%20tax%20amnesty%20program.)

<sup>2</sup> Gita-Carlos, R. (July 2022). PBBM urges Congress to pass admin's 19 priority measures. <https://www.pna.gov.ph/articles/1179709>

proposed Passive Income and Financial Intermediary Taxation Act (PIFITA). The undersigned, as Chairperson of the Senate Committee on Ways and Means in the 18th Congress, conducted hearings on the said tax measure.

This proposed PIFITA bill complements the TRAIN Law by making passive income and financial intermediary taxes fairer, more efficient, and competitive regionally. It will greatly simplify the taxation of passive income, financial services, and transactions. This bill will reduce the number of tax rates and will also harmonize the tax rates on interest, dividends, and capital gains, and the business taxes imposed on financial intermediaries.<sup>3</sup> PIFITA will provide a window of opportunity to achieve much-needed tax reform in the financial sector, which is vital in the movement of capital to where they are most needed, so that higher, sustainable, and more inclusive growth can be achieved.

In view of the foregoing, the approval of this bill is earnestly sought.

*Pia S. Cayetano*  
PIA S. CAYETANO *PS*

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<sup>3</sup> DOF. Package 4: Passive Income and Financial Intermediary Taxation Act (PIFITA)  
<https://taxreform.dof.gov.ph/tax-reform-packages/p4-passive-income-and-financial-taxes/>

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**AN ACT**

**AMENDING SECTIONS 22, 24, 25, 27, 28, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 121, 122, 123, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 195, 198, AND 199; AND REPEALING SECTIONS 175, 177, 178, 180, 188, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES**

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

1           **SECTION. 1.** *Title.* – This Act shall be known as the "*Passive Income and*  
2 *Financial Intermediary Taxation Act.*"

3           **SEC. 2.** *Declaration of Policy.* – The financial sector plays a significant role in  
4 the long-term growth of the national economy. A key policy consideration is to allow  
5 the capital market to develop as efficiently as possible, with the least intervention. The  
6 optimal taxation of capital markets, and the products and transactions that come with  
7 them, is an essential element in developing the capital market. Towards this end, the  
8 State recognizes the necessity of a simpler, fairer, more efficient, and regionally more  
9 competitive tax system for passive income and financial intermediation to encourage  
10 savings and develop as well as deepen the capital markets. Accordingly, the State  
11 adopts the following policies:

12           1. The State shall promote and develop a tax system that provides  
13           neutrality in the tax treatment across financial institutions and financial  
14           instruments.

- 1           2. The State shall endeavor to simplify an otherwise complex tax system  
2           for easy compliance.
- 3           3. The State shall ensure that the taxation of passive income and financial  
4           transactions is equitable across all stakeholders and discourages  
5           arbitrage opportunities.
- 6           4. The State shall promote capital market development and tax  
7           competitiveness within the context of globalization, increased capital  
8           mobility, and financial inclusion.

9           **SEC. 3.** Section 22 of the National Internal Revenue Code of 1997, as amended,  
10          is hereby amended to read as follows:

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

12                         (A) xxx

13   xxx   xxx   xxx

14                         (L) The term '*shares of stock*' shall [include] **REFER TO** shares  
15                         of stock of a corporation, warrants and/or options [to purchase shares  
16                         of stock], **WHETHER TO BUY OR SELL SECURITIES, FUTURES  
17                         CONTRACTS, AND SUCH OTHER DERIVATIVE SECURITIES  
18                         LISTED AND TRADED IN A LOCAL EXCHANGE OR AN  
19                         ORGANIZED MARKETPLACE**, as well as units of participation in a  
20                         partnership (except general professional partnerships), joint stock  
21                         companies, joint accounts, **COLLECTIVE INVESTMENT SCHEMES**,  
22                         joint ventures taxable as corporations, associations, and recreation or  
23                         amusement clubs (such as golf, polo or similar clubs), and mutual fund  
24                         certificates.

25                         (M) The term '*shareholder*' shall [include] **REFER TO** holders  
26                         of a share/s of stock, warrant/s and/or option/s [to purchase shares of  
27                         stock of a corporation], **WHETHER TO BUY OR SELL SECURITIES,  
28                         FUTURES CONTRACTS, AND SUCH OTHER DERIVATIVE  
29                         SECURITIES LISTED AND TRADED IN A LOCAL EXCHANGE OR  
30                         AN ORGANIZED MARKETPLACE**, as well as a holder of a unit of  
31                         participation in a partnership (except general professional partnerships),

1 in a joint stock company, a joint account, **A COLLECTIVE**  
2 **INVESTMENT SCHEME**, a taxable joint venture, a member of an  
3 association, recreation or amusement club (such as golf, polo, or similar  
4 clubs), and a holder of a mutual fund certificate, a member in an  
5 association, joint-stock company, or insurance company.

6 xxx xxx xxx

7 (T) The term '*securities*' [means] **SHALL REFER TO** [shares  
8 of stock in a corporation and rights to subscribe for or to receive such  
9 shares. The term includes bonds, debentures, notes or certificates, or  
10 other evidence of indebtedness, issued by any corporation, including  
11 those issued by a government or political subdivision thereof, with  
12 interest coupons or in registered form[.], **SHARES,**  
13 **PARTICIPATION, OR INTERESTS IN A CORPORATION OR IN A**  
14 **COMMERCIAL ENTERPRISE OR PROFIT-MAKING VENTURE**  
15 **EVIDENCED BY A CERTIFICATE, CONTRACT, INSTRUMENTS,**  
16 **WHETHER WRITTEN OR ELECTRONIC IN CHARACTER. THESE**  
17 **INCLUDE:**

18 (1) **SHARES OF STOCK, BONDS, DEBENTURES, NOTES,**  
19 **EVIDENCES OF INDEBTEDNESS, ASSET-BACKED**  
20 **SECURITIES;**

21 (2) **INVESTMENT CONTRACTS, CERTIFICATES OF**  
22 **INTEREST, OR PARTICIPATION IN A PROFIT SHARING**  
23 **AGREEMENT SUCH AS COLLECTIVE INVESTMENT SCHEMES**  
24 **OR CERTIFICATE OF DEPOSIT FOR A FUTURE**  
25 **SUBSCRIPTION;**

26 (3) **FRACTIONAL UNDIVIDED INTERESTS IN OIL, GAS,**  
27 **OR OTHER MINERAL RIGHTS;**

28 (4) **CERTIFICATES OF ASSIGNMENTS, CERTIFICATES**  
29 **OF PARTICIPATION, TRUST CERTIFICATES, VOTING TRUST**  
30 **CERTIFICATES, OR SIMILAR INSTRUMENTS;**

31 (5) **PROPRIETARY OR NON-PROPRIETARY**  
32 **MEMBERSHIP CERTIFICATES IN CORPORATIONS; AND**

1                   **(6) OTHER INSTRUMENTS AS MAY BE DETERMINED BY**  
2                   **THE SECURITIES AND EXCHANGE COMMISSION.**

3   XXX   XXX   XXX

4                   **(V)** The term '*bank*' [means every banking institution, as defined  
5 in Section 2 Republic Act No. 337, as amended, otherwise known as the  
6 "General Banking Act." A bank may either be, a commercial bank, a  
7 thrift bank, a development bank, a rural bank or specialized government  
8 bank] **SHALL REFER TO ENTITIES ENGAGED IN THE LENDING**  
9 **OF FUNDS OBTAINED IN THE FORM OF DEPOSITS. BANKS**  
10 **SHALL BE CLASSIFIED INTO UNIVERSAL BANKS, COMMERCIAL**  
11 **BANKS, AND THRIFT BANKS COMPOSED OF: (A) SAVINGS AND**  
12 **MORTGAGE BANKS; AND (B) STOCK SAVINGS AND LOAN**  
13 **ASSOCIATIONS; AND (C) PRIVATE DEVELOPMENT BANKS, AS**  
14 **DEFINED IN REPUBLIC ACT NO. 7906, OR THE THRIFT BANKS**  
15 **ACT; RURAL BANKS, AS DEFINED IN REPUBLIC ACT NO. 7353**  
16 **OF THE RURAL BANKS ACT; ISLAMIC BANKS AS DEFINED IN**  
17 **REPUBLIC ACT NO. 6848, OR THE CHARTER OF AL AMANAH**  
18 **ISLAMIC INVESTMENT BANK OF THE PHILIPPINES; AND**  
19 **OTHER CLASSIFICATIONS OF BANKS AS DETERMINED BY THE**  
20 **MONETARY BOARD OF THE BANGKO SENTRAL NG PILIPINAS.**

21                   **(W)** The term '*non-bank financial intermediary*' [means]  
22 **SHALL REFER TO** [a financial intermediary, as defined in Section  
23 2(D)(C) of Republic Act No. 337, as amended, otherwise known as the  
24 "General Banking Act," authorized by the Bangko Sentral ng Pilipinas  
25 (BSP) to perform quasi-banking activities] **PERSONS OR ENTITIES**  
26 **ENGAGED IN THE BORROWING OF FUNDS, FOR THE**  
27 **BORROWER'S OWN ACCOUNT, THROUGH THE ISSUANCE,**  
28 **ENDORSEMENT, OR ACCEPTANCE OF DEBT INSTRUMENTS OF**  
29 **ANY KIND OTHER THAN DEPOSITS, OR THROUGH THE**  
30 **ISSUANCE OF CERTIFICATES OF PARTICIPATIONS,**  
31 **CERTIFICATES OF ASSIGNMENT, OR SIMILAR INSTRUMENTS**  
32 **WITH RECOURSE, TRUST CERTIFICATES, OR OF REPURCHASE**

1           **AGREEMENTS, FROM TWENTY (20) OR MORE LENDERS AT ANY**  
2           **ONE TIME, FOR PURPOSES OF RELENDING OR PURCHASING OF**  
3           **RECEIVABLES AND OTHER OBLIGATIONS, BUT DOES NOT**  
4           **INCLUDE COMMERCIAL, INDUSTRIAL, AND OTHER NON-**  
5           **FINANCIAL COMPANIES, WHICH BORROW FUNDS THROUGH**  
6           **ANY OF THESE MEANS FOR THE LIMITED PURPOSE OF**  
7           **FINANCING THEIR OWN NEEDS OR THE NEEDS OF THEIR**  
8           **AGENTS OR DEALERS.**

9           **(X) THE TERM 'QUASI-BANK' SHALL REFER TO ENTITIES**  
10          **ENGAGED IN THE BORROWING OF FUNDS THROUGH THE**  
11          **ISSUANCE, ENDORSEMENT OR ASSIGNMENT WITH RECOURSE**  
12          **OR ACCEPTANCE OF DEPOSIT SUBSTITUTES, AS DEFINED IN**  
13          **SUBSECTION (Z) HEREOF FOR PURPOSES OF RELENDING OR**  
14          **PURCHASING OF RECEIVABLES AND OTHER OBLIGATIONS.**

15          **[(X)] (Y) The term 'QUASI-BANKING ACTIVITIES' [means]**  
16          **SHALL REFER TO** borrowing funds from twenty (20) or more  
17          **[personal] INDIVIDUALS** or corporate lenders at any one time through  
18          the issuance, endorsement, or acceptance of debt instruments of any  
19          kind other than deposits for the borrower's own account, or through the  
20          issuance of certificates of assignment or similar instruments, with  
21          recourse, or of repurchase agreements for purposes of relending or  
22          purchasing receivables and other similar obligations: *Provided, however,*  
23          That commercial, industrial and other non-financial companies, which  
24          borrow funds through any of these means for the limited purpose of  
25          financing their own needs or the needs of their agents or dealers, shall  
26          not be considered as performing quasi-banking functions. **PROVIDED,**  
27          **FURTHER, THAT IF THE INTENTION IS FOR THE DEBT**  
28          **INSTRUMENTS TO BE HELD BY MORE THAN NINETEEN (19)**  
29          **HOLDERS DURING THE ENTIRE TERM OF THE DEBT**  
30          **INSTRUMENT AND IF THE TENOR AND DENOMINATION ARE**  
31          **SUCH THAT THEY CAN BE HELD BY MORE THAN NINETEEN (19)**

1           **LENDERS, THEN THE INSTRUMENT SHALL BE CONSIDERED**  
2           **DEPOSIT SUBSTITUTES.**

3           [(Y)] (Z) The term '*deposit substitutes*' shall [mean] **REFER**  
4           **TO** an alternative form of obtaining funds from the public (the term  
5           'public' means borrowing from twenty (20) or more individual or  
6           corporate lenders at any one time) other than deposits, through the  
7           issuance, endorsement, or acceptance of debt instruments for the  
8           borrowers own account, for the purpose of relending or purchasing of  
9           receivables and other obligations, or financing their own needs or the  
10          needs of their agent or dealer. These instruments may include, but need  
11          not be limited to bankers' acceptances, promissory notes, repurchase  
12          agreements, [including] **EXCLUDING** reverse repurchase agreements  
13          entered into by and between the Bangko Sentral ng Pilipinas (BSP) and  
14          any authorized agent bank, certificates of assignment or participation  
15          and similar instruments with recourse. **DEBT INSTRUMENTS ISSUED**  
16          **BY THE GOVERNMENT AND ANY OF ITS AGENCIES AND**  
17          **INSTRUMENTALITIES, INCLUDING GOVERNMENT FINANCIAL**  
18          **INSTITUTIONS SHALL BE DEEMED ISSUED TO THE PUBLIC AND**  
19          **CONSIDERED DEPOSIT SUBSTITUTES.** *Provided, however,* That  
20          debt instruments issued for interbank call loans with maturity of not  
21          more than five (5) days to cover deficiency in reserves against deposit  
22          liabilities, including those between or among banks and quasi-banks,  
23          shall not be considered as deposit substitute debt instruments.

24                [(Z)] (AA) The term '*ordinary income*' xxx        xxx  
25                xxx

26                [(AA)] (BB) The term '*rank and file employees*' xxx  
27                xxx xxx

28                [(BB)] (CC) The term '*mutual fund company*' shall [mean]  
29                **REFER TO ANY INVESTMENT COMPANY WHICH IS OR HOLDS**  
30                **ITSELF OUT AS BEING ENGAGED PRIMARILY, OR PROPOSES TO**  
31                **ENGAGE PRIMARILY IN THE BUSINESS OF POOLING**  
32                **TOGETHER MONEY FROM VARIOUS INVESTORS AND INVESTS,**



1 REINVESTS, OR TRADES THE SAME IN SECURITIES, WHETHER  
2 IN STOCKS, BONDS, MONEY MARKET INSTRUMENTS, OTHER  
3 SECURITIES, CASH, OR ANY OTHER ASSET, OR an open-end and  
4 close-end investment company as defined under **REPUBLIC ACT NO.**  
5 **2629, ALSO KNOWN AS** the Investment Company Act **OF THE**  
6 **PHILIPPINES.**

7 [(CC)] (DD) The term 'trade, business or profession' xxx  
8 xxx xxx

9 [(DD)] (EE) The term 'regional or area headquarters' xxx  
10 xxx xxx

11 [(EE)] (FF) The term 'regional operating headquarters' xxx  
12 xxx xxx

13 [(FF)] (GG) The term ['long-term deposit or investment  
14 certificate' shall refer to certificate of time deposit or investment in the  
15 form of savings, common or individual trust funds, deposit substitutes,  
16 investment management accounts and other investments with a  
17 maturity period of not less than five (5) years, the form of which shall  
18 be prescribed by the Bangko Sentral ng Pilipinas (BSP) and issued by  
19 banks only (not by non-bank financial intermediaries and finance  
20 companies) to individuals in denominations of Ten thousand pesos  
21 (P10,000) and other denominations as may be prescribed by the  
22 **BSP.] 'FINANCIAL INSTITUTIONS' OR 'FINANCIAL**  
23 **INTERMEDIARIES' SHALL REFER TO PERSONS OR ENTITIES**  
24 **WHOSE PRINCIPAL FUNCTIONS INCLUDE THE BUSINESS OF**  
25 **LENDING, FINANCING, INVESTING, OR PLACEMENT OF FUNDS**  
26 **OR EVIDENCES OF INDEBTEDNESS OR EQUITY DEPOSITED**  
27 **WITH THEM, ACQUIRED BY THEM, OR OTHERWISE COURSED**  
28 **THROUGH THEM, EITHER FOR THEIR OWN ACCOUNT OR FOR**  
29 **THE ACCOUNT OF OTHERS, AND ARE AUTHORIZED BY THE**  
30 **BANGKO SENTRAL NG PILIPINAS OR BY THE SECURITIES AND**  
31 **EXCHANGE COMMISSION DEPENDING ON THE GOVERNMENT**  
32 **AGENCY AUTHORIZED TO REGULATE THEM. THESE SHALL**

1 INCLUDE BANKS, QUASI-BANKS, TRUST ENTITIES,  
2 PAWNSHOPS, FOREIGN EXCHANGE DEALERS, MONEY  
3 BROKERS, FINANCING COMPANIES, FINANCE LEASING  
4 COMPANIES, INVESTMENT COMPANIES, AND OTHER ENTITIES  
5 ENGAGED IN COLLECTIVE INVESTMENT SCHEMES,  
6 INVESTMENT HOUSES, LENDING INVESTORS OR ENTITIES  
7 ENGAGED IN FINANCIAL INTERMEDIATION ACTIVITIES, AND  
8 OTHER TYPES OF BUSINESS THAT MAY BE CLASSIFIED BY THE  
9 BANGKO SENTRAL NG PILIPINAS OR THE SECURITIES AND  
10 EXCHANGE COMMISSION AS FINANCIAL INSTITUTIONS.

11 LIFE AND NON-LIFE INSURANCE COMPANIES, PRE-NEED  
12 COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS  
13 ARE ALSO CONSIDERED FINANCIAL INSTITUTIONS UNDER  
14 THE SUPERVISION OF THE INSURANCE COMMISSION.

15 [(GG)] (HH) The term '*statutory minimum wage*' xxx xxx  
16 xxx

17 [(HH)] (II) The term '*minimum wage earner*' xxx xxx xxx

18 (JJ) THE TERM '*COLLECTIVE INVESTMENT SCHEMES*' OR  
19 '*CIS*' SHALL REFER TO ANY ARRANGEMENT WHEREBY FUNDS  
20 ARE SOLICITED FROM THE INVESTING PUBLIC AND POOLED  
21 TOGETHER FOR THE PURPOSE OF INVESTING, RE-INVESTING,  
22 OR TRADING IN SECURITIES OR OTHER ASSETS OR DIFFERENT  
23 CLASSES THEREOF AS ALLOWED UNDER THE LAW, WHICH MAY  
24 EITHER HAVE A CORPORATE STRUCTURE, SUCH AS AN  
25 INVESTMENT COMPANY, OR A CONTRACTUAL STRUCTURE,  
26 SUCH AS A UNIT INVESTMENT TRUST FUND OR SIMILAR  
27 SCHEME HELD BY A TRUST CORPORATION OR A SEPARATE  
28 ACCOUNT FUND ESTABLISHED PURSUANT TO A VARIABLE  
29 UNIT LINKED LIFE INSURANCE POLICY ISSUED BY AN  
30 INSURANCE COMPANY, AND SUCH OTHER FORMS OF

1 COLLECTIVE INVESTMENT SCHEMES AS MAY BE DETERMINED  
2 BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES  
3 SUCH AS THE BANGKO SENTRAL NG PILIPINAS, THE  
4 SECURITIES AND EXCHANGE COMMISSION AND THE  
5 INSURANCE COMMISSION. A CIS MAY EITHER BE OPEN-END  
6 OR CLOSED-END, DEFINED AS FOLLOWS:

7 '*OPEN-END CIS*' SHALL REFER TO A CIS WHERE  
8 SECURITIES ARE OFFERED AND ARE ALWAYS REDEEMABLE BY  
9 THE CIS; AND

10 '*CLOSED-END CIS*' SHALL REFER TO A CIS WHERE A  
11 FIXED NUMBER OF SECURITIES ARE OFFERED IN AN INITIAL  
12 PUBLIC OFFERING AND THEREAFTER MAY BE TRADED IN AN  
13 ORGANIZED MARKETPLACE AS DETERMINED BY THE  
14 SECURITIES AND EXCHANGE COMMISSION, BUT MAY NOT BE  
15 REDEEMED BY THE CIS. A CLOSED-END CIS SHALL NOT BE  
16 ALLOWED TO INCREASE ITS NUMBER OF SECURITIES.

17 (KK) THE TERM '*UNIT LINKED INVESTMENT*  
18 '*INSTRUMENT*' SHALL REFER TO A CONTRACTUAL CIS  
19 ORGANIZED PURSUANT TO A CONTRACT, SUCH AS TRUST  
20 INDENTURE, OR AS AN INVESTMENT COMPONENT OF AN  
21 INSURANCE CONTRACT, ENGAGED OR HOLDS ITSELF OUT AS  
22 BEING ENGAGED, OR PROPOSES TO ENGAGE, IN THE BUSINESS  
23 OF INVESTING, REINVESTING, OR TRADING IN SECURITIES  
24 OR OTHER INVESTMENT ASSETS, AND ISSUES UNITS OF  
25 PARTICIPATION, EACH OF WHICH REPRESENTS AN  
26 UNDIVIDED INTEREST IN A POOL OF INVESTMENT ASSETS.

27 (LL) THE TERM '*HOLDING COMPANY*' SHALL REFER TO  
28 ANY CORPORATION ORGANIZED TO HOLD THE STOCK OF  
29 ANOTHER OR OTHER CORPORATIONS, AND OTHER FORMS OF  
30 HOLDING COMPANIES AS MAY BE DETERMINED BY  
31 APPROPRIATE GOVERNMENT REGULATORY AGENCIES.

32

1 (MM) THE TERM '*DEBT INSTRUMENT*' SHALL REFER TO  
2 INSTRUMENTS REPRESENTING BORROWING AND LENDING  
3 TRANSACTIONS INCLUDING BUT NOT LIMITED TO  
4 DEBENTURES, CERTIFICATES OF INDEBTEDNESS, DUE BILLS,  
5 BONDS, LOAN AGREEMENTS, INSTRUMENTS, AND SECURITIES  
6 ISSUED BY THE GOVERNMENT OR ANY OF ITS  
7 INSTRUMENTALITIES, DEPOSIT SUBSTITUTES, CERTIFICATES  
8 OR OTHER EVIDENCES OF DEPOSITS, PROMISSORY NOTES,  
9 WHETHER NEGOTIABLE OR NON-NEGOTIABLE, OTHER  
10 SIMILAR INSTRUMENTS, AND OTHER INSTRUMENTS AS MAY  
11 BE DETERMINED BY APPROPRIATE GOVERNMENT AGENCIES.

12 (NN) THE TERM '*ORGANIZED MARKETPLACE*' SHALL  
13 REFER TO AN EXCHANGE, AN OVER-THE-COUNTER MARKET, OR  
14 AN ALTERNATIVE TRADING SYSTEM RECOGNIZED AS SUCH BY  
15 THE SECURITIES AND EXCHANGE COMMISSION AS AN  
16 EXCHANGE UNDER REPUBLIC ACT NO. 8799, AS AMENDED,  
17 AND GOVERNED BY, AMONG OTHERS, TRANSPARENT AND  
18 BINDING RULES AND MARKET CONVENTIONS ON  
19 MEMBERSHIP, TRADING, PRICE TRANSPARENCY, TRADE  
20 REPORTING, MARKET MONITORING AND ORDERLY CONDUCT  
21 OF THE MARKET WHICH ARE ENFORCEABLE ON THE MEMBERS  
22 AND PARTICIPANTS.

23 (OO) THE TERM HEALTH INSURANCE PRODUCTS SHALL  
24 REFER TO THOSE THAT ARE BEING OFFERED AND SOLD BY  
25 INSURANCE COMPANIES, EITHER LIFE OR NON-LIFE,  
26 WHEREIN THERE IS A LIST OF COVERED ILLNESSES OF WHICH  
27 THE COMPANIES ASSUME RISKS AND INDEMNIFY LOSSES  
28 BROUGHT BY THE SAID COVERED ILLNESSES.

29 (PP) THE TERM HEALTH MAINTENANCE ORGANIZATION  
30 (HMO) PRODUCTS SHALL REFER TO PRE-AGREED OR  
31 DESIGNATED HEALTH CARE SERVICES TO THE ENROLLED  
32 MEMBERS FOR A FIXED PRE-PAID FEE FOR A SPECIFIED

1 PERIOD OF TIME THROUGH THE USE OF SELECTED NETWORK  
2 OF HEALTH CARE PROVIDERS. HMO PRODUCTS PROVIDE A  
3 WIDE ARRAY OF MEDICAL, SURGICAL AND HOSPITAL  
4 SERVICES THAT INCLUDE PREVENTIVE CARE AND WELLNESS  
5 PROGRAMS AND GENERALLY HAVE NO CASH-OUT  
6 TRANSACTION.

7 SEC. 4. Section 24 (B) and (C) of the National Internal Revenue Code of 1997,  
8 as amended, is hereby amended to read as follows:

9 SEC. 24. *Income Tax Rates.* –

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

12 XXX XXX XXX

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

14 (1) *Interests[, Royalties, Prizes, and Other Winnings.]* – A final  
15 tax at the rate of [twenty percent (20%)] **FIFTEEN PERCENT (15%)** is  
16 hereby imposed upon the amount of interest [from any currency bank deposit,  
17 and yield or any other monetary benefit from deposit substitutes, and from  
18 trust funds and similar arrangements; royalties, except on books, as well as  
19 other literary works and musical compositions, which shall be imposed a final  
20 tax of ten percent (10%); prizes (except prizes amounting to Ten thousand  
21 pesos (P10,000) or less which shall be subject to tax under Subsection (A) of  
22 Section 24; and other winnings (except winnings amounting to Ten Thousand  
23 pesos (P10,000) or less from Philippine Charity Sweepstakes and Lotto which  
24 shall be exempt), derived from sources within the Philippines:] **YIELD, OR**  
25 **ANY OTHER MONETARY BENEFIT EARNED OR RECEIVED FROM BANK**  
26 **DEPOSIT, DEPOSIT SUBSTITUTE, TRUST FUND, AND SIMILAR**  
27 **ARRANGEMENTS.** [*Provided, however,* That interest income received by an  
28 individual taxpayer (except a non-resident individual) from a depository bank  
29 under the expanded foreign currency deposit system shall be subject to a final  
30 income tax at the rate of fifteen percent (15%) of such interest income:  
31 *Provided, further,* That interest income from long-term deposit or investment

1 in the form of savings, common or individual trust funds, deposit substitutes,  
2 investment management accounts and other investments evidenced by  
3 certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP)  
4 shall be exempt from the tax imposed under this Subsection: *Provided, finally,*  
5 That should the holder of the certificate pre-terminate the deposit or  
6 investment before the fifth (5<sup>th</sup>) year, a final tax shall be imposed on the entire  
7 income and shall be deducted and withheld by the depository bank from the  
8 proceeds of the long-term deposit or investment certificate based on the  
9 remaining maturity thereof:

10 Four (4) years to less than five (5) years – 5%;

11 Three (3) years to less than (4) years – 12%; and

12 Less than three (3) years – 20%.]

13 **(2) Cash and/or Property Dividends.** – A final tax at the rate of  
14 [ten percent (10%)] **FIFTEEN PERCENT (15%)** shall be imposed upon the  
15 cash and/or property dividends actually or constructively received by an  
16 individual from a domestic corporation or from a joint stock company, insurance  
17 or mutual fund companies, **ENTITIES ENGAGED IN COLLECTIVE**  
18 **INVESTMENT SCHEMES**, and regional operating headquarters of  
19 multinational companies, or on the share of an individual in the distributable  
20 net income after tax of a partnership (except a general professional  
21 partnership) of which [he] **ONE** is a partner, or on the share of an individual in  
22 the net income after tax of an association, a joint account, or a joint venture  
23 or consortium taxable as a corporation of which [he] **ONE** is a member or co-  
24 venturer: **PROVIDED, HOWEVER, THAT THE FIFTEEN PERCENT (15%)**  
25 **TAX ON DIVIDENDS SHALL APPLY ONLY ON INCOME EARNED ON OR**  
26 **AFTER JANUARY 1, 2023. INCOME FORMING PART OF RETAINED**  
27 **EARNINGS AS OF DECEMBER 31, 2022, EVEN IF DECLARED OR**  
28 **DISTRIBUTED ON OR AFTER JANUARY 1, 2023, SHALL BE SUBJECT**  
29 **TO TEN PERCENT (10%) TAX.**

30 **LIQUIDATING DIVIDEND SHALL BE SUBJECT TO SECTION**  
31 **24(A) BASED ON NET GAIN.**

32 **[(C)] (3) Capital Gains from THE Sale, EXCHANGE, BARTER, OR**  
33 **DISPOSITION of Shares of Stock not Traded in the Stock Exchange**  
34 **OR ORGANIZED MARKETPLACE.** – [The provisions of Section 39(B)  
35 notwithstanding, a] **A** final tax at the rate of fifteen percent (15%) is hereby  
36 imposed upon the net capital gains realized during the taxable year from the

1 sale, barter, exchange or other disposition of shares of stock in a domestic  
2 corporation, except shares sold, or disposed of through **A LOCAL [the] stock**  
3 **exchange[.] OR AN ORGANIZED MARKETPLACE.**

4 **(4) PRESUMPTIVE CAPITAL GAINS FROM THE SALE,**  
5 **EXCHANGE, BARTER, OR DISPOSITION OF SHARES OF STOCK**  
6 **TRADED IN THE STOCK EXCHANGE OR AN ORGANIZED**  
7 **MARKETPLACE. – A FINAL TAX AT THE RATE OF SIX-TENTH OF ONE**  
8 **PERCENT (6/10 OF 1%) SHALL BE LEVIED, ASSESSED AND**  
9 **COLLECTED ON EVERY SALE, BARTER, EXCHANGE, OR ANY OTHER**  
10 **MODE OF DISPOSITION OF SHARES OF STOCK LISTED AND TRADED**  
11 **THROUGH A LOCAL STOCK EXCHANGE OR AN ORGANIZED**  
12 **MARKETPLACE, AND SHALL BE REDUCED ACCORDING TO THE**  
13 **FOLLOWING SCHEDULE:**

14 **JANUARY 1, 2023: FIVE-TENTH OF ONE PERCENT (5/10 OF**  
15 **1%),**

16 **JANUARY 1, 2024: FOUR-TENTH OF ONE PERCENT (4/10 OF**  
17 **1%),**

18 **JANUARY 1, 2025: THREE-TENTH OF ONE PERCENT (3/10 OF**  
19 **1%),**

20 **JANUARY 1, 2026: TWO-TENTH OF ONE PERCENT (2/10 OF**  
21 **1%),**

22 **JANUARY 1, 2027: ONE-TENTH OF ONE PERCENT (1/10 OF 1%).**

23 **THE TAX SHALL BE BASED ON THE GROSS SELLING PRICE OR**  
24 **GROSS VALUE IN MONEY OF THE SHARES OF STOCK SOLD,**  
25 **BARTERED, EXCHANGED, OR OTHERWISE DISPOSED OF, TO BE PAID**  
26 **BY THE SELLER OR TRANSFEROR: PROVIDED, THAT EFFECTIVE**  
27 **JANUARY 1, 2028, EVERY SALE, BARTER, EXCHANGE, OR ANY OTHER**  
28 **MODE OF DISPOSITION OF SHARES OF STOCK LISTED AND TRADED**  
29 **THROUGH A LOCAL STOCK EXCHANGE OR AN ORGANIZED**  
30 **MARKETPLACE SHALL NOT BE SUBJECT TO TAX UNDER SECTION 24**  
31 **OF THIS CODE.**

1 ANY GAIN EARNED FROM SHARES OF STOCK IN A DOMESTIC  
2 CORPORATION TRADED IN A FOREIGN EXCHANGE, SHALL BE TAXED  
3 UNDER SUBSECTION (A) OF THIS SECTION.

4 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR  
5 DISPOSITION OF SHARES OF STOCK, LISTED OR UNLISTED, BY A  
6 DEALER IN SECURITIES LICENSED BY THE APPROPRIATE  
7 GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL IN  
8 SECURITIES, FOR THE DEALER'S OWN ACCOUNT IN THE ORDINARY  
9 COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER THIS  
10 SUBSECTION BUT SUBSECTION (A) AS AN ORDINARY INCOME.

11 (5) *CAPITAL GAINS FROM SALE, EXCHANGE, TRANSFER,*  
12 *BARTER, DISPOSITION OF NON-LISTED AND NON-TRADED DEBT*  
13 *INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN SECTION*  
14 *24(B)(3) AND (4).* – A FINAL TAX AT THE RATE OF FIFTEEN PERCENT  
15 (15%) SHALL BE IMPOSED ON THE NET CAPITAL GAIN EARNED  
16 FROM A DEBT INSTRUMENT AND OTHER SECURITIES NOT INCLUDED  
17 IN SUBSECTIONS (B)(3) AND (4), ISSUED BY A CITIZEN OR  
18 RESIDENT ALIEN, OR BY A DOMESTIC CORPORATION, OR A  
19 RESIDENT FOREIGN CORPORATION, OR BY THE GOVERNMENT OR  
20 ANY OF ITS AGENCIES OR INSTRUMENTALITIES.

21 (6) *PRESUMPTIVE CAPITAL GAINS ON LISTED AND TRADED*  
22 *DEBT INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN*  
23 *SECTION 24(B)(3) AND (4)* - A FINAL TAX AT THE RATE OF ONE-  
24 TENTH OF ONE PERCENT (1/10 OF 1%) OF THE GROSS SELLING  
25 PRICE OR GROSS VALUE IN MONEY OF THE DEBT INSTRUMENT OR  
26 SECURITIES SOLD, BARTERED, EXCHANGED, OR OTHERWISE  
27 DISPOSED SHALL BE LEVIED, ASSESSED, AND COLLECTED ON EVERY  
28 SALE, BARTER, EXCHANGE, OR OTHER DISPOSITION OF DEBT  
29 INSTRUMENTS AND OTHER SECURITIES, LISTED AND TRADED  
30 THROUGH A LOCAL STOCK EXCHANGE OR A LICENSED ORGANIZED  
31 MARKETPLACE, AND SHALL BE PAID BY THE SELLER OR  
32 TRANSFEROR: PROVIDED, THAT EFFECTIVE JANUARY 1, 2026, EVERY



1 SALE, BARTER, EXCHANGE, OR OTHER DISPOSITION OF DEBT  
2 INSTRUMENTS AND OTHER SECURITIES, LISTED AND TRADED  
3 THROUGH A LOCAL STOCK EXCHANGE OR A LICENSED ORGANIZED  
4 MARKETPLACE SHALL NOT BE SUBJECT TO TAX UNDER SECTION 24  
5 OF THIS CODE. IF TRADED IN A FOREIGN EXCHANGE, THE GAIN  
6 SHALL BE SUBJECT TO TAX UNDER SUBSECTION (A) HEREOF.

7 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER OR  
8 DISPOSITION OF DEBT INSTRUMENTS AND OTHER SECURITIES,  
9 LISTED OR UNLISTED, BY A DEALER IN SECURITIES OR OTHER  
10 ENTITIES LICENSED BY THE APPROPRIATE GOVERNMENT  
11 REGULATORY AGENCY TO BUY AND SELL IN DEBT INSTRUMENTS  
12 AND OTHER SECURITIES FOR THE DEALER'S OWN ACCOUNT IN THE  
13 ORDINARY COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO TAX  
14 UNDER THIS SUBSECTION BUT TO SECTION 24(A) AS AN ORDINARY  
15 INCOME.

16 **[(D)](7) *Capital Gains from Sale of Real Property.* –**

17 **[(1)] (a) *In General.*** – [The provisions of Section 39(B)  
18 notwithstanding, a] A final tax of six percent (6%) based on the gross selling  
19 price or current fair market value as determined in accordance with Section  
20 6(E) of this Code, whichever is higher, is hereby imposed upon capital gains  
21 presumed to have been realized from the sale, exchange, or other disposition  
22 of real property located in the Philippines, classified as capital assets, including  
23 *pacto de retro* sales and other forms of conditional sales, by individuals,  
24 including estates and trusts: *Provided*, That the tax liability, if any, on gains  
25 from sales or other dispositions of real property to the government or any of  
26 its political subdivisions or agencies or to government-owned or -controlled  
27 corporations shall be determined either under Section 24(A) or under this  
28 Subsection, at the option of the taxpayer.

29 **[(2)] (b) *Exception.*** – xxx xxx xxx

30 **(C) ROYALTIES, PRIZES, AND OTHER WINNINGS - A FINAL TAX**  
31 **AT THE RATE OF TWENTY PERCENT (20%) IS HEREBY IMPOSED ON**  
32 **THE FOLLOWING INCOME DERIVED FROM SOURCES WITHIN THE**

1           **PHILIPPINES: (1) ROYALTIES EARNED AS PASSIVE INCOME, EXCEPT**  
2           **ROYALTIES FROM BOOKS, AS WELL AS OTHER LITERARY WORKS**  
3           **AND MUSICAL COMPOSITIONS WHICH SHALL BE SUBJECT TO A**  
4           **FINAL TAX OF TEN PERCENT (10%); (2) PRIZES (EXCEPT PRIZES**  
5           **AMOUNTING TO TEN THOUSAND PESOS (P10,000) OR LESS) WHICH**  
6           **SHALL BE SUBJECT TO TAX UNDER SECTION 24 (A); AND (3) OTHER**  
7           **WINNINGS (EXCEPT WINNINGS AMOUNTING TO TEN THOUSAND**  
8           **PESOS (P10,000) OR LESS FROM PHILIPPINE CHARITY**  
9           **SWEEPSTAKES AND LOTTO WHICH SHALL BE EXEMPT).**

10           **SEC. 5.** Section 25 (A) and (B) of the National Internal Revenue Code of 1997,  
11 as amended, is hereby amended to read as follows:

12                   SEC. 25. *Tax on Nonresident Alien Individual.* –

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

15                   [(1) *In General.* – ]A nonresident alien individual engaged in trade or  
16 business in the Philippines shall be subject to [an] income tax **UNDER**  
17 **SECTION 24 OF THIS CODE**[, in the same manner as an individual citizen  
18 and a resident alien individual,] on taxable income received from all sources  
19 within the Philippines. A nonresident alien individual who shall come to the  
20 Philippines and stay therein for an aggregate period of more than [one hundred  
21 eighty (180)] **ONE HUNDRED EIGHTY-THREE (183)** days during any  
22 calendar year shall be deemed a '**nonresident alien doing business in the**  
23 **Philippines**', Section 22(G) of this Code notwithstanding.

24                   [(2) *Cash and/or Property Dividends from a Domestic Corporation or*  
25 *Joint Stock Company, or Insurance or Mutual Fund Company or Regional*  
26 *Operating Headquarter or Multinational Company, or Share in the Distributable*  
27 *Net Income of a Partnership (Except a General Professional Partnership), Joint*  
28 *Account, Joint Venture Taxable as a Corporation or Association, Interests,*  
29 *Royalties, Prizes, and Other Winnings.* – Cash and/or property dividends  
30 from a domestic corporation, or from a joint stock company, or from an  
31 insurance or mutual fund company or from a regional operating headquarter of

1 multinational company, or the share of a nonresident alien individual in the  
2 distributable net income after tax of a partnership (except a general  
3 professional partnership) of which he is a partner, or the share of a nonresident  
4 alien individual in the net income after tax of an association, a joint account),  
5 or a joint venture taxable as a corporation of which he is a member or a co-  
6 venturer; interests; royalties (in any form); and prizes (except prizes amounting  
7 to Ten thousand pesos (P10,000) or less which shall be subject to tax under  
8 Subsection (B)(1) of Section 24); and other winnings (except winnings  
9 amounting to Ten thousand pesos (P10,000.00) or less from Philippine Charity  
10 Sweepstakes Office (PCSO) games which shall be exempt); shall be subject to  
11 an income tax of twenty percent (20%) on the total amount thereof: *Provided,*  
12 *however,* That royalties on books as well as other literary works, and royalties  
13 on musical compositions shall be subject to a final tax of ten percent (10%) on  
14 the total amount thereof: *Provided, further,* That cinematographic films and  
15 similar works shall be subject to the tax provided under Section 28 of this Code:  
16 *Provided, furthermore,* That interest income from long-term deposit or  
17 investment in the form of savings, common or individual trust funds, deposit  
18 substitutes, investment management accounts and other investments  
19 evidenced by certificates in such form prescribed by the Bangko Sentral ng  
20 Pilipinas (BSP) shall be exempt from the tax imposed under this Subsection:  
21 *Provided, finally,* That should the holder of the certificate pre-terminate the  
22 deposit or investment before the fifth (5<sup>th</sup>) year, a final tax shall be imposed on  
23 the entire income and shall be deducted and withheld by the depository bank  
24 from the proceeds of the long-term deposit or investment certificate based on  
25 the remaining maturity thereof:]

26 [Four (4) years to less than five (5) years – 5%;]

27 [Three (3) years to less than four (4) years – 12%; and]

28 [Less than three (3) years – 20%.]

29 [(3) *Capital Gains.* – Capital gains realized from sale, barter or exchange  
30 of shares of stock in domestic corporations not traded through the local stock  
31 exchange, and real properties shall be subject to the tax prescribed under  
32 Subsections (C) and (D) of Section 24.]

1           **(B) Nonresident Alien Individual Not Engaged in Trade or**  
2           **Business Within the Philippines.** – There shall be levied, collected and paid  
3           for each taxable year upon the entire income received from all sources within  
4           the Philippines by every nonresident alien individual not engaged in trade or  
5           business within the Philippines as [interest, cash and/or property dividends,]  
6           rents, salaries, wages, premiums, annuities, compensation, remuneration,  
7           emoluments, or other fixed or determinable annual or periodic or casual gains,  
8           profits, and income, [and capital gains, ]a **FINAL** tax equal to twenty five  
9           percent (25%) of such income. Capital gains realized by a nonresident alien  
10          individual not engaged in trade or business in the Philippines from the sale of  
11          [shares of stock in any domestic corporation and] real property shall be subject  
12          to the income tax prescribed under Subsection[s (C) and (D) ] **(B) (7)** of  
13          Section 24.

14                   **INTEREST, DIVIDENDS AND CAPITAL GAINS ON SALE OF**  
15                   **SHARES OF STOCK, DEBT INSTRUMENTS, AND OTHER SECURITIES**  
16                   **SHALL BE SUBJECT TO TAX PRESCRIBED UNDER SECTION 24 (B), OR**  
17                   **TO THE PROVISIONS OF APPLICABLE TAX TREATY.**

18                                   xxx   xxx   xxx

19           **SEC. 6.** Section 27 (D) of the National Internal Revenue Code of 1997, as  
20          amended, is hereby amended to read as follows:

21                   **SEC. 27. Rates of Income Tax on Domestic Corporations. –**

22                   **(A) In General.** – Except as otherwise provided in this Code, an  
23                   income tax rate of twenty-five percent (25%) effective July 1, 2020, is hereby  
24                   imposed upon the taxable income derived during each taxable year from all  
25                   sources within and without the Philippines by every corporation, as defined in  
26                   Section 22(B) of this Code and taxable under this Title as a corporation,  
27                   organized in, or existing under the laws of the Philippines.

28                                   xxx   xxx   xxx

29                   **(D) Rates of Tax on Certain Passive Incomes.**

30                   **[(1) Interest from Deposits and Yield or any other Monetary**  
31                   **Benefit from Deposit Substitutes and from Trust Funds and Similar**

1        **Arrangements, and Royalties.** – A final tax at the rate of twenty percent  
2        (20%) is hereby imposed upon the amount of interest on currency bank deposit  
3        and yield or any other monetary benefit from deposit substitutes and from trust  
4        funds and similar arrangements received by domestic corporations, and  
5        royalties, derived from sources within the Philippines: *Provided, however,* That  
6        interest income derived by a domestic corporation from a depository bank  
7        under the expanded foreign currency deposit system shall be subject to a final  
8        income tax at the rate of fifteen percent (15%) of such interest income.】

9                **[(2) Capital Gains from the Sale of Shares of Stock Not Traded**  
10        **in the Stock Exchange.** – A final tax at the rate of fifteen percent (15%)  
11        shall be imposed on net capital gains realized during the taxable year from the  
12        sale, exchange or other disposition of shares of stock in a domestic corporation  
13        except shares sold or disposed of through the stock exchange.】

14                **[(3) Tax on Income Derived under the Expanded Foreign**  
15        **Currency Deposit System.** – Income derived by a depository bank under  
16        the expanded foreign currency deposit system from foreign currency  
17        transactions with nonresidents, offshore banking units in the Philippines, local  
18        commercial banks including branches of foreign banks that may be authorized  
19        by the Bangko Sentral ng Pilipinas (BSP) to transact business with foreign  
20        currency deposit system units and other depository banks under the expanded  
21        foreign currency deposit system shall be exempt from all taxes, except net  
22        income from such transactions as may be specified by the Secretary of Finance,  
23        upon recommendation by the Monetary Board to be subject to the regular  
24        income tax payable by banks: *Provided, however,* That interest income from  
25        foreign currency loans granted by such depository banks under said expanded  
26        system to residents other than offshore banking units in the Philippines or other  
27        depository banks under the expanded system shall be subject to a final tax at  
28        the rate of ten percent (10%).】

29                [Any income of nonresidents, whether individuals or corporations, from  
30        transactions with depository banks under the expanded system shall be exempt  
31        from income tax.】

1           **[(4) Intercorporate Dividends.** – Dividends received by a domestic  
2 corporation shall not be subject to tax under this Title: *Provided*, That for  
3 foreign-sourced dividends to be exempt, the funds from such dividends actually  
4 received or remitted into the Philippines are reinvested in the business  
5 operations of the domestic corporation in the Philippines within the next taxable  
6 year from the time the foreign-sourced dividends were received and shall be  
7 limited to funding the working capital requirements, capital expenditures,  
8 dividend payments, investment in domestic subsidiaries, and infrastructure  
9 project: *Provided, further*, That the domestic corporation holds directly at least  
10 twenty percent (20%) of the outstanding shares of the foreign corporation and  
11 has held the shareholdings for a minimum of two (2) years at the time of the  
12 dividends distribution. ]

13           **1) INTERESTS. – A FINAL TAX AT THE RATE OF FIFTEEN**  
14 **PERCENT (15%) IS HEREBY IMPOSED UPON THE AMOUNT OF**  
15 **INTEREST, YIELD, OR OTHER MONETARY BENEFIT EARNED OR**  
16 **RECEIVED FROM A BANK DEPOSIT, DEPOSIT SUBSTITUTE, TRUST**  
17 **FUND, AND SIMILAR ARRANGEMENTS.**

18           **(2) CASH AND/OR PROPERTY DIVIDENDS. - INTERCORPORATE**  
19 **DIVIDENDS OR DIVIDENDS RECEIVED FROM A DOMESTIC**  
20 **CORPORATION SHALL NOT BE SUBJECT TO TAX IMPOSED UNDER**  
21 **THIS SUBSECTION: PROVIDED, THAT NINETY-FIVE PERCENT (95%)**  
22 **OF DIVIDENDS RECEIVED BY A DOMESTIC CORPORATION FROM**  
23 **SUBSIDIARY COMPANIES LOCATED OUTSIDE THE PHILIPPINES**  
24 **SHALL NOT BE SUBJECT TO TAX: PROVIDED, FURTHER, THAT THE**  
25 **DOMESTIC CORPORATION HOLDS DIRECTLY OR INDIRECTLY AT**  
26 **LEAST TWENTY PERCENT (20%) SHAREHOLDINGS OF THE**  
27 **SUBSIDIARY COMPANY AND HAS HELD THE SHAREHOLDINGS FOR A**  
28 **MINIMUM OF TWO (2) YEARS AT THE TIME OF THE DIVIDENDS**  
29 **DISTRIBUTION: PROVIDED, FURTHERMORE, THAT, THE**  
30 **SUBSIDIARY OPERATING COMPANY IS SUBJECT TO AT LEAST TEN**  
31 **PERCENT (10%) INCOME TAX AND TO WITHHOLDING TAX ON THE**  
32 **DIVIDENDS DISTRIBUTED TO THE DOMESTIC CORPORATION,**

1 UNLESS OTHERWISE EXEMPT UNDER ITS LOCAL LAWS: *PROVIDED,*  
2 *FINALLY,* THAT, THE LIMITATIONS UNDER SECTION 34(C ) SHALL  
3 NOT BE OBSERVED IN CONNECTION WITH ANY TAXES PAID OR  
4 ACCRUED IN ANY FOREIGN COUNTRY IN RESPECT TO SUCH  
5 DIVIDEND.

6 LIQUIDATING DIVIDENDS SHALL BE SUBJECT TO SECTION  
7 27(A) AND BASED ON NET GAIN.

8 (3) *CAPITAL GAINS FROM THE SALE, EXCHANGE, BARTER OR*  
9 *DISPOSITION OF SHARES OF STOCK NOT TRADED IN THE STOCK*  
10 *EXCHANGE OR AN ORGANIZED MARKETPLACE - A FINAL TAX AT THE*  
11 *RATE OF FIFTEEN PERCENT (15%) IS HEREBY IMPOSED UPON THE*  
12 *NET CAPITAL GAINS REALIZED DURING THE TAXABLE YEAR FROM*  
13 *THE SALE, BARTER, EXCHANGE, OR OTHER MODES OF DISPOSITION*  
14 *OF SHARES OF STOCK IN A DOMESTIC CORPORATION, EXCEPT*  
15 *SHARES SOLD, OR DISPOSED OF THROUGH A LOCAL STOCK*  
16 *EXCHANGE OR AN ORGANIZED MARKETPLACE.*

17 (4) *PRESUMPTIVE CAPITAL GAINS FROM THE SALE,*  
18 *EXCHANGE, BARTER OR DISPOSITION OF SHARES OF STOCK TRADED*  
19 *IN THE STOCK EXCHANGE OR AN ORGANIZED MARKETPLACE. – A*  
20 *FINAL TAX AT THE RATE OF SIX-TENTH OF ONE PERCENT (6/10 OF*  
21 *1%) SHALL BE LEVIED, ASSESSED AND COLLECTED ON EVERY SALE,*  
22 *BARTER, EXCHANGE, OR OTHER DISPOSITION OF SHARES OF STOCK*  
23 *LISTED AND TRADED THROUGH A LOCAL STOCK EXCHANGE OR AN*  
24 *ORGANIZED MARKETPLACE, AND SHALL BE REDUCED ACCORDING*  
25 *TO THE FOLLOWING SCHEDULE:*

26 JANUARY 1, 2023: FIVE-TENTH OF ONE PERCENT (5/10 OF  
27 1%);

28 JANUARY 1, 2024: FOUR-TENTH OF ONE PERCENT (4/10 OF  
29 1%),

30 JANUARY 1, 2025: THREE-TENTH OF ONE PERCENT(3/10 OF  
31 1%),

1           JANUARY 1, 2026: TWO-TENTH OF ONE PERCENT (2/10 OF  
2           1%),

3           JANUARY 1, 2027: ONE-TENTH OF ONE PERCENT (1/10 OF  
4           1%).

5           THE TAX SHALL BE BASED ON THE GROSS SELLING PRICE OR  
6           GROSS VALUE IN MONEY OF THE SHARES OF STOCK SOLD,  
7           BARTERED, EXCHANGED, OR OTHERWISE DISPOSED OF, TO BE PAID  
8           BY THE SELLER OR TRANSFEROR: PROVIDED, THAT EFFECTIVE  
9           JANUARY 1, 2028, EVERY SALE, BARTER, EXCHANGE, OR ANY OTHER  
10          MODE OF DISPOSITION OF SHARES OF STOCK LISTED AND TRADED  
11          THROUGH A LOCAL STOCK EXCHANGE OR AN ORGANIZED  
12          MARKETPLACE SHALL NOT BE SUBJECT TO TAX UNDER SECTION 27  
13          OF THIS CODE.

14          ANY GAIN EARNED FROM SHARES OF STOCK IN A DOMESTIC  
15          CORPORATION TRADED IN A FOREIGN EXCHANGE, SHALL BE TAXED  
16          UNDER SECTION 27 (A) HEREOF.

17          ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR  
18          DISPOSITION OF SHARES OF STOCK, LISTED OR UNLISTED, BY A  
19          DEALER IN SECURITIES LICENSED BY THE APPROPRIATE  
20          GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL IN  
21          SECURITIES, FOR HIS OWN ACCOUNT IN THE ORDINARY COURSE OF  
22          BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER THIS  
23          SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY INCOME.

24          (5) *CAPITAL GAINS FROM SALE, EXCHANGE, TRANSFER,*  
25          *BARTER, DISPOSITION OF NON-LISTED AND NON-TRADED DEBT*  
26          *INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN SECTION*  
27          *27(D)(3) AND (4).* – A FINAL TAX AT THE RATE OF FIFTEEN PERCENT  
28          (15%) SHALL BE IMPOSED ON NET CAPITAL GAINS EARNED FROM  
29          DEBT INSTRUMENT AND OTHER SECURITIES NOT INCLUDED IN  
30          SECTION 27(D)(3) AND (4), ISSUED BY A CITIZEN OR RESIDENT  
31          ALIEN, OR BY A DOMESTIC CORPORATION, OR A RESIDENT FOREIGN



1 CORPORATION, OR BY THE GOVERNMENT OR ANY OF ITS AGENCIES  
2 OR INSTRUMENTALITIES.

3 (6) *PRESUMPTIVE CAPITAL GAINS ON LISTED AND TRADED*  
4 *DEBT INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN*  
5 *SECTION 27(D)(3) AND (4)*- A FINAL TAX AT THE RATE OF ONE-  
6 TENTH OF ONE PERCENT (1/10 OF 1%) OF THE GROSS SELLING  
7 PRICE OR GROSS VALUE IN MONEY OF THE DEBT INSTRUMENT OR  
8 SECURITIES SOLD, BARTERED, EXCHANGED, OR OTHERWISE  
9 DISPOSED SHALL BE LEVIED, ASSESSED, AND COLLECTED ON EVERY  
10 SALE, BARTER, EXCHANGE, OR OTHER DISPOSITION OF DEBT  
11 INSTRUMENTS AND OTHER SECURITIES, LISTED AND TRADED  
12 THROUGH A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE,  
13 AND SHALL BE PAID BY THE SELLER OR TRANSFEROR: PROVIDED,  
14 THAT EFFECTIVE JANUARY 1, 2028, EVERY SALE, BARTER,  
15 EXCHANGE, OR OTHER DISPOSITION OF DEBT INSTRUMENTS AND  
16 OTHER SECURITIES, LISTED AND TRADED THROUGH A LOCAL STOCK  
17 EXCHANGE OR A LICENSED ORGANIZED MARKETPLACE SHALL NOT  
18 BE SUBJECT TO TAX UNDER SECTION 27 OF THIS CODE. IF TRADED  
19 IN A FOREIGN EXCHANGE, THE GAIN SHALL BE SUBJECT TO TAX  
20 UNDER SECTION 27 (A) HEREOF.

21 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR  
22 DISPOSITION OF DEBT INSTRUMENTS AND OTHER SECURITIES,  
23 LISTED OR UNLISTED, BY A DEALER IN SECURITIES OR OTHER  
24 ENTITIES LICENSED BY THE APPROPRIATE GOVERNMENT  
25 REGULATORY AGENCIES TO BUY AND SELL IN DEBT INSTRUMENTS  
26 AND OTHER SECURITIES, FOR THE DEALER'S OWN ACCOUNT IN THE  
27 ORDINARY COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO TAX  
28 UNDER THIS SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY  
29 INCOME.

30 [(5)] (7) *Capital Gains Realized from the Sale, Exchange or*  
31 *Disposition of Lands and/or Buildings.* – A final tax of six percent (6%) is  
32 hereby imposed on the gain presumed to have been realized on the sale,

1 exchange or disposition of lands and/or buildings which are not actually used  
2 in the business of a corporation and are treated as capital assets, based on the  
3 gross selling price or fair market value as determined in accordance with  
4 Section 6(E) of this Code, whichever is higher, of such lands and/or buildings.

5 **(E) ROYALTIES - A FINAL TAX AT THE RATE OF TWENTY**  
6 **PERCENT (20%) IS HEREBY IMPOSED ON ROYALTIES EARNED AS**  
7 **PASSIVE INCOME.**

8 **[(E)(F) *Minimum Corporate Income Tax on Domestic***  
9 ***Corporations* –**

10 **(1) *Imposition of Tax.* – x x x**

11 **(2) *Carry Forward of Excess Minimum Tax.* – x x x**

12 **(3) *Relief from the Minimum Corporate Income Tax under***  
13 ***Certain Conditions.* – x x x**

14 **(4) *Gross Income Defined.* – x x x**

15 xxx xxx xxx

16 In the case of taxpayers engaged in the sale of service, '**gross income**'  
17 means gross receipts less sales returns, allowances, discounts and cost of  
18 services. '**Cost of services**' shall mean all direct costs and expenses  
19 necessarily incurred to provide the services required by the customers and  
20 clients including (A) salaries and employee benefits of personnel, consultants  
21 and specialists directly rendering the service and (B) cost of facilities directly  
22 utilized in providing the service such as depreciation or rental of equipment  
23 used and cost of supplies: *Provided, however,* That in the case of banks **AND**  
24 **OTHER FINANCIAL INTERMEDIARIES,** 'cost of services' shall include  
25 interest expense.

26 **SEC. 7.** Section 28 (A) and (B) of the National Internal Revenue Code of 1997,  
27 as amended, is hereby amended to read as follows:

28 **SEC. 28. *Rates of Income Tax on Foreign Corporations.* –**

29 **(A) *Tax on Resident Foreign Corporations.* –**

30 **(1) *In General.*** – Except as otherwise provided in this Code, a  
31 corporation organized, authorized, or existing under the laws of any foreign

1 country, engaged in trade or business within the Philippines, shall be subject  
2 to an income tax equivalent to twenty-five percent (25%) of the taxable income  
3 derived in the preceding taxable year from all sources within the Philippines  
4 effective July 1, 2020.

5 xxx xxx xxx

6 **(2) Minimum Corporate Income Tax on Resident Foreign**  
7 **Corporations.** — A minimum corporate income tax of two percent (2%) of  
8 gross income, as prescribed under Section 27[E](F) of this Code, shall be  
9 imposed, under the same conditions, on a resident foreign corporation taxable  
10 under paragraph (1) of this Subsection: *Provided*, That effective July 1, 2020  
11 until June 30, 2023 the rate shall be one percent (1%).

12 **(3) International Carrier.** – x x x

13 [(4) *Offshore Banking Units.* – The provisions of any law to the contrary  
14 notwithstanding, income derived by offshore banking units authorized by the  
15 Bangko Sentral ng Pilipinas (BSP), from foreign currency transactions with  
16 nonresidents, other offshore banking units, local commercial banks, including  
17 branches of foreign banks that may be authorized by the Bangko Sentral ng  
18 Pilipinas (BSP) to transact business with offshore banking units shall be exempt  
19 from all taxes except net income from such transactions as may be specified  
20 by the Secretary of Finance, upon recommendation of the Monetary Board  
21 which shall be subject to the regular income tax payable by banks: *Provided*,  
22 *however*, That any interest income derived from foreign currency loans granted  
23 to residents other than offshore banking units or local commercial banks,  
24 including local branches of foreign banks that may be authorized by the BSP to  
25 transact business with offshore banking units, shall be subject only to a final  
26 tax at the rate of ten percent (10%).]

27 [Any income of nonresidents, whether individuals or corporations, from  
28 transactions with said offshore banking units shall be exempt from income tax.]

29 **[(5)] (4) Tax on Branch Profits Remittances.** – Any profit remitted  
30 by a branch to its head office shall be subject to a tax of fifteen percent (15%)  
31 which shall be based on the total profits applied or earmarked for remittance

1 without any deduction for the tax component thereof. [(except those activities  
2 which are registered with the Philippine Economic Zone Authority)] The tax  
3 shall be collected and paid in the same manner as provided in Sections 57 and  
4 58 of this Code: *Provided*, That interests, dividends, rents, royalties, including  
5 remuneration for technical services, salaries, wages, premiums, annuities,  
6 emoluments or other fixed or determinable annual, periodic or casual gains,  
7 profits, income and capital gains received by a foreign corporation during each  
8 taxable year from all sources within the Philippines shall not be treated as  
9 branch profits unless the same are effectively connected with the conduct of  
10 its trade or business in the Philippines.

11 **[(6)](5) *Regional or Area Headquarters and Regional Operating***  
12 ***Headquarters of Multinational Companies.* – x x x**

13 [(7) *Tax on Certain Incomes Received by a Resident Foreign*  
14 *Corporation.* – ]

15 [(a) *Interest from Deposits and Yield or any other Monetary Benefit from*  
16 *Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties.* -  
17 Interest from any currency bank deposit and yield or any other monetary  
18 benefit from deposit substitutes and from trust funds and similar arrangements  
19 and royalties derived from sources within the Philippines shall be subject to a  
20 final income tax at the rate of twenty percent (20%) of such interest. *Provided*,  
21 *however*, That interest income derived by a resident foreign corporation from  
22 a depository bank under the expanded foreign currency deposit system shall  
23 be subject to a final income tax at the rate of fifteen percent (15%) of such  
24 interest income.]

25 [(b) *Income Derived under the Expanded Foreign Currency Deposit*  
26 *System.* - Income derived by a depository bank under the expanded foreign  
27 currency deposit system from foreign currency transactions with nonresidents,  
28 offshore banking units in the Philippines, local commercial banks including  
29 branches of foreign banks that may be authorized by the Bangko Sentral ng  
30 Pilipinas (BSP) to transact business with foreign currency deposit system units  
31 and other depository banks under the expanded foreign currency deposit  
32 system shall be exempt from all taxes, except net income from such

1 transactions as may be specified by the Secretary of Finance, upon  
2 recommendation by the Monetary Board to be subject to the regular income  
3 tax payable by banks. *Provided, however,* That interest income from foreign  
4 currency loans granted by such depository banks under said expanded system  
5 to residents other than offshore banking units in the Philippines or other  
6 depository banks under the expanded system shall be subject to a final tax at  
7 the rate of ten percent (10%).]

8 [Any income of nonresidents, whether individuals or corporations, from  
9 transactions with depository banks under the expanded system shall be exempt  
10 from income tax.]

11 [(c) *Capital Gains from Sale of Shares of Stock Not Traded in the Stock*  
12 *Exchange.* - A final tax rate of fifteen percent (15%) is hereby imposed upon  
13 the net capital gains realized during the taxable year from the sale, barter,  
14 exchange or other disposition of shares of stock in a domestic corporation  
15 except shares sold or disposed of through the stock exchange.]

16 [(d) *Intercorporate Dividends.* - Dividends received by a resident foreign  
17 corporation from a domestic corporation liable to tax under this Code shall not  
18 be subject to tax under this Title.]

19 ***(B) Tax on Nonresident Foreign Corporation. –***

20 ***(1) In General.*** – Except as otherwise provided in this Code, a foreign  
21 corporation not engaged in trade or business in the Philippines, effective  
22 January 1, 2021 shall pay a tax equal to twenty-five percent (25%) of the  
23 gross income received during each taxable year from all sources within the  
24 Philippines, such as [interests, dividends,] rents, royalties, salaries, premiums  
25 (except reinsurance premiums), annuities, emoluments or other fixed or  
26 determinable annual, periodic or casual gains, profits and income, and capital  
27 gains, except capital gains subject to tax under subparagraph 5 [(c)].

28 xxx xxx xxx

29 ***(5) Tax on Certain Incomes Received by a Nonresident Foreign***  
30 ***Corporation.***

1           **[(a) Interest on Foreign Loans.** – A final withholding tax at the rate  
2 of twenty percent (20%) is hereby imposed on the amount of interest on  
3 foreign loans contracted on or after August 1, 1986;]

4           **[(b) Intercorporate Dividends.** – A final withholding tax at the rate  
5 of fifteen percent (15%) is hereby imposed on the amount of cash and/or  
6 property dividends received from a domestic corporation, which shall be  
7 collected and paid as provided in Section 57(A) of this Code, subject to the  
8 condition that the country in which the nonresident foreign corporation is  
9 domiciled, shall allow a credit against the tax due from the nonresident foreign  
10 corporation taxes deemed to have been paid in the Philippines equivalent to  
11 fifteen percent (15%), which represents the difference between the regular  
12 income tax and the fifteen percent (15%) tax on dividends as provided in this  
13 subparagraph: *Provided*, That effective July 1, 2020, the credit against the tax  
14 due shall be equivalent to the difference between the regular income tax rate  
15 provided in Section 28(B)(1) of this Code and the fifteen percent (15%) tax on  
16 dividends; ]

17           **[(c) Capital Gains from Sale of Shares of Stock not Traded in the**  
18 **Stock Exchange.** – A final tax at the rate of fifteen percent (15%) is hereby  
19 imposed upon the net capital gains realized during the taxable year from the  
20 sale, barter, exchange or other disposition of shares of stock in a domestic  
21 corporation, except shares sold, or disposed of through the stock exchange.]

22           **INTERESTS AND CAPITAL GAINS FROM SALE, TRANSFER,**  
23 **BARTER, OR DISPOSITION OF SHARES OF STOCK, DEBT**  
24 **INSTRUMENTS, DEPOSIT SUBSTITUTES, AND OTHER SECURITIES**  
25 **SHALL BE SUBJECT TO TAX UNDER SECTION 27(D)(1), (3), (4), (5)**  
26 **AND (6) OF THIS CODE, OR TO THE PROVISIONS OF THE APPLICABLE**  
27 **TAX TREATY.**

28           **CASH AND/OR PROPERTY DIVIDENDS RECEIVED FROM A**  
29 **DOMESTIC CORPORATION SHALL BE SUBJECT TO A FINAL TAX OF**  
30 **FIFTEEN PERCENT (15%) OR TO THE PROVISIONS OF THE**  
31 **APPLICABLE TAX TREATY.**







1                   **(1)            *In General.*** – The amount of interest paid or incurred  
2 within a taxable year on indebtedness in connection with the taxpayer’s  
3 profession, trade or business shall be allowed as deduction from gross income:  
4 *Provided, however,* That the taxpayer’s otherwise allowable deduction for  
5 interest expense shall be reduced by twenty percent (20%) of the interest  
6 income subjected to final tax: *Provided, finally,* That if the interest income tax  
7 is adjusted in the future, the interest expense reduction rate shall be adjusted  
8 accordingly based on the prescribed standard formula as defined in the rules  
9 and regulations to be promulgated by the Secretary of Finance, upon  
10 recommendation of the Commissioner of Internal Revenue: ***PROVIDED***  
11 ***FURTHER, THAT EFFECTIVE JANUARY 1, 2023, THE PERCENTAGE***  
12 ***SHALL BE FIFTY PERCENT (50%).***

13                   **(2) *Exceptions.*** – No deduction shall be allowed in respect of interest  
14 under the succeeding subparagraphs:

15                   (a) If within the taxable year an individual taxpayer reporting income on  
16 the cash basis incurs an indebtedness on which an interest is paid in advance  
17 through discount or otherwise: *Provided,* That such interest shall be allowed as  
18 a deduction in the year the indebtedness is paid: *Provided, further,* That if the  
19 indebtedness is payable in periodic amortizations, the amount of interest which  
20 corresponds to the amount of the principal amortized or paid during the year  
21 shall be allowed as deduction in such taxable year;

22                   (b) If both the taxpayer and the person to whom the payment has been  
23 made or is to be made are persons specified under Section 36(B); or

24                   [(c) If the indebtedness is incurred to finance petroleum exploration.]

25                   **(3) [*Optional*] *Treatment of Interest Expense RELATED TO***  
26 ***ACQUISITION OF ASSET.*** – [At the option of the taxpayer, interest]  
27 **INTEREST EXPENSE** incurred to acquire property used in trade,  
28 **business or exercise of a profession THAT WILL BENEFIT THE**  
29 **BUSINESS LONGER THAN ONE YEAR** [may be allowed as a deduction  
30 or treated as a capital expenditure] **SHALL BE CAPITALIZED AND**  
31 **THEREAFTER AMORTIZED OR DEPRECIATED AS PART OF THE COST**  
32 **OF THE ASSET.**



1 deducted from their gross income. *Provided, however,* That the released  
2 reserve be treated as income for the year of release.

3 **(B) Mutual Insurance Companies.** – In the case of **MUTUAL LIFE,**  
4 mutual fire and mutual employers’ liability and mutual workmen’s compensation  
5 and mutual casualty insurance companies requiring their members to make  
6 premium deposits to provide for losses and expenses, said companies shall not  
7 **INCLUDE** [return] as income any portion of the premium deposits returned to  
8 their policyholders, but shall **INCLUDE** [return] as taxable income all income  
9 received by them from all other sources plus such portion of the premium  
10 deposits as are retained by the companies for purposes other than the payment  
11 of losses and expenses and reinsurance reserves.

12 xxx xxx xxx

13 **SEC. 11.** Section 38 (A) of the National Internal Revenue Code of 1997, as  
14 amended, is hereby amended to read as follows:

15 **SEC. 38. Losses from Wash Sales of Stock or Securities. –**

16 (A) In the case of any loss claimed to have been sustained from any sale  
17 or other disposition of shares of stock or securities where it appears that within  
18 a period beginning thirty (30) days before the date of such sale or disposition  
19 and ending thirty (30) days after such date, the taxpayer has acquired (by  
20 purchase or by exchange upon which the entire amount of gain or loss was  
21 recognized by law), or has entered into a [contact] **CONTRACT** or option so  
22 **AS** to acquire, substantially identical stock or securities, then no deduction for  
23 the loss shall be allowed under Section 34 unless the claim is made by a dealer  
24 in stock or securities **OR BY ANY ENTITY OR FINANCIAL INTERMEDIARY**  
25 **DULY LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**  
26 **AGENCIES TO BUY AND SELL IN SECURITIES EITHER FOR THE**  
27 **ENTITY’S OWN ACCOUNT OR FOR THE ACCOUNT OF OTHERS** and with  
28 respect to a transaction made in the ordinary course of the business of such  
29 dealer.

30 xxx xxx xxx

1           **SEC. 12.** Section 39 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby amended to read as follows:

3                   **SEC. 39. Capital Gains and Losses. –**

4                   **(A) Definitions. –** As used in this Title –

5                                   xxx   xxx   xxx

6                   **[(B) Percentage Taken Into Account. –** In the case of a taxpayer,  
7 other than a corporation, only the following percentages of the gain or loss  
8 recognized upon the sale or exchange of a capital asset shall be taken into  
9 account in computing net capital gain, net capital loss, and net income:]

10                   [(1) One hundred percent (100%) if the capital asset has been held for  
11 not more than twelve (12) months; and]

12                   [(2) Fifty percent (50%) if the capital asset has been held for more than  
13 twelve (12) months;]

14                   **[(C)] (B) Limitation on Capital Losses. –** Losses from sales or  
15 exchanges of capital assets shall be allowed only to the extent of the gains from  
16 such sales or exchanges. If a [bank or trust company incorporated under the  
17 loss of the Philippines, a substantial part of whose business is the receipt of  
18 deposits,] **DEALER IN SECURITIES OR OTHER ENTITIES OR FINANCIAL**  
19 **INTERMEDIARIES DULY LICENSED BY THE APPROPRIATE**  
20 **GOVERNMENT REGULATORY AGENCIES TO TRADE IN SECURITIES,**  
21 sells any bond, debenture, note, or certificate or other evidence of indebtedness  
22 issued by any corporation[ (], including one issued by a government or political  
23 subdivision thereof[)], with interest coupons or in registered form, any loss  
24 resulting from such sale shall not be subject to the foregoing limitation and  
25 shall not be included in determining the applicability of such limitation to other  
26 losses.

27                   **[(D) Net Capital Loss Carry-over. –** If any taxpayer, other than a  
28 corporation, sustains in any taxable year a net capital loss, such loss (in an  
29 amount not in excess of the net income for such year) shall be treated in the  
30 succeeding taxable year as a loss from the sale or exchange of a capital asset  
31 held for not more than twelve (12) months.]

32                   **[(E)](C) Retirement of Bonds, etc. –** x x x





1           **(B) FROM THE SALE, EXCHANGE, OR BARTER OF SHARES OF**  
2           **STOCK OR DEBT INSTRUMENTS AND OTHER SECURITIES TRADED**  
3           **THROUGH A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE AS**  
4           **PRESCRIBED UNDER SECTIONS 24(B)(4) AND (6), AND 25(A) AND**  
5           **(B), THE TAX SHALL BE COLLECTED BY THE BROKER WHO EFFECTED**  
6           **THE SALE, AND SHALL BE REMITTED TO THE BUREAU OF INTERNAL**  
7           **REVENUE WITHIN FIVE (5) BANKING DAYS FROM THE DATE OF**  
8           **COLLECTION THEREOF. THE BROKER SHALL LIKEWISE SUBMIT ON**  
9           **MONDAYS OF EACH WEEK TO THE SECRETARY OF THE LOCAL**  
10           **EXCHANGE OR ORGANIZED MARKETPLACE OF WHICH THE BROKER**  
11           **IS A MEMBER, A TRUE AND COMPLETE RETURN WHICH SHALL**  
12           **CONTAIN A DECLARATION OF ALL THE TRANSACTIONS EFFECTED**  
13           **DURING THE PRECEDING WEEK, AND OF ALL TAXES COLLECTED AND**  
14           **TURNED OVER TO THE BUREAU OF INTERNAL REVENUE.**

15           **[(b)] (C)** From the sale or disposition of real property under Section  
16           24[(D)] (B)(7) shall file a return within thirty (30) days following each sale or  
17           other disposition.

18           **SEC. 15.** Section 52(A) and (D) of the National Internal Revenue Code of 1997,  
19           as amended, is hereby amended to read as follows:

20           **SEC. 52. Corporation Returns. –**

21           **(A) Requirements. –** Every corporation **AS DEFINED UNDER**  
22           **SECTION 22(B) OF THIS CODE, AND** subject to the tax herein imposed,  
23           except foreign corporations not engaged in trade or business in the Philippines,  
24           shall render, in duplicate, a true and accurate quarterly income tax return and  
25           final or adjustment return in accordance with the provisions of Chapter XII of  
26           this Title. The income tax return shall consist of a maximum of four (4) pages  
27           in paper form or electronic form, be filed by the president, vice-president or  
28           other principal officer, shall be sworn to by such officer and by the treasurer or  
29           assistant treasurer, and shall only contain the following information:

30           (1) Corporate profile and information;

1 (2) Gross sales, receipts or income from services rendered, or conduct  
2 of trade or business, except income subject to final tax as provided under this  
3 Code;

4 (3) Allowable deductions under this Code;

5 (4) Taxable income as defined in Section 31 of this Code; and

6 (5) Income tax due and payable.

7 *Provided,* That the foregoing provisions shall not affect the  
8 implementation of Republic Act No. 10708 or TIMTA.

9 xxx xxx xxx

10 **(D) Return on Capital Gains Realized from Sale of Shares of**  
11 **Stock, DEBT INSTRUMENTS, AND OTHER SECURITIES not Traded in**  
12 **the Local [Stock] Exchange OR AN ORGANIZED MARKETPLACE. –**

13 Every corporation deriving capital gains from the sale or exchange of shares of  
14 stock, **DEBT INSTRUMENTS AND OTHER SECURITIES** not traded [thru]  
15 **THROUGH** a local [stock] exchange **OR AN ORGANIZED MARKETPLACE**  
16 as prescribed under **SECTIONS 27(D)(3), AND (5), AND 28** [Sections  
17 24(C), 25(A)(3), 27(E)(2), 28(A)(8)(c) and 28(B)(5)(c),] shall file a return  
18 within thirty (30) days after each transaction and a final consolidated return of  
19 all transactions during the taxable year on or before the fifteenth (15<sup>th</sup>) day of  
20 the fourth (4<sup>th</sup>) month following the close of the taxable year.

21 **(E) RETURN ON CAPITAL GAINS REALIZED FROM SALE OF**  
22 **SHARES OF STOCK, DEBT INSTRUMENTS, AND OTHER SECURITIES**  
23 **TRADED IN A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE.**

24 **– IT SHALL BE THE DUTY OF EVERY BROKER WHO EFFECTED A SALE**  
25 **OF SHARES OF STOCK, DEBT INSTRUMENTS AND OTHER SECURITIES**  
26 **TRADED IN A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE,**  
27 **SUBJECT TO THE TAX IMPOSED UNDER SECTION 27(D)(4) AND (6),**  
28 **AND 28, TO COLLECT THE TAX DUE AND REMIT THE SAME TO THE**  
29 **BUREAU OF INTERNAL REVENUE WITHIN FIVE (5) BANKING DAYS**  
30 **FROM THE DATE OF COLLECTION THEREOF, AND TO SUBMIT ON**  
31 **MONDAYS OF EACH WEEK TO THE SECRETARY OF THE LOCAL**



1 EXCHANGE OR ORGANIZED MARKETPLACE, OF WHICH THE  
2 BORROWER IS A MEMBER, A TRUE AND COMPLETE RETURN WHICH  
3 SHALL CONTAIN A DECLARATION OF ALL THE TRANSACTIONS  
4 EFFECTED DURING THE PRECEDING WEEK, AND TAXES COLLECTED  
5 AND TURNED OVER TO THE BUREAU OF INTERNAL REVENUE.

6 **SEC. 16.** Section 54 of the National Internal Revenue Code of 1997, as  
7 amended, is hereby amended to read as follows:

8 **SEC. 54. Returns of Receivers, Trustees, [in Bankruptcy] or**  
9 **Assignees.** – [In cases wherein receivers] **RECEIVERS,**  
10 **ADMINISTRATORS,** trustees in **AN IRREVOCABLE TRUST OR** bankruptcy,  
11 or **ANY OTHER PERSON ASSIGNED OR [assignees are] IN CHARGE OF**  
12 operating the property or business of [a]**ANOTHER PERSON OR** corporation,  
13 subject to the tax **UNDER THIS CODE** [imposed by this Title, such receivers,  
14 trustees or assignees] shall **BE IMPOSED WITH THE OBLIGATION TO FILE**  
15 **[make] THE returns AND PAY THE TAXES FOR SUCH PERSON OR**  
16 **CORPORATION IN THE SAME MANNER REQUIRED UNDER THIS CODE.**  
17 [of net income as and for such corporation, in the same manner and form as  
18 such organization is hereinbefore required to make returns, and any] **ANY** tax  
19 due on the income as returned by receivers, **ADMINISTRATORS,** trustees or  
20 assignees shall be assessed and collected in the same manner as if assessed  
21 directly against the [organizations] **PERSON, ESTATE OR ORGANIZATION**  
22 [of] whose businesses or properties they have custody **OF** or control **OVER.**

23 **THE TRUSTOR IN A REVOCABLE TRUST, NOT THE TRUSTEE,**  
24 **SHALL BE RESPONSIBLE IN FILING THE RETURNS REQUIRED UNDER**  
25 **THIS CODE AND IN DECLARING THE INCOME RECEIVED FROM THE**  
26 **TRUST IN ACCORDANCE WITH SECTIONS 24, 25, 27 AND 28 OF THIS**  
27 **CODE. INCOME OF THE TRUST SUBJECTED TO FINAL TAX UNDER**  
28 **SECTIONS 24, 25, 27 AND 28 SHALL NO LONGER BE SUBJECT TO TAX**  
29 **UPON DISTRIBUTION OF THE INCOME TO THE TRUSTOR OR**  
30 **BENEFICIARY, NOR SHALL THE TRUSTOR OR BENEFICIARY BE**



1 of such tax upon verification of [his] compliance with the requirements for such  
2 exemption.

3 xxx xxx xxx

4 **SEC. 18.** Section 57 of the National Internal Revenue Code of 1997, as  
5 amended, is hereby amended to read as follows:

6 **SEC. 57. *Withholding of Tax at Source.* –**

7 **(A) *Withholding of Final Tax on Certain Incomes.*** – Subject to  
8 rules and regulations the Secretary of Finance may promulgate, upon the  
9 recommendation of the Commissioner, requiring the filing of income tax return  
10 by certain income payees , the tax imposed or prescribed [by] **UNDER** Sections  
11 [24(B)(1), 24(B)(2), 24(C), 24(D)(1); 25(A)(2), 25(A)(3), 25(B), 25(C), 25(D),  
12 25(E); 27(D)(1), 27(D)(2), 27(D)(3), 27(D)(5); 28(A)(4), 28(A)(5), 28(A)(7)(a),  
13 28(A)(7)(b), 28(A)(7)(c), 28(B)(1), 28(B)(2), 28(B)(3), 28(B)(4), 28(B)(5)(a),  
14 28(B)(5)(b), 28(B)(5)(c)] **24(B), 24(C), 25(A), 25(B), 27(D), 27(E), 28(A)**  
15 **AND 28(B)(5);** 33; and 282 of this Code on specified items of income  
16 **SUBJECT TO FINAL TAX** shall be withheld by payor-corporation and/or  
17 person and paid in the same manner and subject to the same conditions as  
18 provided in Section 58 of this Code.

19 (B) xxx xxx xxx

20 [(C) *Tax-free Covenant Bonds.* – In any case where bonds, mortgages,  
21 deeds of trust or other similar obligations of domestic or resident foreign  
22 corporations, contain a contract or provision by which the obligor agrees to pay  
23 any portion of the tax imposed in this Title upon the obligee or to reimburse  
24 the obligee for any portion of the tax or to pay the interest without deduction  
25 for any tax which the obligor may be required or permitted to pay thereon or  
26 to retain therefrom under any law of the Philippines, or any state or country,  
27 the obligor shall deduct and withhold a tax equal to thirty percent (30%) of the  
28 interest or other payments upon those bonds, mortgages, deeds of trust or  
29 other obligations, whether the interest or other payments are payable annually  
30 or at shorter or longer periods, and whether the bonds, securities or obligations  
31 had been or will be issued or marketed, and the interest or other payment

1 thereon paid, within or without the Philippines, if the interest or other payment  
2 is payable to a nonresident alien or to a citizen or resident of the Philippines. ]

3 **SEC. 19.** Section 73 (A) of the National Internal Revenue Code of 1997, as  
4 amended, is hereby amended to read as follows:

5 **SEC. 73. *Distribution of Dividends or Assets by Corporations.* –**

6 **(A) *Definition of Dividends.*** – The term ‘**dividends**’ when used in  
7 this Title means any distribution made by a corporation to its shareholders out  
8 of its earnings or profits and payable to its shareholders, whether in money or  
9 in other property.

10 Where a corporation distributes all of its assets in complete liquidation  
11 or dissolution, the gain realized or loss sustained by the stockholder, whether  
12 individual or corporate, is a taxable income or a deductible loss, **UNDER**  
13 **SECTIONS 24(A), 25(A), 25(B), 27(A), 28(A) AND 28 (B)**, as the case  
14 may be.

15 **(B) *Stock Dividend.*** – x x x

16 **SEC. 20.** Section 108 of the National Internal Revenue Code of 1997, as  
17 amended, is hereby amended to read as follows:

18 **SEC. 108. *Value-added Tax on Sale of Services and Use or Lease***  
19 ***of Properties.*** –

20 **(A) *Rate and Base of Tax.*** – x x x

21 The phrase ‘sale or exchange of services’ means the performance of all  
22 kinds of services in the Philippines for others for a fee, remuneration or  
23 consideration, including those performed or rendered by construction and  
24 service contractors; stock, real estate, commercial, customs and immigration  
25 brokers; lessors of property, whether personal or real; warehousing services;  
26 lessors or distributors of cinematographic films; persons engaged in milling,  
27 processing, manufacturing or repacking goods for others; proprietors,  
28 operators or keepers of hotels, motels, resthouses, pension houses, inns,  
29 resorts; proprietors or operators of restaurants, refreshment parlors, cafes and  
30 other eating places, including clubs and caterers; dealers in securities; [lending

1 investors ;] transportation contractors on their transport of goods or cargoes,  
2 including persons who transport goods or cargoes for hire and other domestic  
3 common carriers by land relative to their transport of goods or cargoes;  
4 common carriers by air and sea relative to their transport of passengers, goods  
5 or cargoes from one place in the Philippines to another place in the Philippines;  
6 sales of electricity by generation companies, transmission by any entity, and  
7 distribution companies, including electric cooperatives; services of franchise  
8 grantees of electric utilities, telephone and telegraph, radio and television  
9 broadcasting and all other franchise grantees except those under Section 119  
10 of this Code and non-life insurance companies (except their crop insurances),  
11 including surety, fidelity, indemnity and bonding companies ; and similar  
12 services regardless of whether or not the performance thereof calls for the  
13 exercise or use of the physical or mental faculties. The phrase 'sale or exchange  
14 of services' shall likewise include:

15 xxx xxx xxx

16 **SEC. 21.** Section 121 of the National Internal Revenue Code of 1997, as  
17 amended, is hereby amended to read as follows:

18 **SEC. 121. *Tax on Banks and Non-Bank Financial Intermediaries***  
19 ***Performing Quasi-Banking Functions.*** – There shall be collected a tax on  
20 gross receipts derived from sources within the Philippines by all banks and non-  
21 bank financial intermediaries [in] **PERFORMING QUASI-BANKING**  
22 **FUNCTIONS AT THE RATE OF FIVE PERCENT (5%) ON INCOME SUCH**  
23 **AS INTEREST, COMMISSIONS, AND DISCOUNTS FROM LENDING**  
24 **ACTIVITIES AS WELL AS INCOME FROM FINANCIAL LEASING,**  
25 **ROYALTIES, RENTALS OF PROPERTY, REAL OR PERSONAL, PROFITS**  
26 **FROM SALE OR EXCHANGE INCLUDING GAINS DERIVED FROM SALE**  
27 **OR TRANSFER OF REAL PROPERTIES, NET TRADING GAINS WITHIN**  
28 **THE TAXABLE YEAR OF FOREIGN CURRENCY, DEBT SECURITIES,**  
29 **DERIVATIVES, AND OTHER SIMILAR FINANCIAL INSTRUMENTS, AND**  
30 **ALL OTHER ITEMS TREATED AS GROSS INCOME UNDER SECTION 32**  
31 **OF THIS CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND NET**

1 **INCOME OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO**  
2 **PERCENT (0%)** [in accordance with the following schedule]:

3 [(a) On interest, commissions and discounts from lending activities as  
4 well as income from financial leasing, on the basis of remaining maturities of  
5 instruments from which such receipts are derived:]

6 [Maturity period is five years or less -  
7 .....5%]

8 [Maturity period is more than five years -.....1%]

9 [(b) On dividends and equity shares and net income of subsidiaries-  
10 ..... 0%]

11 [(c) On royalties, rentals of property, real or personal, profits, from  
12 exchange and all other items treated as gross income under Section 32  
13 of this Code -...7%]

14 [(d) On net trading gains within the taxable year of foreign currency,  
15 debt securities, derivatives, and other similar financial instruments-  
16 ..... 7%]

17 [*Provided, however,* That in case the maturity period referred to in  
18 paragraph (a) is shortened thru pre-termination, then the maturity period shall  
19 be reckoned to end as of the date of pre-termination for purposes of classifying  
20 the transaction and the correct rate of tax shall be applied accordingly. ]

21 *Provided, [finally,]* That **FOR PURPOSES OF COMPUTING THE**  
22 **GROSS RECEIPTS**, the generally accepted accounting principles [as may be  
23 prescribed by the Bangko Sentral ng Pilipinas for the bank or non-bank financial  
24 intermediary performing quasi-banking functions shall likewise be the basis for  
25 the calculation of gross receipts.]

26 **OF RECORDING INCOME AS ADOPTED BY THE BANK SHALL BE**  
27 **FOLLOWED: PROVIDED, THAT THE MERE INCREASE OR DECREASE IN**  
28 **VALUE OF PROPERTY AS A RESULT OF CHANGES IN MARKET VALUES**  
29 **SHALL NOT BE CONSIDERED IN THE COMPUTATION OF GROSS**  
30 **RECEIPTS: PROVIDED, FURTHER, THAT FOR PURPOSES OF**  
31 **DETERMINING THE GROSS RECEIPTS, NO DEDUCTION SHALL BE**  
32 **MADE ON THE INCOME EXCEPT IN THE CASE OF GAINS FROM**



1            [Maturity period is more than (5) five years ..... 1%]  
2            [*Provided, however,* That in case the maturity period is shortened thru  
3 pretermination, then the maturity period shall be reckoned to end as of the  
4 date of pretermination for purposes of classifying the transaction and the  
5 correct rate of tax shall be applied accordingly.]

6            **GROSS RECEIPTS SHALL BE COMPUTED IN THE SAME MANNER**  
7 **PROVIDED UNDER SECTION 121.**

8            **FINANCIAL INTERMEDIARIES SUBJECT TO TAX UNDER THIS**  
9 **SECTION SHALL INCLUDE FINANCING COMPANIES, FINANCE**  
10 **LEASING COMPANIES, INVESTMENT HOUSES, PAWNSHOPS,**  
11 **FOREIGN EXCHANGE DEALERS AND MONEY BROKERS, TRUST**  
12 **ENTITIES, CREDIT CARD COMPANIES, LENDING INVESTORS,**  
13 **SAVINGS AND LOAN ASSOCIATIONS, AND OTHER FINANCIAL**  
14 **INTERMEDIARIES EXCEPT BANKS AND NON-BANKS PERFORMING**  
15 **QUASI-BANKING FUNCTIONS WHICH SHALL BE TAXED UNDER**  
16 **SECTION 121 OF THIS CODE.**

17            **COLLECTIVE INVESTMENT SCHEMES SUCH AS MUTUAL FUNDS,**  
18 **UNIT LINKED INVESTMENT TRUST FUNDS, UNIT LINKED VARIABLE**  
19 **INSURANCE, AND OTHER COLLECTIVE INVESTMENT SCHEMES AS**  
20 **MAY BE DETERMINED BY APPROPRIATE GOVERNMENT REGULATORY**  
21 **AGENCIES SHALL NOT BE SUBJECT TO GROSS RECEIPTS TAX AND**  
22 **OTHER PERCENTAGE TAXES IMPOSED UNDER TITLE V, AND THE**  
23 **VALUE ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE. FOR**  
24 **PURPOSES OF THIS EXEMPTION, A CIS SHALL HAVE AT LEAST TWO**  
25 **HUNDRED (200) OWNERS, INVESTORS OR PARTICIPANTS, AND**  
26 **SHALL HAVE COMPLIED WITH THE MINIMUM PUBLIC OWNERSHIP**  
27 **REQUIREMENT OF THE APPROPRIATE GOVERNMENT REGULATORY**  
28 **AGENCIES.**

29            **THE INCOME OF A PERSON OR COMPANY NOT LICENSED TO DO**  
30 **FINANCIAL INTERMEDIATION BUT WHICH ENGAGES IN FINANCIAL**  
31 **INTERMEDIATION SERVICES AS AN INCIDENT TO ITS MAIN**  
32 **BUSINESS ACTIVITY, AND DERIVES INCOME THEREFROM, SHALL BE**



1           **SUBJECT TO THE TAX IMPOSED ON ITS PRINCIPAL ACTIVITY. TO BE**  
2           **CONSIDERED INCIDENTAL, THE INCOME FROM INTERMEDIATION**  
3           **SERVICES SHALL NOT EXCEED FIFTY PERCENT (50%) OF THE**  
4           **PERSON OR THE COMPANY’S TOTAL ANNUAL INCOME. IF THE TOTAL**  
5           **INCOME RECEIVED FROM FINANCIAL INTERMEDIATION IS MORE**  
6           **THAN FIFTY PERCENT (50%), AND THE PERSON OR COMPANY HAS**  
7           **ENTERED INTO AT LEAST SIX (6) TRANSACTIONS DURING THE YEAR,**  
8           **THE TOTAL INCOME FROM SUCH FINANCIAL INTERMEDIATION**  
9           **SHALL BE SUBJECT TO TAX UNDER THIS SUBSECTION.**

10           **IN-HOUSE LENDING OR SELLER FINANCING SHALL NOT BE**  
11           **SUBJECT TO TAX UNDER THIS SUBSECTION. ANY INCOME EARNED**  
12           **OR RECEIVED FROM IN-HOUSE LENDING OR SELLER FINANCING**  
13           **SHALL BE SUBJECT TO THE SAME TAX APPLICABLE TO THE**  
14           **PRINCIPAL BUSINESS ACTIVITY OR TRANSACTION.**

15           **HOLDING COMPANIES SHALL BE SUBJECT TO EITHER VALUE**  
16           **ADDED TAX OR GROSS RECEIPTS TAX DEPENDING ON THE NATURE**  
17           **OF THEIR BUSINESS ACTIVITIES. IF UNDERTAKING FINANCING AND**  
18           **OTHER SIMILAR ACTIVITIES, THEY SHALL BE SUBJECT TO GROSS**  
19           **RECEIPTS TAX UNDER THIS SECTION. INCOME DERIVED FROM THE**  
20           **SALE OF GOODS, PROPERTIES AND OTHER SERVICES SHALL BE**  
21           **SUBJECT TO VALUE ADDED TAX UNDER SECTION 105 OF THIS CODE.**

22           *[Provided, finally, That the generally accepted accounting principles as*  
23           *may be prescribed by the Securities and Exchange Commission for other non-*  
24           *bank financial intermediaries shall likewise be the basis for the calculation of*  
25           *gross receipts.]*

26           Nothing in this Code shall preclude the Commissioner from imposing the  
27           same tax herein provided on persons **OR ENTITIES** performing similar  
28           [financing] **FINANCIAL INTERMEDIATION** activities.

29           **SEC. 23.** Section 123 of the National Internal Revenue Code of 1997, as  
30           amended, is hereby amended to read as follows:

1                   **SEC. 123. Tax on Life Insurance AND REINSURANCE Premiums**

2                   . – There shall be collected from every person, company or corporation,  
3                   [(]except purely cooperative companies or associations[)] doing life insurance  
4                   business of any sort in the Philippines, **A PREMIUM TAX AT THE**  
5                   **FOLLOWING RATES:**

6                   **(A) FOR LIFE INSURANCE INCLUDING HEALTH INSURANCE AS**  
7                   **A RIDER TO LIFE INSURANCE POLICY,** a tax of two percent (2%) of the  
8                   total premium collected, whether such premiums are paid in money, notes,  
9                   credits or any substitute for money; but premiums refunded within six (6)  
10                  months after payment on account of rejection of risk or returned for other  
11                  reason to a person insured shall not be included in the taxable receipts; nor  
12                  shall any tax be paid upon reinsurance by a company **IF THE TAX** [that] has  
13                  already **BEEN** paid [the tax] **ON THE DIRECT PREMIUM;** nor upon  
14                  premiums collected or received by any branch of a domestic corporation, firm  
15                  or association doing business outside the Philippines on account of any life  
16                  insurance of the insured who is a nonresident, if any tax on such premium is  
17                  imposed by the foreign country where the branch is established nor upon  
18                  premiums collected or received on account of any reinsurance, if the insured,  
19                  in case of personal insurance, resides outside the Philippines, if any tax on such  
20                  premiums is imposed by the foreign country where the original insurance has  
21                  been issued or perfected; nor upon that portion of the premiums collected or  
22                  received by the insurance companies on variable contracts[,]  
23                  **IN A CIS** in excess of the amounts necessary to insure the lives of the variable contract  
24                  owners[.]: **PROVIDED, THAT THE CIS SHALL HAVE AT LEAST TWO**  
25                  **HUNDRED (200) OWNERS, INVESTORS OR PARTICIPANTS, AND**  
26                  **THAT ANY MINIMUM PUBLIC OWNERSHIP AS MAY BE REQUIRED BY**  
27                  **APPROPRIATE GOVERNMENT REGULATORY AGENCIES SHALL BE**  
28                  **COMPLIED WITH.**

29                  **(B) PERSONS DOING BUSINESS SIMILAR OR AKIN TO LIFE AND**  
30                  **HEALTH INSURANCE SUCH AS PRE-NEED COMPANIES, PENSION**  
31                  **FUND COMPANIES, HEALTH MAINTENANCE ORGANIZATIONS AND**  
32                  **OTHER COMPANIES SIMILAR TO LIFE INSURANCE, AS MAY BE**

1 DETERMINED BY THE APPROPRIATE GOVERNMENT REGULATORY  
2 AGENCIES, SHALL BE SUBJECT TO TAX UNDER THIS SUBSECTION AT  
3 THE RATE OF TWO PERCENT (2%) OF THE GROSS PREMIUM, PLAN  
4 PAYMENT, OR INSTALLMENT PAYMENTS COLLECTED WITHOUT ANY  
5 DEDUCTION FOR THE AMOUNTS REQUIRED BY THE APPROPRIATE  
6 GOVERNMENT REGULATORY AGENCIES TO BE EARMARKED FOR THE  
7 BENEFIT OF THE INSURED, OR PLANHOLDER.

8 NOTHING IN THIS CODE SHALL PRECLUDE THE  
9 COMMISSIONER FROM IMPOSING THE SAME TAX HEREIN PROVIDED  
10 ON PERSONS PERFORMING SIMILAR INSURANCE BUSINESS  
11 ACTIVITIES.

12 LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO  
13 PREMIUM TAX ON PREMIUMS COLLECTED UNDER SUBSECTION (A)  
14 HEREOF. HOWEVER, PREMIUMS COLLECTED ON TRANSACTIONS  
15 WHERE THE TAX ON THE DIRECT PREMIUM HAS ALREADY BEEN PAID  
16 BY THE DIRECT INSURER SHALL BE EXCLUDED FROM THE GROSS  
17 PREMIUM SUBJECT TO PREMIUM TAX.

18 NON-LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO  
19 VALUE ADDED TAX ON PREMIUMS COLLECTED UNDER SECTION 108  
20 OF THIS CODE. HOWEVER, PREMIUMS COLLECTED ON  
21 TRANSACTIONS WHERE THE TAX ON THE DIRECT PREMIUM HAS  
22 ALREADY BEEN PAID BY THE DIRECT INSURER SHALL BE EXCLUDED  
23 FROM THE GROSS PREMIUM SUBJECT TO VALUE ADDED TAX.

24 FOR THE PURPOSE OF CLAIMING EXEMPTION ON  
25 REINSURANCE PREMIUMS, THE SECRETARY OF FINANCE, UPON THE  
26 RECOMMENDATIONS OF THE COMMISSIONER OF INTERNAL  
27 REVENUE AND INSURANCE COMMISSIONER, SHALL PROMULGATE  
28 THE REQUIRED REPORTS TO BE SUBMITTED TO THE BUREAU OF  
29 INTERNAL REVENUE. ANY MISREPRESENTATION SHALL SUBJECT  
30 THE DIRECT INSURER OR REINSURER TO PENALTIES UNDER  
31 SECTIONS 248, 249, 253, 254, 255, 256, AND 257 OF THIS CODE.

1 ANY INCOME, OTHER THAN RECEIPT OF PREMIUM SUCH AS  
2 MANAGEMENT FEES, SERVICE FEES, CHARGES, AND PENALTIES,  
3 COMMISSIONS, INCOME FROM THE SALE OR TRANSFER OF GOODS,  
4 PROPERTIES OR SERVICES, EARNED OR RECEIVED AS AN INCIDENT  
5 OF DOING THE BUSINESS OF LIFE, NON-LIFE AND OTHER  
6 INSURANCE ACTIVITIES, SHALL BE SUBJECT TO THE VALUE ADDED  
7 TAX UNDER SECTION 105 OF THIS CODE: *PROVIDED*, THAT INCOME  
8 RECEIVED FROM THE INVESTMENT AND REINVESTMENT OF  
9 PREMIUMS EARNED SHALL NOT BE SUBJECT TO VALUE ADDED TAX  
10 NOR TO THE GROSS RECEIPTS TAX IMPOSED UNDER SECTIONS 121  
11 AND 122 OF THIS CODE.

12 A VARIABLE INSURANCE CONTRACT WHERE AMOUNTS IN  
13 EXCESS OF INSURANCE COSTS ARE COLLECTED AS PART OF THE  
14 PREMIUM AND WHERE UNITS OF PARTICIPATION IN A POOLED  
15 FUND ARE ISSUED TO THE INSURED REPRESENTING THEIR  
16 RESPECTIVE SHARES IN THE POOLED FUND, IS A CIS. THE AMOUNTS  
17 OF PREMIUM COLLECTED IN EXCESS OF THE INSURANCE COST IS  
18 NOT SUBJECT TO PREMIUM TAX UNDER THIS SECTION AND TO THE  
19 GROSS RECEIPTS TAX IMPOSED UNDER SECTIONS 121 AND 122, OR  
20 TO ANY PERCENTAGE TAX IMPOSED UNDER TITLE V AND TO VALUE  
21 ADDED TAX UNDER SECTION 105, TITLE IV OF THIS CODE.

22 Cooperative companies or associations are such as are conducted by the  
23 members thereof with the money collected from among themselves and solely  
24 for their own protection and not for profit.

25 **SEC. 24.** Section 174 of the National Internal Revenue Code of 1997, as  
26 amended, is hereby amended to read as follows:

27 **SEC. 174. *Stamp Tax on Original Issue of Shares of Stock.*** – On  
28 every original issue, whether on organization, reorganization or for any lawful  
29 purpose, of shares of stock by any association, company, or corporation,  
30 **INCLUDING SHARES OF STOCK OR UNITS OF PARTICIPATION IN A**  
31 **COLLECTIVE INVESTMENT SCHEME**, there shall be collected a

1 documentary stamp tax of [Two pesos (P2.00) on each Two hundred pesos  
2 (P200), or fractional part thereof, of the par value,] **SEVENTY-FIVE**  
3 **PERCENT OF ONE PERCENT (0.75%) OF THE PAR VALUE** of such shares  
4 of stock: *Provided*, That in the case of the original issue of shares of stock  
5 without par value, the amount of the documentary stamp tax herein prescribed  
6 shall be based upon the actual consideration for the issuance of such shares of  
7 stock: *Provided, further*, That in the case of stock dividends, on the actual value  
8 represented by each share[.]: **PROVIDED, FINALLY, THAT IN THE CASE**  
9 **OF COLLECTIVE INVESTMENT SCHEMES WITHOUT PAR VALUE, THE**  
10 **DOCUMENTARY STAMP TAX SHALL BE BASED ON THE INITIAL NET**  
11 **ASSET VALUE PER UNIT.**

12 **SEC 25.** Section 175 of the National Internal Revenue Code of 1997, as  
13 amended, is hereby repealed.

14 **SEC. 26.** Section 176 of the National Internal Revenue Code of 1997, as  
15 amended, is hereby amended to read as follows:

16 **SEC 176. *Stamp Tax on Bonds, Debentures, Certificates of Stock***  
17 ***or Indebtedness Issued in Foreign Countries.*** – [On all] **A**  
18 **DOCUMENTARY STAMP TAX OF SEVENTY-FIVE PERCENT OF ONE**  
19 **PERCENT (0.75%) OF THE VALUE OF THE TRANSACTION SHALL BE**  
20 **COLLECTED FROM A PERSON SELLING OR TRANSFERRING** bonds,  
21 debentures, certificates of stock, or certificates of indebtedness issued in any  
22 foreign country.[, there shall be collected from the person selling or transferring  
23 the same in the Philippines, such tax as is required by law on similar instruments  
24 when issued, sold or transferred in the Philippines.]

25 **SEC 27.** Sections 177 and 178 of the National Internal Revenue Code of 1997,  
26 as amended, are hereby repealed.

27 **SEC 28.** Section 179 of the National Internal Revenue Code of 1997, as  
28 amended, is hereby amended to read as follows:

1                   **SEC. 179. Stamp Tax on All Debt Instruments.** – On every original  
2 issue of debt instruments, there shall be collected a documentary stamp tax of  
3 [One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or  
4 fractional part thereof,] **SEVENTY-FIVE PERCENT OF ONE PERCENT**  
5 **(0.75%)** of the issue price of any such debt instruments: *Provided,* That for  
6 such debt instruments with terms of less than one (1) year, the documentary  
7 stamp tax to be collected shall be of a proportional amount in accordance with  
8 the ratio of its term in number of days to three hundred sixty-five (365) days:  
9 *Provided, further,* That only one documentary stamp tax shall be imposed on  
10 either loan agreement, or promissory notes issued to secure such loan.

11                   For purposes of this section, the term debt instrument shall mean  
12 instruments representing borrowing and lending transactions including but not  
13 limited to debentures, certificates of indebtedness, due bills, bonds, loan  
14 agreements, including those signed abroad wherein the object of contract is  
15 located or used in the Philippines, instruments and securities issued by the  
16 government or any of its instrumentalities, deposit substitute debt instruments,  
17 certificates or other evidences of deposits that are either drawing interest  
18 significantly higher the regular savings deposit taking into consideration the  
19 size of the deposit and the risks involved or drawing interest and having a  
20 specific maturity date, [orders for payment of any sum of money otherwise  
21 than at sight or on demand,] promissory notes, whether negotiable or non-  
22 negotiable, except bank notes issued for circulation.

23                   **SEC 29.** Section 180 of the National Internal Revenue Code of 1997, as  
24 amended, is hereby repealed.

25                   **SEC 30.** Sections 181, 182, 183, 184, 185, 186, and 187 of the National  
26 Internal Revenue Code of 1997, as amended, are hereby amended to read as follows:

27                   **SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and**  
28 **Others.**– Upon any acceptance or payment of any bill of exchange or order for  
29 the payment of money purporting to be drawn in a foreign country but payable  
30 in the Philippines, there shall be collected a documentary stamp tax **OF**

1 **THIRTY PERCENT OF ONE PERCENT (0.30%)** [Sixty centavos (P0.60) on  
2 each Two hundred pesos (P200), or fractional part thereof,] of the face value  
3 of any such bill of exchange, or order, or the Philippine equivalent of such value,  
4 if expressed in foreign currency.

5 **SEC. 182. Stamp Tax on Foreign Bills of Exchange and Letters**  
6 **of Credit.** – On all foreign bills of exchange and letter of credit (including  
7 orders, by telegraph or otherwise, for the payment of money issued by express  
8 or steamship companies or by any person or persons) drawn in but payable out  
9 of the Philippines in a set of three (3) or more according to the custom of  
10 merchants and bankers, there shall be collected a documentary stamp tax **OF**  
11 **THIRTY PERCENT OF ONE PERCENT (0.30%)** [Sixty centavos (P0.60) on  
12 each Two hundred pesos (P200), or fractional part thereof,] of the face value  
13 of any such bill of exchange or letter of credit, or the Philippine equivalent of  
14 such face value, if expressed in foreign currency[.]: **PROVIDED, THAT, A**  
15 **LETTER OF CREDIT ON WHICH THE DOCUMENTARY STAMP TAX**  
16 **IMPOSED UNDER THIS SECTION IS PAID UPON OPENING SHALL NOT**  
17 **BE SUBJECT AGAIN TO THE TAX IMPOSED BY SECTION 195 UPON**  
18 **AVAILMENT OF THE TRUST RECEIPT LINE WHERE THE PROPERTY**  
19 **SUBJECT OF THE LETTER OF CREDIT IS MADE A SECURITY FOR**  
20 **PAYMENT.**

21 **SEC. 183. Stamp Tax on Life AND HEALTH Insurance Policies[.]**  
22 **OF ANNUITIES, AND HEALTH MAINTENANCE ORGANIZATION**  
23 **PRODUCTS.** – On all policies of insurance or other instruments by whatever  
24 name the same may be called, whereby any insurance shall be made or  
25 renewed upon any life or lives **AND HEALTH OF PERSONS**, there shall be  
26 collected a one-time documentary stamp tax at the following rates:

27 If the amount of insurance does not exceed P100,000 - Exempt

28 If the amount of insurance exceeds P100,000

29 but does not exceed P300,000 - P20.00

30 If the amount of insurance exceeds P300,000

31 but does not exceed P500,000 - P50.00

32 If the amount of insurance exceeds P500,000

1	but does not exceed P750,000	- P100.00
2	If the amount of insurance exceeds P750,000	
3	but does not exceed P1,000,000	-
4	P150.00	
5	If the amount of insurance exceeds P1,000,000	-
6	P200.00	

7                    **SEC. 184. Stamp Tax on Policies of Insurance Upon Property. –**

8                    On all policies of insurance or other instruments by whatever name the same  
9                    may be called, by which insurance shall be made or renewed upon property of  
10                   any description, including rents or profits, against peril by sea or on inland  
11                   waters, or by fire or lightning, there shall be collected a documentary stamp  
12                   tax of [Fifty centavos (P0.50) on each Four pesos (P4.00), or fractional part  
13                   thereof,] **TWELVE AND ONE-HALF PERCENT (12.5%)** of the amount of  
14                   premium charged: *Provided, however,* That no documentary stamp tax shall be  
15                   collected on reinsurance contracts or on any instrument by which cession or  
16                   acceptance of insurance risks under any reinsurance agreement is effected or  
17                   recorded. **PROVIDED, FURTHER, THAT SUCH RATE SHALL BE REDUCED**  
18                   **ACCORDING TO THE FOLLOWING SCHEDULE:**

- 19                   **JANUARY 1, 2023: ELEVEN AND ONE-HALF PERCENT (11.5%),**  
20                   **JANUARY 1, 2024: TEN AND ONE-HALF PERCENT (10.5%),**  
21                   **JANUARY 1, 2025: NINE AND ONE-HALF PERCENT (9.5%),**  
22                   **JANUARY 1, 2026: EIGHT AND ONE-HALF PERCENT (8.5%),**  
23                   **JANUARY 1, 2027: SEVEN AND ONE-HALF PERCENT (7.5%).**

24                   **SEC. 185. Stamp Tax on Fidelity Bonds and Other Insurance**

25                   **Policies. –** On all policies of insurance or bonds or obligations of the nature of  
26                   indemnity for loss, damage or liability made or renewed by any person,  
27                   association, company or corporation transacting the business of accident,  
28                   fidelity, employer’s liability, plate, glass, steam boiler, burglar, elevator,  
29                   automatic sprinkler, or other branch of insurance (except life, marine, inland,  
30                   and fire insurance), and all bonds, undertakings, or recognizances, conditioned



1 for the performance of the duties of any office or position, for the doing or not  
2 doing of anything therein specified, and on all obligations guaranteeing the  
3 validity or legality of any bond or other obligations issued by any province, city,  
4 municipality, or other public body or organization, and on all obligations  
5 guaranteeing the title to any real estate, or guaranteeing any mercantile  
6 credits, which may be made or renewed by any such person, company or  
7 corporation, there shall be collected a documentary stamp tax of [Fifty centavos  
8 (P0.50) on each Four pesos (P4.00), or fractional part thereof,] **TWELVE AND  
9 ONE-HALF PERCENT (12.5%) of the premium charged[.]: PROVIDED,  
10 THAT SUCH RATE SHALL BE REDUCED ACCORDING TO THE  
11 FOLLOWING SCHEDULE:**

12 **JANUARY 1, 2023: ELEVEN AND ONE-HALF PERCENT (11.5%),**  
13 **JANUARY 1, 2024: TEN AND ONE-HALF PERCENT (10.5%),**  
14 **JANUARY 1, 2025: NINE AND ONE-HALF PERCENT (9.5%),**  
15 **JANUARY 1, 2026: EIGHT AND ONE-HALF PERCENT (8.5%),**  
16 **JANUARY 1, 2027: SEVEN AND ONE-HALF PERCENT (7.5%).**

17 **SEC. 186. *Stamp Tax on [Policies of Annuities, and] Pre-Need***  
18 ***Plans.*** – [On all policies of annuities, or other instruments by whatever name  
19 the same may be called, whereby an annuity may be made, transferred or  
20 redeemed, there shall be collected a documentary stamp tax of One peso  
21 (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the  
22 premium or installment payment on contract price collected.] On pre-need  
23 plans, [the documentary stamp tax shall be Forty centavos (P0.40) on each  
24 Two hundred pesos (P200), or fractional part thereof, of the premium or  
25 contribution collected.] **THERE SHALL BE COLLECTED A DOCUMENTARY  
26 STAMP TAX OF TWENTY PERCENT OF ONE PERCENT (0.2%) OF THE  
27 PREMIUM OR INSTALLMENT PAYMENT ON CONTRACT PRICE, OR  
28 CONTRIBUTION CHARGED.**

29 **SEC. 187. *Stamp Tax on Indemnity Bonds.*** – On all bonds for  
30 indemnifying any person, firm or corporation who shall become bound or

1 engaged as surety for the payment of any sum of money or for the due  
2 execution or performance of the duties of any office or position or to account  
3 for money received by virtue thereof, and on all other bonds of any description,  
4 except such as may be required in legal proceedings, or are otherwise provided  
5 for herein, there shall be collected a documentary stamp tax of [Thirty centavos  
6 (P0.30) on each Four pesos (P4.00), or fractional part thereof,] **SEVEN AND**  
7 **ONE-HALF PERCENT (7.5%)** of the premium charged.

8 **SEC 31.** Section 188 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby repealed.

10 **SEC 32.** Sections 192 and 193 of the National Internal Revenue Code of 1997,  
11 as amended, are hereby repealed.

12 **SEC 33.** Sections 195, 198, and 199 of the National Internal Revenue Code of  
13 1997, as amended, are hereby amended to read as follows:

14 ***SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust.***

15 – On every mortgage or pledge of lands, estate, or property, real or personal,  
16 heritable or movable, whatsoever, where the same shall be made as a security  
17 for the payment of any definite and certain sum of money lent at the time or  
18 previously due and owing or forborne to be paid, being payable, and on any  
19 conveyance of land, estate, or property whatsoever, in trust or to be sold, or  
20 otherwise converted into money which shall be and intended only as security,  
21 either by express stipulation or otherwise, there shall be collected a  
22 documentary stamp tax [at the following rates:

23 (a) When the amount secured does not exceed Five thousand pesos  
24 (P5,000), Forty pesos (P40.00).

25 (b) On each Five thousand pesos (P5,000), or fractional part thereof  
26 in excess of Five thousand pesos (P5,000), an additional tax of Twenty pesos  
27 (P20.00).] **OF THIRTY PERCENT OF ONE PERCENT (0.3%) OF THE**  
28 **AMOUNT SECURED.**



1           **SEC. 35. *Implementing Rules and Regulations.*** – The Department of Finance,  
2 in consultation with the Securities and Exchange Commission, Bangko Sentral ng  
3 Pilipinas, Insurance Commission, the Bureau of the Treasury, and the Bureau of  
4 Internal Revenue, shall issue the implementing rules and regulations for the effective  
5 implementation of this Act.

6           **SEC. 36. *Separability Clause.*** – If, for any reason any article or provision of  
7 this Act, or any portion thereof, or application of such article, provision, or portion  
8 thereof to any person, group, or circumstance is declared invalid or unconstitutional,  
9 the remainder of this Act shall not be affected by such decision or declaration.

10          **SEC. 37. *Repealing Clause.*** – The following laws or provisions of laws are  
11 hereby repealed or modified accordingly and the persons and/or transactions affected  
12 herein are hereby made subject to applicable taxes on interest income, dividends, and  
13 capital gains, gross receipts tax, premium tax, and documentary stamp tax under the  
14 National Internal Revenue Code of 1997, as amended:

15               (a)           Section 9, insofar as the tax exemption on the issuance of  
16 bonds and securities is concerned, of Presidential Decree 1648, known as  
17 “Reorganizing the National Development Company and Establishing a Revised  
18 Charter Therefor”;

19               (b)           Sections 6, 7, and 8, insofar as the tax exemptions on  
20 interest income, capital gains, and documentary stamp tax and on the issuance  
21 of bonds are concerned, of Executive Order 603, entitled “Creating a Light Rail  
22 Transit Authority, Vesting the Same With Authority to Construct and Operate  
23 the Light Rail Transit (LRT) Project and Providing Funds Therefor”;

24               (c)           Section 14, insofar as tax exemption on interest income,  
25 capital gains, and documentary stamp tax is concerned, of Republic Act 7354,  
26 entitled “An Act Creating the Philippine Postal Corporation, Defining Its Powers,  
27 Functions And Responsibilities, Providing for Regulation of the Industry and for  
28 Other Purposes Connected Therewith”;

29               (d)           Section 12, insofar as the tax exemptions on interest  
30 income, capital gains, and documentary stamp tax and on the issuance of bonds

1 are concerned, of Republic Act 4850, entitled "An Act Creating the Laguna Lake  
2 Development Authority, Prescribing its Powers, Functions and Duties, Providing  
3 Funds Therefor, and for Other Purposes";

4 (e) Number 8, insofar as tax exemption on interest income,  
5 capital gains, and documentary stamp tax is concerned, of Presidential Decree  
6 37, entitled "Creating the Nayong Pilipino Foundation";

7 (f) Section 12, insofar as tax exemption on interest income,  
8 capital gains, and documentary stamp tax is concerned, of Presidential Decree  
9 205, entitled "Creating and Establishing the Development Academy of the  
10 Philippines, Defining its Powers, Functions, and Responsibilities, and for Other  
11 Purposes";

12 (g) Article 202, insofar as tax exemption on interest income,  
13 capital gains, documentary stamp tax, and premium tax is concerned, of  
14 Presidential Decree 442 as amended by Presidential Decree 626, entitled "Labor  
15 Code of the Philippines";

16 (h) Sections 10 and 11, insofar as the tax exemptions on  
17 interest income, capital gains, and documentary stamp tax of subsidiaries of  
18 Philippine Aerospace Development Corporation and on the issuance of bonds  
19 are concerned, of Presidential Decree 696, entitled "Revising Presidential  
20 Decree No. 286, dated September 5, 1973, as amended, otherwise known as  
21 The Charter of The Philippine Aerospace Development Corporation and for  
22 Other Purposes";

23 [(k)] **(i)** Section 37, insofar as the tax exemption on interest  
24 income, capital gains, gross receipts tax, and documentary stamp tax is  
25 concerned, of Republic Act 6848 or The Charter of The Al-Amanah Islamic  
26 Investment Bank of the Philippines;

27 [(l)] **(j)** Sections 19, insofar as the tax exemptions on interest income  
28 and issuance of bonds are concerned, of Republic Act 3591, as amended by  
29 Republic Act 9576 or An Act Increasing the Maximum Deposit Insurance  
30 Coverage, and in Connection Therewith, to Strengthen the Regulatory and  
31 Administrative Authority, and Financial Capability of the Philippine Deposit  
32 Insurance Corporation (PDIC), Amending for this Purpose Republic Act

1           Numbered Three Thousand Five Hundred Ninety-One, as amended, otherwise  
2           known as The PDIC Charter, and for Other Purposes;

3           [(m)] **(k)**       Section 12, insofar as tax exemption on interest income,  
4           capital gains, and documentary stamp tax and the issuance of bonds are  
5           concerned, of Executive Order 1037, entitled "An Act Creating the Philippine  
6           Retirement Park System, Providing Funds Therefor and for Other Purposes";

7           [(o)] **(l)**       Sections 19 and 25, insofar as tax exemption on  
8           documentary stamp tax is concerned, of Republic Act 7279 or The Urban  
9           Development and Housing Act of 1992;

10          [(p)] **(m)**       Section 8(a), insofar as tax exemption on interest income,  
11          capital gains, and documentary stamp tax of bonds is concerned, as provided  
12          under Section 1 of Republic Act 6395 or An Act Revising the Charter of the  
13          National Power Corporation;

14          [(q)] **(n)**       Sections 9 and 15, insofar as the tax exemptions on the  
15          issuance of bonds, interest income, capital gains, and documentary stamp tax  
16          are concerned, of PD 334, entitled "Creating the Philippine National Oil  
17          Company, Defining its Powers and Functions, Providing Funds Therefore, and  
18          for Other Purposes";

19          [(t)] **(o)**       Section 6 (a, xviii (2)), in so far as tax exemption on  
20          interest income and documentary stamp tax is concerned, of PD 1485, as  
21          amended by PD 1770, entitled "Reconstituting the National Grains Authority to  
22          the National Food Authority, Broadening its Functions and Powers and for Other  
23          Purposes";

24          [(u)] **(p)**       Section 5 (e), insofar as tax exemption on interest income,  
25          capital gains, and documentary stamp tax on bonds is concerned, of Republic  
26          Act 6260, entitled "An Act Instituting a Coconut Investment Fund and Creating  
27          a Coconut Investment Company for the Administration Thereof";

28          [(x)] **(q)**       Section 7, insofar as tax exemption on documentary  
29          stamp tax and premium tax is concerned, of Republic Act 7111, entitled "An  
30          Act Establishing The Overseas Workers' Investment Fund to Provide Incentives  
31          to Overseas Workers, Reduce the Foreign Debt Burden and for Other  
32          Purposes";

1            ~~[(y)]~~ **(r)**        Section 56, insofar as tax exemption on interest income,  
2 capital gains, and documentary stamp tax is concerned, of Republic Act 10801,  
3 entitled "An Act Governing the Operations and Administration of the Overseas  
4 Workers Welfare Administration";

5            ~~[(z)]~~ **(s)**        Section 5, insofar as tax exemption on interest income is  
6 concerned, of Republic Act 8367, entitled "An Act Providing for the Regulation  
7 of the Organization and Operation of Non-Stock Savings and Loan  
8 Associations";

9            ~~[(aa)]~~ **(t)**        Section 28, insofar as tax exemption on capital gains on  
10 shares of stock and documentary stamp tax is concerned, of Republic Act 9267  
11 or The Securitization Act of 2004";

12           ~~[(cc)]~~ **(u)**        Section 15, insofar as tax exemption on capital gains and  
13 documentary stamp tax is concerned, of Republic Act 9182, as amended by  
14 Republic Act 9343, entitled "An Act Granting Tax Exemptions and Fee Privileges  
15 to Special Purpose Vehicles which Acquire or Invest in Non-Performing Assets,  
16 Setting the Regulatory Framework Therefor, and for Other Purposes";

17           ~~[(dd)]~~ **(v)**        Sections 13 and 14, insofar as tax exemption on DST and  
18 dividends is concerned, of R.A. 9856 or The Real Estate Investment Act of 2009;

19           ~~[(ee)]~~ **(w)**        Section 23, insofar as no deduction from gross income  
20 shall be allowed in respect of any interest if the indebtedness is incurred to  
21 finance petroleum exploration is concerned, of P.D. 87, entitled Amending  
22 Presidential Decree No. 8 issued on October 2, 1972, and Promulgating an  
23 Amended Act to Promote the Discovery and Production of Indigenous  
24 Petroleum and Appropriate Funds Therefor;

25           ~~[(ff)]~~ **(x)**        Section 6, insofar as tax exemption on interest  
26 income, dividends and capital gains are concerned, of RA 6426 or the Foreign  
27 Currency Deposit Act of the Philippines, as amended; and

28           ~~[(gg)]~~ **(y)**        Section 32, insofar as the tax exemptions on capital gains,  
29 interest income and DST and issuance of bonds are concerned, of RA 6424 or  
30 the Philippine Export Credit Insurance and Guarantee Corporation Act.

1           **SEC. 38. Effectivity** - This Act shall take effect fifteen (15) days after its  
2 publication in **the Official Gazette** or at least two (2) newspapers of general  
3 circulation.

Approved,