

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

]]]

22 SEP 27 P1:13

RECEIVED BY: 

SENATE

S.B. No. 1347

Introduced by SEN. WIN GATCHALIAN

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 127, 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

According to the 2017 McKinsey Asian Capital Markets Development Index, the Philippines scored 2.25 out of 5.0. The index is measured using three categories: funding at scale, investment opportunities, and pricing efficiency. In the McKinsey study, the Philippines scored low in the pricing efficiency category which measures the quality of available data and information included in the price. Better pricing information facilitates more efficient resource allocation.

In the same study, it was found that the cost of raising equity in the Philippines is more than 14%, mainly caused by friction costs such as taxes, commissions, and other fees. The current scheme of taxes and charges contributes to the country's low score in pricing efficiency. Based on the foregoing, there is a need to rationalize the taxation of the financial sector to provide better pricing information to market actors and facilitate the long-term growth and development of our economy.

This bill proposes to reduce the cost of raising capital and debt by reducing the number of tax bases and rates applicable to passive income and financial intermediaries and harmonizing taxation of similar products. This will level the playing field among players with better pricing information by removing tax-induced distortions. This also discourages arbitrage opportunities. Specifically, the bill aims to push for the following reforms:

1. Reduction in the number of final withholding tax rates;
2. Unification of tax rates on passive income;
3. Harmonization of business taxes on financial intermediaries;
4. Removal of the initial public offering (IPO) tax; and
5. Rationalization of documentary stamp tax (DST).

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



WIN GATCHALIAN



NINETEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
First Regular Session]

72 SEP 27 P1:13

RECEIVED BY:

SENATE

S.B. No. 1347

Introduced by SEN. WIN GATCHALIAN

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

1 savings and develop as well as deepen the capital markets. Accordingly, the State
2 adopts the following policies:

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

5 2. The State shall endeavor to simplify an otherwise complex tax system
6 for easy compliance.

7 3. The State shall ensure that the taxation of passive income and financial
8 transactions is equitable across all stakeholders and discourages arbitrage
9 opportunities.

10 4. The State shall promote capital market development and tax
11 competitiveness within the context of globalization, increased capital mobility, and
12 financial inclusion.

13

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

16 SEC. 22. Definitions - When used in this Title:

17 (A) xxx

18 xxx xxx xxx

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

29 (M) The term 'shareholder' shall [~~include~~] **REFER TO** holders of a
30 share/s of stock, warrant/s and/or option/s [~~to purchase shares of stock of a~~

1 corporation], **WHETHER TO BUY OR SELL SECURITIES, FUTURES**
2 **CONTRACTS, AND SUCH OTHER DERIVATIVE SECURITIES LISTED**
3 **AND TRADED IN A LOCAL EXCHANGE OR AN ORGANIZED**
4 **MARKETPLACE**, as well as a holder of a unit of participation in a partnership
5 (except general professional partnerships), in a joint stock company, a joint
6 account, **A COLLECTIVE INVESTMENT SCHEME**, a taxable joint venture, a
7 member of an association, recreation or amusement club (such as golf, polo,
8 or similar clubs), and a holder of a mutual fund certificate, a member in an
9 association, joint-stock company, or insurance company.

10 xxx xxx xxx

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

21 (1) **SHARES OF STOCK, BONDS, DEBENTURES, NOTES,**
22 **EVIDENCES OF INDEBTEDNESS, ASSET-BACKED SECURITIES;**

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

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

1 **PERSONS OR ENTITIES ENGAGED IN THE BORROWING OF FUNDS,**
2 **FOR THE BORROWER'S OWN ACCOUNT, THROUGH THE ISSUANCE,**
3 **ENDORSEMENT, OR ACCEPTANCE OF DEBT INSTRUMENTS OF ANY**
4 **KIND OTHER THAN DEPOSITS, OR THROUGH THE ISSUANCE OF**
5 **CERTIFICATES OF PARTICIPATIONS, CERTIFICATES OF**
6 **ASSIGNMENT, OR SIMILAR INSTRUMENTS WITH RECOURSE, TRUST**
7 **CERTIFICATES, OR OF REPURCHASE AGREEMENTS, FROM TWENTY**
8 **(20) OR MORE LENDERS AT ANY ONE TIME, FOR PURPOSES OF**
9 **RELENDING OR PURCHASING OF RECEIVABLES AND OTHER**
10 **OBLIGATIONS, BUT DOES NOT INCLUDE COMMERCIAL, INDUSTRIAL,**
11 **AND OTHER NON-FINANCIAL COMPANIES, WHICH BORROW FUNDS**
12 **THROUGH ANY OF THESE MEANS FOR THE LIMITED PURPOSE OF**
13 **FINANCING THEIR OWN NEEDS OR THE NEEDS OF THEIR AGENTS OR**
14 **DEALERS.**

15 **(X) THE TERM 'QUASI-BANK' SHALL REFER TO ENTITIES**
16 **ENGAGED IN THE BORROWING OF FUNDS THROUGH THE ISSUANCE,**
17 **ENDORSEMENT OR ASSIGNMENT WITH RECOURSE OR ACCEPTANCE**
18 **OF DEPOSIT SUBSTITUTES, AS DEFINED IN SUBSECTION (Z) HEREOF**
19 **FOR PURPOSES OF RELENDING OR PURCHASING OF RECEIVABLES**
20 **AND OTHER OBLIGATIONS.**

21 ~~[(X)]~~ (Y) The term '**QUASI-BANKING ACTIVITIES**' [means] **SHALL**
22 **REFER TO** borrowing funds from twenty (20) or more [personal]
23 **INDIVIDUALS** or corporate lenders at any one time through the issuance,
24 endorsement, or acceptance of debt instruments of any kind other than
25 deposits for the borrower's own account, or through the issuance of certificates
26 of assignment or similar instruments, with recourse, or of repurchase
27 agreements for purposes of relending or purchasing receivables and other
28 similar obligations: *Provided, however,* That commercial, industrial and other
29 non-financial companies, which borrow funds through any of these means for
30 the limited purpose of financing their own needs or the needs of their agents

1 or dealers, shall not be considered as performing quasi-banking functions.
2 **PROVIDED, FURTHER, THAT IF THE INTENTION IS FOR THE DEBT**
3 **INSTRUMENTS TO BE HELD BY MORE THAN NINETEEN (19) HOLDERS**
4 **DURING THE ENTIRE TERM OF THE DEBT INSTRUMENT AND IF THE**
5 **TENOR AND DENOMINATION ARE SUCH THAT THEY CAN BE HELD BY**
6 **MORE THAN NINETEEN (19) LENDERS, THEN THE INSTRUMENT**
7 **SHALL BE CONSIDERED DEPOSIT SUBSTITUTES.**

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

28 [(Z)] (AA) The term 'ordinary income' xxx xxx xxx

29 [(AA)] (BB) The term 'rank and file employees' xxx xxx xxx

1 ~~[(BB)]~~ (CC) The term 'mutual fund company' shall ~~[mean]~~ **REFER TO**
2 **ANY INVESTMENT COMPANY WHICH IS OR HOLDS ITSELF OUT AS**
3 **BEING ENGAGED PRIMARILY, OR PROPOSES TO ENGAGE PRIMARILY**
4 **IN THE BUSINESS OF POOLING TOGETHER MONEY FROM VARIOUS**
5 **INVESTORS AND INVESTS, REINVESTS, OR TRADES THE SAME IN**
6 **SECURITIES, WHETHER IN STOCKS, BONDS, MONEY MARKET**
7 **INSTRUMENTS, OTHER SECURITIES, CASH, OR ANY OTHER ASSET,**
8 **OR** an open-end and close-end investment company as defined under
9 **REPUBLIC ACT NO. 2629, ALSO KNOWN AS** the Investment Company Act
10 **OF THE PHILIPPINES.**

11 ~~[(CC)]~~ (DD) The term 'trade, business or profession' xxx xxx xxx

12 ~~[(DD)]~~ (EE) The term 'regional or area headquarters' xxx xxx xxx

13 ~~[(EE)]~~ (FF) The term 'regional operating headquarters' xxx xxx xxx

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

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

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

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

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

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

1 **CENTRAL NG PILIPINAS, THE SECURITIES AND EXCHANGE**
2 **COMMISSION AND THE INSURANCE COMMISSION. A CIS MAY**
3 **EITHER BE OPEN-END OR CLOSED-END, DEFINED AS FOLLOWS:**

4 **'OPEN-END CIS' SHALL REFER TO A CIS WHERE**
5 **SECURITIES ARE OFFERED AND ARE ALWAYS REDEEMABLE BY**
6 **THE CIS; AND**

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

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

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

28 **(MM) THE TERM 'DEBT INSTRUMENT' SHALL REFER TO**
29 **INSTRUMENTS REPRESENTING BORROWING AND LENDING**
30 **TRANSACTIONS INCLUDING BUT NOT LIMITED TO DEBENTURES,**

1 CERTIFICATES OF INDEBTEDNESS, DUE BILLS, BONDS, LOAN
2 AGREEMENTS, INSTRUMENTS, AND SECURITIES ISSUED BY THE
3 GOVERNMENT OR ANY OF ITS INSTRUMENTALITIES, DEPOSIT
4 SUBSTITUTES, CERTIFICATES OR OTHER EVIDENCES OF DEPOSITS,
5 PROMISSORY NOTES, WHETHER NEGOTIABLE OR NON-NEGOTIABLE,
6 OTHER SIMILAR INSTRUMENTS, AND OTHER INSTRUMENTS AS MAY
7 BE DETERMINED BY APPROPRIATE GOVERNMENT AGENCIES.

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

18 (OO) THE TERM 'HEALTH INSURANCE PRODUCTS' SHALL REFER
19 TO THOSE THAT ARE BEING OFFERED AND SOLD BY INSURANCE
20 COMPANIES, EITHER LIFE OR NON-LIFE, WHEREIN THERE IS A LIST
21 OF COVERED ILLNESSES OF WHICH THE COMPANIES ASSUME RISKS
22 AND INDEMNIFY LOSSES BROUGHT BY THE SAID COVERED
23 ILLNESSES.

24 (PP) THE TERM 'HEALTH MAINTENANCE ORGANIZATION
25 (HMO) PRODUCTS' SHALL REFER TO PRE-AGREED OR DESIGNATED
26 HEALTH CARE SERVICES TO THE ENROLLED MEMBERS FOR A FIXED
27 PRE-PAID FEE FOR A SPECIFIED PERIOD OF TIME THROUGH THE USE
28 OF SELECTED NETWORK OF HEALTH CARE PROVIDERS. HMO
29 PRODUCTS PROVIDE A WIDE ARRAY OF MEDICAL, SURGICAL AND
30 HOSPITAL SERVICES THAT INCLUDE PREVENTIVE CARE AND

1 the rate of fifteen percent (15%) of such interest income:
2 *Provided, further,* That interest income from long term deposit or
3 investment in the form of savings, common or individual trust
4 funds, deposit substitutes, investment management accounts and
5 other investments evidenced by certificates in such form
6 prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be
7 exempt from the tax imposed under this Subsection: *Provided,*
8 *finally,* That should the holder of the certificate pre-terminate the
9 deposit or investment before the fifth (5th) year, a final tax shall
10 be imposed on the entire income and shall be deducted and
11 withheld by the depository bank from the proceeds of the long-
12 term deposit or investment certificate based on the remaining
13 maturity thereof:

14 Four (4) years to less than five (5) years — 5%;

15 Three (3) years to less than (4) years — 12%; and

16 Less than three (3) years — 20%.]

17 (2) Cash and/or Property Dividends. – A final tax at the
18 rate of [~~ten percent (10%)~~] **FIFTEEN PERCENT (15%)** shall be
19 imposed upon the cash and/or property dividends actually or
20 constructively received by an individual from a domestic
21 corporation or from a joint stock company, insurance or mutual
22 fund companies, **ENTITIES ENGAGED IN COLLECTIVE**
23 **INVESTMENT SCHEMES**, and regional operating headquarters
24 of multinational companies, or on the share of an individual in the
25 distributable net income after tax of a partnership (except a
26 general professional partnership) of which [he] **ONE** is a partner,
27 or on the share of an individual in the net income after tax of an
28 association, a joint account, or a joint venture or consortium
29 taxable as a corporation of which [he] **ONE** is a member or co-
30 venturer: **PROVIDED, HOWEVER, THAT THE FIFTEEN**

1 **PERCENT (15%) TAX ON DIVIDENDS SHALL APPLY ONLY**
2 **ON INCOME EARNED ON OR AFTER JANUARY 1, 2023.**
3 **INCOME FORMING PART OF RETAINED EARNINGS AS OF**
4 **DECEMBER 31, 2022, EVEN IF DECLARED OR**
5 **DISTRIBUTED ON OR AFTER JANUARY 1, 2023, SHALL BE**
6 **SUBJECT TO TEN PERCENT (10%) TAX.**

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

9 ~~[(€)]~~ (3) Capital Gains from **THE Sale, EXCHANGE,**
10 **BARTER, OR DISPOSITION** of Shares of Stock not Traded in
11 the Stock Exchange **OR ORGANIZED MARKETPLACE.** – [The
12 ~~provisions of Section 39(B) notwithstanding, a~~] **A** final tax at the
13 rate of fifteen percent (15%) is hereby imposed upon the net
14 capital gains realized during the taxable year from the sale,
15 barter, exchange or other disposition of shares of stock in a
16 domestic corporation, except shares sold, or disposed of through
17 **A LOCAL [the] stock exchange[-] OR AN ORGANIZED**
18 **MARKETPLACE.**

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

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

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

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

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

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

11 **THE TAX SHALL BE BASED ON THE GROSS SELLING**
12 **PRICE OR GROSS VALUE IN MONEY OF THE SHARES OF**
13 **STOCK SOLD, BARTERED, EXCHANGED, OR OTHERWISE**
14 **DISPOSED OF, TO BE PAID BY THE SELLER OR**
15 **TRANSFEROR: *PROVIDED, THAT* EFFECTIVE JANUARY 1,**
16 **2028, EVERY SALE, BARTER, EXCHANGE, OR ANY OTHER**
17 **MODE OF DISPOSITION OF SHARES OF STOCK LISTED**
18 **AND TRADED THROUGH A LOCAL STOCK EXCHANGE OR**
19 **AN ORGANIZED MARKETPLACE SHALL NOT BE SUBJECT**
20 **TO TAX UNDER SECTION 24 OF THIS CODE.**

21 **ANY GAIN EARNED FROM SHARES OF STOCK IN A**
22 **DOMESTIC CORPORATION TRADED IN A FOREIGN**
23 **EXCHANGE, SHALL BE TAXED UNDER SUBSECTION (A) OF**
24 **THIS SECTION.**

25 **ANY GAIN REALIZED FROM THE SALE, EXCHANGE,**
26 **BARTER, OR DISPOSITION OF SHARES OF STOCK, LISTED**
27 **OR UNLISTED, BY A DEALER IN SECURITIES LICENSED**
28 **BY THE APPROPRIATE GOVERNMENT REGULATORY**
29 **AGENCIES TO BUY AND SELL IN SECURITIES, FOR THE**
30 **DEALER'S OWN ACCOUNT IN THE ORDINARY COURSE OF**

1 BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER THIS
2 SUBSECTION BUT SUBSECTION (A) AS AN ORDINARY
3 INCOME.

4 (5) CAPITAL GAINS FROM SALE, EXCHANGE,
5 TRANSFER, BARTER, DISPOSITION OF NON-LISTED AND
6 NON-TRADED DEBT INSTRUMENTS AND OTHER
7 SECURITIES NOT INCLUDED IN SECTION 24(B)(3) AND
8 (4). – A FINAL TAX AT THE RATE OF FIFTEEN PERCENT
9 (15%) SHALL BE IMPOSED ON THE NET CAPITAL GAIN
10 EARNED FROM A DEBT INSTRUMENT AND OTHER
11 SECURITIES NOT INCLUDED IN SUBSECTIONS (B)(3)
12 AND (4), ISSUED BY A CITIZEN OR RESIDENT ALIEN, OR
13 BY A DOMESTIC CORPORATION, OR A RESIDENT
14 FOREIGN CORPORATION, OR BY THE GOVERNMENT OR
15 ANY OF ITS AGENCIES OR INSTRUMENTALITIES.

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

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

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

18 ~~[(D)]~~(7) Capital Gains from Sale of Real Property. –

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

1 its political subdivisions or agencies or to government-
2 owned or -controlled corporations shall be determined
3 either under Section 24(A) or under this Subsection, at the
4 option of the taxpayer.

5 ~~[(2)]~~ (b) Exception. – xxx xxx xxx

6 **(C) ROYALTIES, PRIZES, AND OTHER**
7 **WINNINGS - A FINAL TAX AT THE RATE OF TWENTY**
8 **PERCENT (20%) IS HEREBY IMPOSED ON THE**
9 **FOLLOWING INCOME DERIVED FROM SOURCES**
10 **WITHIN THE PHILIPPINES: (1) ROYALTIES**
11 **EARNED AS PASSIVE INCOME, EXCEPT ROYALTIES**
12 **FROM BOOKS, AS WELL AS OTHER LITERARY**
13 **WORKS AND MUSICAL COMPOSITIONS WHICH**
14 **SHALL BE SUBJECT TO A FINAL TAX OF TEN**
15 **PERCENT (10%); (2) PRIZES (EXCEPT PRIZES**
16 **AMOUNTING TO TEN THOUSAND PESOS (P10,000)**
17 **OR LESS) WHICH SHALL BE SUBJECT TO TAX**
18 **UNDER SECTION 24 (A); AND (3) OTHER**
19 **WINNINGS (EXCEPT WINNINGS AMOUNTING TO**
20 **TEN THOUSAND PESOS (P10,000) OR LESS FROM**
21 **PHILIPPINE CHARITY SWEEPSTAKES AND LOTTO**
22 **WHICH SHALL BE EXEMPT).**

23
24 **SEC. 5.** Section 25 (A) and (B) of the National Internal Revenue Code of 1997,
25 as amended, is hereby amended to read as follows:

26 SEC. 25. Tax on Nonresident Alien Individual. –

27 (A) Nonresident Alien Engaged in Trade or Business Within the
28 Philippines. – ~~[(1) In General.—]~~ A nonresident alien individual engaged
29 in trade or business in the Philippines shall be subject to ~~[an]~~ income tax
30 **UNDER SECTION 24 OF THIS CODE** ~~[, in the same manner as an~~

1 individual citizen and a resident alien individual,] on taxable income
2 received from all sources within the Philippines. A nonresident alien
3 individual who shall come to the Philippines and stay therein for an
4 aggregate period of more than [~~one hundred eighty (180)~~] **ONE**
5 **HUNDRED EIGHTY-THREE (183)** days during any calendar year shall
6 be deemed a 'nonresident alien doing business in the Philippines',
7 Section 22(G) of this Code notwithstanding.

8 [~~(2) Cash and/or Property Dividends from a Domestic Corporation~~
9 ~~or Joint Stock Company, or Insurance or Mutual Fund Company or~~
10 ~~Regional Operating Headquarter or Multinational Company, or Share in~~
11 ~~the Distributable Net Income of a Partnership (Except a General~~
12 ~~Professional Partnership), Joint Account, Joint Venture Taxable as a~~
13 ~~Corporation or Association, Interests, Royalties, Prizes, and Other~~
14 ~~Winnings. — Cash and/or property dividends from a domestic~~
15 ~~corporation, or from a joint stock company, or from an insurance or~~
16 ~~mutual fund company or from a regional operating headquarter of~~
17 ~~multinational company, or the share of a nonresident alien individual in~~
18 ~~the distributable net income after tax of a partnership (except a general~~
19 ~~professional partnership) of which he is a partner, or the share of a~~
20 ~~nonresident alien individual in the net income after tax of an association,~~
21 ~~a joint account), or a joint venture taxable as a corporation of which he~~
22 ~~is a member or a co-venturer; interests; royalties (in any form); and~~
23 ~~prizes (except prizes amounting to Ten thousand pesos (P10,000) or less~~
24 ~~which shall be subject to tax under Subsection (B)(1) of Section 24); and~~
25 ~~other winnings (except Philippine Charity Sweepstakes and Lotto~~
26 ~~winnings), shall be subject to an income tax of twenty percent (20%)~~
27 ~~on the total amount thereof: *Provided, however,* That royalties on books~~
28 ~~as well as other literary works, and royalties on musical compositions~~
29 ~~shall be subject to a final tax of ten percent (10%) on the total amount~~
30 ~~thereof: *Provided, further,* That cinematographic films and similar works~~

1 shall be subject to the tax provided under Section 28 of this Code:
2 ~~Provided, furthermore,~~ That interest income from long-term deposit or
3 investment in the form of savings, common or individual trust funds,
4 deposit substitutes, investment management accounts and other
5 investments evidenced by certificates in such form prescribed by the
6 Bangko Sentral ng Pilipinas (BSP) shall be exempt from the tax imposed
7 under this Subsection: ~~Provided, finally,~~ That should the holder of the
8 certificate pre-terminate the deposit or investment before the fifth (5th)
9 year, a final tax shall be imposed on the entire income and shall be
10 deducted and withheld by the depository bank from the proceeds of the
11 long-term deposit or investment certificate based on the remaining
12 maturity thereof:]

13 [Four (4) years to less than five (5) years — 5%;]

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

15 [Less than three (3) years — 20%.]

16 [(3) Capital Gains. — Capital gains realized from sale, barter or
17 exchange of shares of stock in domestic corporations not traded through
18 the local stock exchange, and real properties shall be subject to the tax
19 prescribed under Subsections (C) and (D) of Section 24.]

20 (B) Nonresident Alien Individual Not Engaged in Trade or Business
21 Within the Philippines. – There shall be levied, collected and paid for each
22 taxable year upon the entire income received from all sources within the
23 Philippines by every nonresident alien individual not engaged in trade or
24 business within the Philippines as [interest, cash and/or property dividends,]
25 rents, salaries, wages, premiums, annuities, compensation, remuneration,
26 emoluments, or other fixed or determinable annual or periodic or casual gains,
27 profits, and income, [and capital gains,] a **FINAL** tax equal to twenty five
28 percent (25%) of such income. Capital gains realized by a nonresident alien
29 individual not engaged in trade or business in the Philippines from the sale of
30 [shares of stock in any domestic corporation and] real property shall be subject

1 to the income tax prescribed under Subsection [~~s (C) and (D)~~] **(B) (7)** of
2 Section 24.

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

7 xxx xxx xxx

8
9 **SEC. 6.** Section 27 (D) of the National Internal Revenue Code of 1997, as
10 amended, is hereby amended to read as follows:

11 SEC. 27. Rates of Income Tax on Domestic Corporations. –

12 (A) In General. – Except as otherwise provided in this Code, an
13 income tax of thirty-five percent (35%) is hereby imposed upon the
14 taxable income derived during each taxable year from all sources within
15 and without the Philippines by every corporation, as defined in Section
16 22(B) of this Code and taxable under this Title as a corporation,
17 organized in, or existing under the laws of the Philippines: *Provided, That*
18 *effective January 1, 2009, the rate of income tax shall be thirty percent*
19 *(30%).*

20 xxx xxx xxx

21 (D) Rates of Tax on Certain Passive Incomes.

22 [~~(1) Interest from Deposits and Yield or any other~~
23 ~~Monetary Benefit from Deposit Substitutes and from Trust Funds~~
24 ~~and Similar Arrangements, and Royalties. — A final tax at the rate~~
25 ~~of twenty percent (20%) is hereby imposed upon the amount of~~
26 ~~interest on currency bank deposit and yield or any other monetary~~
27 ~~benefit from deposit substitutes and from trust funds and similar~~
28 ~~arrangements received by domestic corporations, and royalties,~~
29 ~~derived from sources within the Philippines: *Provided, however,*~~
30 ~~That interest income derived by a domestic corporation from a~~

1 ~~depository bank under the expanded foreign currency deposit~~
2 ~~system shall be subject to a final income tax at the rate of fifteen~~
3 ~~percent (15%) of such interest income.]~~

4 ~~[(2) Capital Gains from the Sale of Shares of Stock Not~~
5 ~~Traded in the Stock Exchange.— A final tax at the rate of fifteen~~
6 ~~percent (15%) shall be imposed on net capital gains realized~~
7 ~~during the taxable year from the sale, exchange or other~~
8 ~~disposition of shares of stock in a domestic corporation except~~
9 ~~shares sold or disposed of through the stock exchange.]~~

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

27 ~~[Any income of nonresidents, whether individuals or~~
28 ~~corporations, from transactions with depository banks under the~~
29 ~~expanded system shall be exempt from income tax.]~~

1 ~~[(4) Intercorporate Dividends. — Dividends received by a~~
2 ~~domestic corporation from another domestic corporation shall not~~
3 ~~be subject to tax;]~~

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

10 **(2) CASH AND/OR PROPERTY DIVIDENDS. -**
11 **INTERCORPORATE DIVIDENDS OR DIVIDENDS**
12 **RECEIVED FROM A DOMESTIC CORPORATION SHALL NOT**
13 **BE SUBJECT TO TAX IMPOSED UNDER THIS SUBSECTION:**
14 ***PROVIDED, THAT* NINETY-FIVE PERCENT (95%) OF**
15 **DIVIDENDS RECEIVED BY A DOMESTIC CORPORATION**
16 **FROM SUBSIDIARY COMPANIES LOCATED OUTSIDE THE**
17 **PHILIPPINES SHALL NOT BE SUBJECT TO TAX:**
18 ***PROVIDED, FURTHER,* THAT THE DOMESTIC**
19 **CORPORATION HOLDS DIRECTLY OR INDIRECTLY AT**
20 **LEAST TWENTY PERCENT (20%) SHAREHOLDINGS OF**
21 **THE SUBSIDIARY COMPANY AND HAS HELD THE**
22 **SHAREHOLDINGS FOR A MINIMUM OF TWO (2) YEARS AT**
23 **THE TIME OF THE DIVIDENDS DISTRIBUTION:**
24 ***PROVIDED, FURTHERMORE,* THAT, THE SUBSIDIARY**
25 **OPERATING COMPANY IS SUBJECT TO AT LEAST TEN**
26 **PERCENT (10%) INCOME TAX AND TO WITHHOLDING**
27 **TAX ON THE DIVIDENDS DISTRIBUTED TO THE**
28 **DOMESTIC CORPORATION, UNLESS OTHERWISE**
29 **EXEMPT UNDER ITS LOCAL LAWS: *PROVIDED, FINALLY,***
30 **THAT, THE LIMITATIONS UNDER SECTION 34(C) SHALL**

1 NOT BE OBSERVED IN CONNECTION WITH ANY TAXES
2 PAID OR ACCRUED IN ANY FOREIGN COUNTRY IN
3 RESPECT TO SUCH DIVIDEND.

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

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

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

28 JANUARY 1, 2023: FIVE-TENTH OF ONE PERCENT
29 (5/10 OF 1%),

1 **JANUARY 1, 2024: FOUR-TENTH OF ONE PERCENT**
2 **(4/10 OF 1%),**

3 **JANUARY 1, 2025: THREE-TENTH OF ONE PERCENT**
4 **(3/10 OF 1%),**

5 **JANUARY 1, 2026: TWO-TENTH OF ONE PERCENT**
6 **(2/10 OF 1%),**

7 **JANUARY 1, 2027: ONE-TENTH OF ONE PERCENT**
8 **(1/10 OF 1%).**

9 **THE TAX SHALL BE BASED ON THE GROSS SELLING**
10 **PRICE OR GROSS VALUE IN MONEY OF THE SHARES OF**
11 **STOCK SOLD, BARTERED, EXCHANGED, OR OTHERWISE**
12 **DISPOSED OF, TO BE PAID BY THE SELLER OR**
13 **TRANSFEROR: *PROVIDED, THAT* EFFECTIVE JANUARY 1,**
14 **2026, EVERY SALE, BARTER, EXCHANGE, OR ANY OTHER**
15 **MODE OF DISPOSITION OF SHARES OF STOCK LISTED**
16 **AND TRADED THROUGH A LOCAL STOCK EXCHANGE OR**
17 **AN ORGANIZED MARKETPLACE SHALL NOT BE SUBJECT**
18 **TO TAX UNDER SECTION 27 OF THIS CODE.**

19 **ANY GAIN EARNED FROM SHARES OF STOCK IN A**
20 **DOMESTIC CORPORATION TRADED IN A FOREIGN**
21 **EXCHANGE, SHALL BE TAXED UNDER SECTION 27 (A)**
22 **HEREOF.**

23 **ANY GAIN REALIZED FROM THE SALE, EXCHANGE,**
24 **BARTER, OR DISPOSITION OF SHARES OF STOCK, LISTED**
25 **OR UNLISTED, BY A DEALER IN SECURITIES LICENSED**
26 **BY THE APPROPRIATE GOVERNMENT REGULATORY**
27 **AGENCIES TO BUY AND SELL IN SECURITIES, FOR HIS**
28 **OWN ACCOUNT IN THE ORDINARY COURSE OF**
29 **BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER THIS**

1 **SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY**
2 **INCOME.**

3 **(5) CAPITAL GAINS FROM SALE, EXCHANGE,**
4 **TRANSFER, BARTER, DISPOSITION OF NON-LISTED AND**
5 **NON-TRADED DEBT INSTRUMENTS AND OTHER**
6 **SECURITIES NOT INCLUDED IN SECTION 27(D)(3) AND**
7 **(4). – A FINAL TAX AT THE RATE OF FIFTEEN PERCENT**
8 **(15%) SHALL BE IMPOSED ON NET CAPITAL GAINS**
9 **EARNED FROM DEBT INSTRUMENT AND OTHER**
10 **SECURITIES NOT INCLUDED IN SECTION 27(D)(3) AND**
11 **(4), ISSUED BY A CITIZEN OR RESIDENT ALIEN, OR BY A**
12 **DOMESTIC CORPORATION, OR A RESIDENT FOREIGN**
13 **CORPORATION, OR BY THE GOVERNMENT OR ANY OF ITS**
14 **AGENCIES OR INSTRUMENTALITIES.**

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

1 **AND TRADED THROUGH A LOCAL STOCK EXCHANGE OR A**
2 **LICENSED ORGANIZED MARKETPLACE SHALL NOT BE**
3 **SUBJECT TO TAX UNDER SECTION 27 OF THIS CODE. IF**
4 **TRADED IN A FOREIGN EXCHANGE, THE GAIN SHALL BE**
5 **SUBJECT TO TAX UNDER SECTION 27 (A) HEREOF.**

6 **ANY GAIN REALIZED FROM THE SALE, EXCHANGE,**
7 **BARTER, OR DISPOSITION OF DEBT INSTRUMENTS AND**
8 **OTHER SECURITIES, LISTED OR UNLISTED, BY A DEALER**
9 **IN SECURITIES OR OTHER ENTITIES LICENSED BY THE**
10 **APPROPRIATE GOVERNMENT REGULATORY AGENCIES**
11 **TO BUY AND SELL IN DEBT INSTRUMENTS AND OTHER**
12 **SECURITIES, FOR THE DEALER'S OWN ACCOUNT IN THE**
13 **ORDINARY COURSE OF BUSINESS, SHALL NOT BE**
14 **SUBJECT TO TAX UNDER THIS SUBSECTION BUT TO**
15 **SECTION 27(A) AS AN ORDINARY INCOME.**

16 ~~[(5)]~~ (7) Capital Gains Realized from the Sale, Exchange or
17 Disposition of Lands and/or Buildings. – A final tax of six percent
18 (6%) is hereby imposed on the gain presumed to have been
19 realized on the sale, exchange or disposition of lands and/or
20 buildings which are not actually used in the business of a
21 corporation and are treated as capital assets, based on the gross
22 selling price or fair market value as determined in accordance with
23 Section 6(E) of this Code, whichever is higher, of such lands
24 and/or buildings.

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

28 ~~[(E)]~~(F) Minimum Corporate Income Tax on Domestic
29 Corporations –

30 (1) Imposition of Tax. – x x x

- 1 (2) Carry Forward of Excess Minimum Tax. – x x x
- 2 (3) Relief from the Minimum Corporate Income Tax under
- 3 Certain Conditions. – x x x
- 4 (4) Gross Income Defined. – x x x
- 5 xxx xxx xxx

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

18
 19 **SEC. 7.** Section 28 (A) and (B) of the National Internal Revenue Code of 1997,
 20 as amended, is hereby amended to read as follows:

21 SEC. 28. Rates of Income Tax on Foreign Corporations. –
 22 (A) Tax on Resident Foreign Corporations. –

23 (1) In General. – Except as otherwise provided in this Code, a
 24 corporation organized, authorized, or existing under the laws of any
 25 foreign country, engaged in trade or business within the Philippines, shall
 26 be subject to ~~[an]~~ income tax **UNDER SECTION 27 OF THIS CODE**
 27 ~~[equivalent to thirty five percent (35%) of the]~~ **ON** taxable income
 28 derived in the preceding taxable year from all sources within the
 29 Philippines~~[; *Provided, That* effective January 1, 2009, the rate of income~~
 30 ~~tax shall be thirty percent (30%)].~~

1
2 (2) Minimum Corporate Income Tax on Resident Foreign
3 Corporations. — A minimum corporate income tax of two percent (2%)
4 of gross income, as prescribed under Section 27[E](F) of this Code, shall
5 be imposed, under the same conditions, on a resident foreign
6 corporation taxable under paragraph (1) of this Subsection.

7 (3) International Carrier. — x x x

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

24 ~~[Any income of nonresidents, whether individuals or corporations,~~
25 ~~from transactions with said offshore banking units shall be exempt from~~
26 ~~income tax.]~~

27 ~~[(5)]~~ (4) Tax on Branch Profits Remittances. — Any profit remitted
28 by a branch to its head office shall be subject to a tax of fifteen percent
29 (15%) which shall be based on the total profits applied or earmarked for
30 remittance without any deduction for the tax component thereof.

1 ~~[(except those activities which are registered with the Philippine~~
2 ~~Economic Zone Authority)]~~ The tax shall be collected and paid in the
3 same manner as provided in Sections 57 and 58 of this Code: *Provided,*
4 That interests, dividends, rents, royalties, including remuneration for
5 technical services, salaries, wages, premiums, annuities, emoluments or
6 other fixed or determinable annual, periodic or casual gains, profits,
7 income and capital gains received by a foreign corporation during each
8 taxable year from all sources within the Philippines shall not be treated
9 as branch profits unless the same are effectively connected with the
10 conduct of 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~~
16 ~~Monetary Benefit from Deposit Substitutes, Trust Funds and~~
17 ~~Similar Arrangements and Royalties.— Interest from any currency~~
18 ~~bank deposit and yield or any other monetary benefit from~~
19 ~~deposit substitutes and from trust funds and similar arrangements~~
20 ~~and royalties derived from sources within the Philippines shall be~~
21 ~~subject to a final income tax at the rate of twenty percent (20%)~~
22 ~~of such interest. *Provided, however,* That interest income derived~~
23 ~~by a resident foreign corporation from a depository bank under~~
24 ~~the expanded foreign currency deposit system shall be subject to~~
25 ~~a final income tax at the rate of seven and one half percent (7~~
26 ~~1/2%) of such interest income.]~~

27 ~~[(b) Income Derived under the Expanded Foreign Currency~~
28 ~~Deposit System.— Income derived by a depository bank under the~~
29 ~~expanded foreign currency deposit system from foreign currency~~
30 ~~transactions with nonresidents, offshore banking units in the~~

1 Philippines, local commercial banks including branches of foreign
2 banks that may be authorized by the Bangko Sentral ng Pilipinas
3 (BSP) to transact business with foreign currency deposit system
4 units and other depository banks under the expanded foreign
5 currency deposit system shall be exempt from all taxes, except
6 net income from such transactions as may be specified by the
7 Secretary of Finance, upon recommendation by the Monetary
8 Board to be subject to the regular income tax payable by banks.
9 *Provided, however,* That interest income from foreign currency
10 loans granted by such depository banks under said expanded
11 system to residents other than offshore banking units in the
12 Philippines or other depository banks under the expanded system
13 shall be subject to a final tax at the rate of ten percent (10%).]

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

17 [(c) Capital Gains from Sale of Shares of Stock Not Traded
18 in the Stock Exchange. — A final tax at the rates prescribed below
19 is hereby imposed upon the net capital gains realized during the
20 taxable year from the sale, barter, exchange or other disposition
21 of shares of stock in a domestic corporation except shares sold or
22 disposed of through the stock exchange:]

23 [Not over P100,000..... 5%]

24 [On any amount in excess of P100,000.....10%]

25 [(d) Intercorporate Dividends. — Dividends received by a
26 resident foreign corporation from a domestic corporation liable to
27 tax under this Code shall not be subject to tax under this Title.]

28 (B) Tax on Nonresident Foreign Corporation. —

29 (1) In General. — Except as otherwise provided in this
30 Code, a foreign corporation not engaged in trade or business in

1 the Philippines shall pay a tax equal to thirty-five percent (35%)
2 of the gross income received during each taxable year from all
3 sources within the Philippines, such as [~~interests, dividends,~~]
4 rents, royalties, salaries, premiums (except reinsurance
5 premiums), annuities, emoluments or other fixed or determinable
6 annual, periodic or casual gains, profits and income, and capital
7 gains, except capital gains subject to tax under subparagraph
8 5[~~(e)~~]. *Provided, That* effective January 1, 2009, the rate of
9 income tax shall be thirty percent (30%).

10 xxx xxx xxx

11
12 (5) Tax on Certain Incomes Received by a Nonresident
13 Foreign Corporation.

14 [~~(a) Interest on Foreign Loans.— A final withholding~~
15 ~~tax at the rate of twenty percent (20%) is hereby imposed~~
16 ~~on the amount of interest on foreign loans contracted on~~
17 ~~or after August 1, 1986;~~]

18 [~~(b) Intercorporate Dividends.— A final withholding~~
19 ~~tax at the rate of fifteen percent (15%) is hereby imposed~~
20 ~~on the amount of cash and/or property dividends received~~
21 ~~from a domestic corporation, which shall be collected and~~
22 ~~paid as provided in Section 57(A) of this Code, subject to~~
23 ~~the condition that the country in which the nonresident~~
24 ~~foreign corporation is domiciled, shall allow a credit against~~
25 ~~the tax due from the nonresident foreign corporation taxes~~
26 ~~deemed to have been paid in the Philippines equivalent to~~
27 ~~twenty percent (20%), which represents the difference~~
28 ~~between the regular income tax of thirty five percent~~
29 ~~(35%) and the fifteen percent (15%) tax on dividends as~~
30 ~~provided in this subparagraph. *Provided, That* effective~~

1 ~~January 1, 2009, the credit against the tax due shall be~~
2 ~~equivalent to fifteen percent (15%), which represents the~~
3 ~~difference between the regular income tax of thirty percent~~
4 ~~(30%) and the fifteen percent (15%) tax on dividends;~~]

5 ~~[(c) Capital Gains from Sale of Shares of Stock not~~
6 ~~Traded in the Stock Exchange. — A final tax at the rates~~
7 ~~prescribed below is hereby imposed upon the net capital~~
8 ~~gains realized during the taxable year from the sale, barter,~~
9 ~~exchange or other disposition of shares of stock in a~~
10 ~~domestic corporation, except shares sold, or disposed of~~
11 ~~through the stock exchange:]~~

12 ~~[Not over P100,000..... 5%]~~

13 ~~[On any amount in excess of P100,000..... 10%]~~

14 **INTERESTS AND CAPITAL GAINS FROM SALE,**
15 **TRANSFER, BARTER, OR DISPOSITION OF SHARES**
16 **OF STOCK, DEBT INSTRUMENTS, DEPOSIT**
17 **SUBSTITUTES, AND OTHER SECURITIES SHALL BE**
18 **SUBJECT TO TAX UNDER SECTION 27(D)(1), (3),**
19 **(4), (5) AND (6) OF THIS CODE, OR TO THE**
20 **PROVISIONS OF THE APPLICABLE TAX TREATY.**

21 **CASH AND/OR PROPERTY DIVIDENDS**
22 **RECEIVED FROM A DOMESTIC CORPORATION**
23 **SHALL BE SUBJECT TO A FINAL TAX OF FIFTEEN**
24 **PERCENT (15%) OR TO THE PROVISIONS OF THE**
25 **APPLICABLE TAX TREATY.**

26
27 **SEC. 8.** Section 32(B)(7)(g) and (h) of the National Internal Revenue Code of
28 1997, as amended, is hereby amended to read as follows:

29 SEC. 32. Gross Income. — xxx

1 (B) Exclusions from Gross Income. – The following items shall
2 not be included in gross income and shall be exempt from taxation under
3 this Title:

4 xxx xxx xxx

5 (7) Miscellaneous Items. –

6 xxx xxx xxx

7 ~~[(g) Gains from the Sale of Bonds, Debentures or~~
8 ~~other Certificate of Indebtedness. — Gains realized from~~
9 ~~the same or exchange or retirement of bonds, debentures~~
10 ~~or other certificate of indebtedness with a maturity of more~~
11 ~~than five (5) years.]~~

12 **(G) INTEREST INCOME FROM, AND GAINS**
13 **FROM THE SALE, TRANSFER, OR DISPOSITION OF,**
14 **PROJECT SPECIFIC BONDS THAT ARE ISSUED BY**
15 **THE REPUBLIC OF THE PHILIPPINES OR ANY OF**
16 **ITS INSTRUMENTALITIES TO FINANCE CAPITAL**
17 **EXPENDITURES OR PROGRAMS COVERED BY THE**
18 **PHILIPPINE DEVELOPMENT PLAN OR ITS**
19 **EQUIVALENT AND OTHER GOVERNMENT**
20 **PROGRAMS CONSIDERED TO BE OF HIGH-LEVEL**
21 **PRIORITY OF THE COUNTRY: *PROVIDED, THAT,***
22 **THE EXEMPTION SHALL BE UPON THE APPROVAL**
23 **BY THE SECRETARY OF FINANCE.**

24 (h) Gains from Redemption of Shares **OR UNITS**
25 **OF PARTICIPATION** in ~~[Mutual Fund.]~~ **COLLECTIVE**
26 **INVESTMENT SCHEMES** – Gains realized by the
27 investor upon redemption of shares of stock ~~[in a mutual~~
28 ~~fund company]~~ **OR UNITS OF PARTICIPATION IN A**
29 **COLLECTIVE INVESTMENT SCHEME** as defined ~~[in]~~
30 **UNDER** Section 22 ~~[(BB)]~~ (JJ) of this Code.

SEC. 9. Section 34(A), (B), (C) and (E) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

SEC. 34. Deductions from Gross Income. – Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following deductions from gross income;

(A) Expenses. –

(1) Ordinary and Necessary Trade, Business or Professional Expenses. –

(a) In General. – There shall be allowed as deduction from gross income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to, the development, management, operation and/or conduct of the trade, business or exercise of a profession, including:

(b) Substantiation Requirements. – No deduction from gross income shall be allowed under Subsection (A) hereof unless the taxpayer shall substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer.

(c) Bribes, Kickbacks and Other Similar Payments. – No deduction from gross income shall be allowed under Subsection

1 (A) hereof for any payment made, directly or indirectly, to an
2 official or employee of the national government, or to an official
3 or employee of any local government unit, or to an official or
4 employee of a government-owned or -controlled corporation, or
5 to an official or employee or representative of a foreign
6 government, or to a private corporation, general professional
7 partnership, or a similar entity, if the payment constitutes a bribe
8 or kickback.

9 xxx xxx xxx

10 (B) Interest. –

11 (1) In General. – The amount of interest paid or incurred
12 within a taxable year on indebtedness in connection with the taxpayer's
13 profession, trade or business shall be allowed as deduction from gross
14 income: *Provided, however,* That the taxpayer's otherwise allowable
15 deduction for interest expense shall be reduced by forty-two percent
16 (42%) of the interest income subjected to final tax: *Provided, That*
17 *effective January 1, 2009, the percentage shall be thirty-three percent*
18 *(33%)[-]: **PROVIDED FURTHER, THAT EFFECTIVE JANUARY 1,***
19 ***2023, THE PERCENTAGE SHALL BE FIFTY PERCENT (50%).***

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

22 (a) If within the taxable year an individual taxpayer
23 reporting income on the cash basis incurs an indebtedness on
24 which an interest is paid in advance through discount or
25 otherwise: *Provided, That* such interest shall be allowed as a
26 deduction in the year the indebtedness is paid: *Provided, further,*
27 *That if the indebtedness is payable in periodic amortizations, the*
28 *amount of interest which corresponds to the amount of the*
29 *principal amortized or paid during the year shall be allowed as*
30 *deduction in such taxable year;*

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

4 ~~[(c) If the indebtedness is incurred to finance petroleum~~
5 ~~exploration.]~~

6 (3) ~~[Optional]~~ Treatment of Interest Expense **RELATED TO**
7 **ACQUISITION OF ASSET.** – ~~[At the option of the taxpayer, interest]~~
8 **INTEREST EXPENSE** incurred to acquire property used in trade,
9 business or exercise of a profession **THAT WILL BENEFIT THE**
10 **BUSINESS LONGER THAN ONE YEAR** ~~[may be allowed as a~~
11 ~~deduction or treated as a capital expenditure]~~ **SHALL BE**
12 **CAPITALIZED AND THEREAFTER AMORTIZED OR DEPRECIATED**
13 **AS PART OF THE COST OF THE ASSET.**

14 xxx xxx xxx

15 (E) Bad Debts. –

16 (1) In General. – xxx

17 (2) Securities Becoming Worthless. – If securities, as defined in
18 Section 22(T), are ascertained to be worthless and charged off within
19 the taxable year and are capital assets, the loss resulting therefrom shall,
20 ~~[in the case of a taxpayer other than a bank or trust company~~
21 ~~incorporated under the laws of the Philippines a substantial part of~~
22 ~~whose business is the receipt of deposits, for the purpose of this Title,]~~
23 be considered as a loss from the sale or exchange, **OF CAPITAL**
24 **ASSETS**, on the last day of such taxable year~~[, of capital assets].~~
25 **SECURITIES HELD BY A DEALER IN SECURITIES OR AN ENTITY**
26 **LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**
27 **AGENCIES TO BUY AND SELL IN SECURITIES INCLUDING**
28 **BANKS, AND OTHER FINANCIAL INTERMEDIARIES, SHALL BE**
29 **CONSIDERED ORDINARY ASSETS, AND SECURITIES HELD**
30 **THAT ARE ASCERTAINED TO BE WORTHLESS SHALL BE**

1 **CONSIDERED ORDINARY LOSSES THAT ARE ALLOWED AS**
2 **DEDUCTION FROM TAXABLE INCOME.**

3 xxx xxx xxx
4

5 **SEC. 10.** Section 37 (A) and (B) of the National Internal Revenue Code of 1997,
6 as amended, is hereby amended to read as follows:

7 SEC. 37. Special Provisions Regarding Income and Deductions of
8 Insurance Companies, Whether Domestic or Foreign. –

9 (A) Special Deductions Allowed to Insurance Companies, **PRE-**
10 **NEED COMPANIES, AND PENSION FUNDS.** – In the case of
11 insurance companies, **PRE-NEED COMPANIES, AND PENSION**
12 **FUNDS**, whether domestic or foreign doing business in the Philippines,
13 the net additions, if any, required by law to be made within the year to
14 reserve funds and the sums other than dividends paid within the year
15 on policy and annuity contracts may be deducted from their gross
16 income. *Provided, however,* That the released reserve be treated as
17 income for the year of release.

18 (B) Mutual Insurance Companies. – In the case of **MUTUAL**
19 **LIFE**, mutual fire and mutual employers' liability and mutual workmen's
20 compensation and mutual casualty insurance companies requiring their
21 members to make premium deposits to provide for losses and expenses,
22 said companies shall not **INCLUDE** [~~return~~] as income any portion of
23 the premium deposits returned to their policyholders, but shall
24 **INCLUDE** [~~return~~] as taxable income all income received by them from
25 all other sources plus such portion of the premium deposits as are
26 retained by the companies for purposes other than the payment of losses
27 and expenses and reinsurance reserves.

28 xxx xxx xxx
29

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

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

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

19 ~~[(D) Net Capital Loss Carry-over.— If any taxpayer, other than a~~
20 ~~corporation, sustains in any taxable year a net capital loss, such loss (in~~
21 ~~an amount not in excess of the net income for such year) shall be treated~~
22 ~~in the succeeding taxable year as a loss from the sale or exchange of a~~
23 ~~capital asset held for not more than twelve (12) months.]~~

24 ~~[(E)]~~(C) Retirement of Bonds, etc. – x x x

25 ~~[(F) Gains or Losses from Short Sales, Etc.— For purposes of this~~
26 ~~Title—~~

27 ~~(1) Gains or losses from short sales of property shall be~~
28 ~~considered as gains or losses from sales or exchanges of capital~~
29 ~~assets; and~~

1 ~~(2) Gains or losses attributable to the failure to exercise~~
2 ~~privileges or options to buy or sell property shall be considered as~~
3 ~~capital gains or losses.]~~
4

5 **SEC. 13.** Section 42(A)(1), (2) and (B)(2) of the National Internal Revenue
6 Code of 1997, as amended, is hereby amended to read as follows:

7 SEC. 42. Income from Sources Within the Philippines. –

8 (A) Gross Income from Sources Within the Philippines. – The
9 following items of gross income shall be treated as gross income from
10 sources within the Philippines:

11 (1) Interests. - Interests **AND YIELD** ~~[derived from~~
12 ~~sources within the Philippines, and interests on]~~ **FROM DEBT**
13 **INSTRUMENTS, BANK DEPOSITS, DEPOSIT**
14 **SUBSTITUTES, TRUST FUNDS, AND SIMILAR**
15 **ARRANGEMENTS SUCH AS** bonds, notes or other interest-
16 bearing obligations of residents, corporate or otherwise~~[-];~~,
17 **INCLUDING DEBT INSTRUMENTS OR DEBT SECURITIES**
18 **ISSUED BY THE GOVERNMENT OR ANY OF ITS AGENCIES**
19 **OR INSTRUMENTALITIES;**

20 (2) Dividends. – The amount received as dividends:

21 (a) From a domestic corporation; and

22 (b) From a foreign corporation, ~~[unless less]~~ **WITH**
23 **AT LEAST** ~~[than]~~ fifty percent (50%) of the gross income
24 of such foreign corporation for the three-year period
25 ending with the close of its taxable year preceding the
26 declaration of such dividends (or for such part of such
27 period as the corporation has been in existence) was
28 derived from sources within the Philippines as determined
29 under the provisions of this Section; but only in an amount
30 which bears the same ratio to such dividends as the gross

1 income of the corporation for such period derived from
2 sources within the Philippines bears [tə] **ON** its gross
3 income from all sources.

4 xxx xxx xxx

5 (B) Taxable Income from Sources Within the Philippines. –

6 (1) General Rule. –

7 xxx xxx xxx

8 (2) Exception. – No deductions for interest paid or incurred
9 abroad shall be allowed from the item of gross income specified
10 in Subsection (A) unless indebtedness was actually incurred to
11 provide funds for use in connection with the conduct or operation
12 of trade or business in the Philippines[.], **OR ON A TRADE OR**
13 **BUSINESS OUTSIDE THE PHILIPPINES: PROVIDED, THAT**
14 **INCOME GENERATED OR RECEIVED FROM THE USE OF**
15 **SUCH FUNDS IN CONNECTION WITH THE CONDUCT OR**
16 **OPERATION OF TRADE OR BUSINESS IN THE**
17 **PHILIPPINES IS A TAXABLE INCOME IN THE**
18 **PHILIPPINES.**

19
20 **SEC. 14.** Section 51(C)(2) of the National Internal Revenue Code of 1997, as
21 amended, is hereby amended to read as follows:

22 SEC. 51. Individual Return. –

23 (A) Requirements. – x x x

24 (B) Where to file. – x x x

25 (C) When to File. – x x x

26 (1) x x x

27 (2) Individuals subject to tax on capital gains:

28 (a) From the sale or exchange of shares of stock
29 **OR DEBT INSTRUMENTS AND OTHER SECURITIES**
30 not traded [thru] **THROUGH** a local [stock] exchange **OR**

1 **AN ORGANIZED MARKETPLACE** as prescribed under
2 [Section] **SECTIONS 24~~(C)~~(B) (3) AND (5), AND**
3 **25(A) AND (B)**, [shall file] a return **SHALL BE FILED**
4 within thirty (30) days after each transaction and a final
5 consolidated return on or before April 15 of each year
6 covering all stock transactions of the preceding taxable
7 year; and

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

27 ~~(b)~~ **(C)** From the sale or disposition of real
28 property under Section 24~~(D)~~ **(B) (7)** shall file a return
29 within thirty (30) days following each sale or other
30 disposition.

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

3 SEC. 52. Corporation Returns. –

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

13 (1) Corporate profile and information;

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

17 (3) Allowable deductions under this Code;

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

19 (5) Income tax due and payable.

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

22 xxx xxx xxx

23 (D) Return on Capital Gains Realized from Sale of Shares of Stock, **DEBT**
24 **INSTRUMENTS, AND OTHER SECURITIES** not Traded in the Local [Støek]
25 Exchange **OR AN ORGANIZED MARKETPLACE**. – Every corporation deriving
26 capital gains from the sale or exchange of shares of stock, **DEBT**
27 **INSTRUMENTS AND OTHER SECURITIES** not traded [thru] **THROUGH** a
28 local [støek] exchange **OR AN ORGANIZED MARKETPLACE** as prescribed
29 under **SECTIONS 27(D)(3), AND (5), AND 28** [~~Sections 24(C), 25(A)(3),~~
30 ~~27(E)(2), 28(A)(8)(c) and 28(B)(5)(c),~~] shall file a return within thirty (30) days

1 after each transaction and a final consolidated return of all transactions during
2 the taxable year on or before the fifteenth (15th) day of the fourth (4th) month
3 following the close of the taxable year.

4 **(E) RETURN ON CAPITAL GAINS REALIZED FROM SALE OF**
5 **SHARES OF STOCK, DEBT INSTRUMENTS, AND OTHER SECURITIES**
6 **TRADED IN A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE.**
7 **– IT SHALL BE THE DUTY OF EVERY BROKER WHO EFFECTED A SALE**
8 **OF SHARES OF STOCK, DEBT INSTRUMENTS AND OTHER SECURITIES**
9 **TRADED IN A LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE,**
10 **SUBJECT TO THE TAX IMPOSED UNDER SECTION 27(D)(4) AND (6),**
11 **AND 28, TO COLLECT THE TAX DUE AND REMIT THE SAME TO THE**
12 **BUREAU OF INTERNAL REVENUE WITHIN FIVE (5) BANKING DAYS**
13 **FROM THE DATE OF COLLECTION THEREOF, AND TO SUBMIT ON**
14 **MONDAYS OF EACH WEEK TO THE SECRETARY OF THE LOCAL**
15 **EXCHANGE OR ORGANIZED MARKETPLACE, OF WHICH THE**
16 **BORROWER IS A MEMBER, A TRUE AND COMPLETE RETURN WHICH**
17 **SHALL CONTAIN A DECLARATION OF ALL THE TRANSACTIONS**
18 **EFFECTED DURING THE PRECEDING WEEK, AND TAXES COLLECTED**
19 **AND TURNED OVER TO THE BUREAU OF INTERNAL REVENUE.**
20

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

23 SEC. 54. Returns of Receivers, Trustees, [~~in Bankruptcy~~] or Assignees.
24 – [~~In cases wherein receivers~~] **RECEIVERS, ADMINISTRATORS,** trustees in
25 **AN IRREVOCABLE TRUST OR** bankruptcy, or **ANY OTHER PERSON**
26 **ASSIGNED OR** [~~assignees are~~] **IN CHARGE OF** operating the property or
27 business of [~~a~~] **ANOTHER PERSON OR** corporation, subject to the tax **UNDER**
28 **THIS CODE** [~~imposed by this Title, such receivers, trustees or assignees~~] shall
29 **BE IMPOSED WITH THE OBLIGATION TO FILE** [~~make~~] **THE** returns **AND**
30 **PAY THE TAXES FOR SUCH PERSON OR CORPORATION IN THE SAME**

1 **MANNER REQUIRED UNDER THIS CODE.** [~~of net income as and for such~~
2 ~~corporation, in the same manner and form as such organization is hereinbefore~~
3 ~~required to make returns, and any~~] **ANY** tax due on the income as returned by
4 receivers, **ADMINISTRATORS**, trustees or assignees shall be assessed and
5 collected in the same manner as if assessed directly against the [~~organizations~~]
6 **PERSON, ESTATE OR ORGANIZATION** [~~of~~] whose businesses or properties
7 they have custody **OF** or control **OVER**.

8 **THE TRUSTOR IN A REVOCABLE TRUST, NOT THE TRUSTEE,**
9 **SHALL BE RESPONSIBLE IN FILING THE RETURNS REQUIRED UNDER**
10 **THIS CODE AND IN DECLARING THE INCOME RECEIVED FROM THE**
11 **TRUST IN ACCORDANCE WITH SECTIONS 24, 25, 27 AND 28 OF THIS**
12 **CODE. INCOME OF THE TRUST SUBJECTED TO FINAL TAX UNDER**
13 **SECTIONS 24, 25, 27 AND 28 SHALL NO LONGER BE SUBJECT TO TAX**
14 **UPON DISTRIBUTION OF THE INCOME TO THE TRUSTOR OR**
15 **BENEFICIARY, NOR SHALL THE TRUSTOR OR BENEFICIARY BE**
16 **REQUIRED TO DECLARE THE INCOME AS PART OF ITS TAXABLE**
17 **INCOME.**

18 **ANY INCOME OF A REVOCABLE TRUST NOT SUBJECTED TO**
19 **FINAL TAX SHALL BE SUBJECT TO CREDITABLE WITHHOLDING TAX**
20 **UPON DISTRIBUTION OF THE INCOME TO THE TRUSTOR OR THE**
21 **BENEFICIARY AT A RATE NOT EXCEEDING THE HIGHEST RATE OF TAX**
22 **IMPOSED ON INDIVIDUALS UNDER SECTION 24 IN THE CASE OF**
23 **INDIVIDUAL TRUSTORS, OR THE CORPORATE INCOME TAX UNDER**
24 **SECTION 27 IN THE CASE OF CORPORATE TRUSTORS.**

25
26 **SEC. 17.** Section 56 of the National Internal Revenue Code of 1997, as
27 amended, is hereby amended to read as follows:

28 SEC. 56. Payment and Assessment of Income Tax for Individuals and
29 Corporations. –

30 (A) Payment of Tax. –

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

xxx xxx xxx

(3) Payment of Capital Gains Tax. – **IN GENERAL** - The total amount of tax imposed and prescribed under [Section] **SECTIONS 24[(C)](B)(3), 24[(D)](B)(5), 24(B)(7), 25, 27[(E)(2)](D)(3), 27(D)(5), 27(D)(7), 28(A)[(8)(e)] and 28(B)(5)[(e)]** shall be paid on the date the return prescribed therefor is filed by the person liable thereto: *Provided, That* if the seller submits proof of [his] **THE** intention to avail [himself] of the benefit of exemption of capital gains under existing special laws **OR TAX TREATY**, no such payments shall be required: *Provided, further,* That in case of failure to qualify for exemption under such special laws, **TAX TREATY** and implementing rules and regulations, the tax due on the gains realized from the original transaction shall immediately become due and payable, and subject to the penalties prescribed under applicable provisions of this Code: *Provided, finally,* That if the seller, having paid the tax, submits such proof of intent within six (6) months from the registration of the document transferring the real property, [he] **THE SELLER** shall be entitled to a refund of such tax upon verification of [his] compliance with the requirements for such exemption.

xxx xxx xxx

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

SEC. 57. Withholding of Tax at Source. –

(A) Withholding of Final Tax on Certain Incomes. – Subject to rules and regulations the Secretary of Finance may promulgate, upon the recommendation of the Commissioner, requiring the filing of income tax return by certain income payees, the tax imposed or prescribed [by]

1 **UNDER** Sections [~~24(B)(1), 24(B)(2), 24(C), 24(D)(1); 25(A)(2),~~
2 ~~25(A)(3), 25(B), 25(C), 25(D), 25(E); 27(D)(1), 27(D)(2), 27(D)(3),~~
3 ~~27(D)(5); 28(A)(4), 28(A)(5), 28(A)(7)(a), 28(A)(7)(b), 28(A)(7)(c),~~
4 ~~28(B)(1), 28(B)(2), 28(B)(3), 28(B)(4), 28(B)(5)(a), 28(B)(5)(b),~~
5 ~~28(B)(5)(c)] **24(B), 24(C), 25(A), 25(B), 27(D), 27(E), 28(A) AND**
6 **28(B)(5);** 33; and 282 of this Code on specified items of income
7 **SUBJECT TO FINAL TAX** shall be withheld by payor-corporation and/or
8 person and paid in the same manner and subject to the same conditions
9 as provided in Section 58 of this Code.~~

10 (B) xxx xxx xxx

11 ~~[(C) Tax free Covenant Bonds. — In any case where bonds,~~
12 ~~mortgages, deeds of trust or other similar obligations of domestic or~~
13 ~~resident foreign corporations, contain a contract or provision by which~~
14 ~~the obligor agrees to pay any portion of the tax imposed in this Title~~
15 ~~upon the obligee or to reimburse the obligee for any portion of the tax~~
16 ~~or to pay the interest without deduction for any tax which the obligor~~
17 ~~may be required or permitted to pay thereon or to retain therefrom~~
18 ~~under any law of the Philippines, or any state or country, the obligor~~
19 ~~shall deduct and withhold a tax equal to thirty percent (30%) of the~~
20 ~~interest or other payments upon those bonds, mortgages, deeds of trust~~
21 ~~or other obligations, whether the interest or other payments are payable~~
22 ~~annually or at shorter or longer periods, and whether the bonds,~~
23 ~~securities or obligations had been or will be issued or marketed, and the~~
24 ~~interest or other payment thereon paid, within or without the Philippines,~~
25 ~~if the interest or other payment is payable to a nonresident alien or to a~~
26 ~~citizen or resident of the Philippines.]~~

27
28 **SEC. 19.** Section 73 (A) of the National Internal Revenue Code of 1997, as
29 amended, is hereby amended to read as follows:

30 SEC. 73. Distribution of Dividends or Assets by Corporations. —

1 (A) Definition of Dividends. – The term 'dividends' when used in
2 this Title means any distribution made by a corporation to its
3 shareholders out of its earnings or profits and payable to its
4 shareholders, whether in money or in other property.

5 Where a corporation distributes all of its assets in complete
6 liquidation or dissolution, the gain realized or loss sustained by the
7 stockholder, whether individual or corporate, is a taxable income or a
8 deductible loss, **UNDER SECTIONS 24(A), 25(A), 25(B), 27(A),**
9 **28(A) AND 28 (B)**, as the case may be.

10 (B) Stock Dividend. – x x x

11
12 **SEC. 20.** Section 108 of the National Internal Revenue Code of 1997, as
13 amended, is hereby amended to read as follows:

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

16 (A) Rate and Base of Tax. – x x x

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

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

16 xxx xxx xxx

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

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

1 **DERIVATIVES, AND OTHER SIMILAR FINANCIAL INSTRUMENTS, AND**
2 **ALL OTHER ITEMS TREATED AS GROSS INCOME UNDER SECTION 32**
3 **OF THIS CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND NET**
4 **INCOME OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO**
5 **PERCENT (0%)** [in accordance with the following schedule]:

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

10 ~~[Maturity period is five years or less~~
11 ~~.....5%]~~

12 ~~[Maturity period is more than five years~~
13 ~~.....1%]~~

14 ~~[(b) On dividends and equity shares and net income of~~
15 ~~subsidiaries~~
16 ~~.....~~
17 ~~0%]~~

18 ~~[(c) On royalties, rentals of property, real or personal, profits,~~
19 ~~from exchange and all other items treated as gross income under Section~~
20 ~~32 of this Code ...7%]~~

21 ~~[(d) On net trading gains within the taxable year of foreign~~
22 ~~currency, debt securities, derivatives, and other similar financial~~
23 ~~instruments~~
24 ~~.....~~
25 ~~7%]~~

26 ~~[Provided, however, That in case the maturity period referred to~~
27 ~~in paragraph (a) is shortened thru pre-termination, then the maturity~~
28 ~~period shall be reckoned to end as of the date of pre-termination for~~
29 ~~purposes of classifying the transaction and the correct rate of tax shall~~
30 ~~be applied accordingly.]~~

Provided, [finally,] That **FOR PURPOSES OF COMPUTING THE**
GROSS RECEIPTS, the generally accepted accounting principles [as

1 FROM SALE OR EXCHANGE INCLUDING GAINS DERIVED FROM SALE
2 OR TRANSFER OF REAL PROPERTIES, NET TRADING GAINS WITHIN
3 THE TAXABLE YEAR OF FOREIGN CURRENCY, DEBT SECURITIES,
4 DERIVATIVES, AND OTHER SIMILAR FINANCIAL INSTRUMENTS,
5 UNDERWRITING FEES, SERVICE INCOME, AND ALL OTHER ITEMS
6 TREATED AS GROSS INCOME UNDER SECTION 32 OF THIS CODE,
7 EXCEPT DIVIDENDS AND EQUITY SHARES AND NET INCOME OF
8 SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO PERCENT (0%).

9 ~~[and all other items treated as gross income under this Code: Provided, That~~
10 ~~interests, commissions and discounts from lending activities, as well as income~~
11 ~~from financial leasing, shall be taxed on the basis of the remaining maturities~~
12 ~~of the instruments from which such receipts are derived, in accordance with~~
13 ~~the following schedule:]~~

14 [Maturity is (5) five years of less 5%]

15 [Maturity period is more than (5) five years 1%]

16 ~~[Provided, however, That in case the maturity period is shortened thru~~
17 ~~pretermination, then the maturity period shall be reckoned to end as of the~~
18 ~~date of pretermination for purposes of classifying the transaction and the~~
19 ~~correct rate of tax shall be applied accordingly.]~~

20 **GROSS RECEIPTS SHALL BE COMPUTED IN THE SAME MANNER**
21 **PROVIDED UNDER SECTION 121.**

22 **FINANCIAL INTERMEDIARIES SUBJECT TO TAX UNDER THIS**
23 **SECTION SHALL INCLUDE FINANCING COMPANIES, FINANCE**
24 **LEASING COMPANIES, INVESTMENT HOUSES, PAWNSHOPS,**
25 **FOREIGN EXCHANGE DEALERS AND MONEY BROKERS, TRUST**
26 **ENTITIES, CREDIT CARD COMPANIES, LENDING INVESTORS,**
27 **SAVINGS AND LOAN ASSOCIATIONS, AND OTHER FINANCIAL**
28 **INTERMEDIARIES EXCEPT BANKS AND NON-BANKS PERFORMING**
29 **QUASI-BANKING FUNCTIONS WHICH SHALL BE TAXED UNDER**
30 **SECTION 121 OF THIS CODE.**

1 **COLLECTIVE INVESTMENT SCHEMES SUCH AS MUTUAL FUNDS,**
2 **UNIT LINKED INVESTMENT TRUST FUNDS, UNIT LINKED VARIABLE**
3 **INSURANCE, AND OTHER COLLECTIVE INVESTMENT SCHEMES AS**
4 **MAY BE DETERMINED BY APPROPRIATE GOVERNMENT REGULATORY**
5 **AGENCIES SHALL NOT BE SUBJECT TO GROSS RECEIPTS TAX AND**
6 **OTHER PERCENTAGE TAXES IMPOSED UNDER TITLE V, AND THE**
7 **VALUE ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE. FOR**
8 **PURPOSES OF THIS EXEMPTION, A CIS SHALL HAVE AT LEAST TWO**
9 **HUNDRED (200) OWNERS, INVESTORS OR PARTICIPANTS, AND**
10 **SHALL HAVE COMPLIED WITH THE MINIMUM PUBLIC OWNERSHIP**
11 **REQUIREMENT OF THE APPROPRIATE GOVERNMENT REGULATORY**
12 **AGENCIES.**

13 **THE INCOME OF A PERSON OR COMPANY NOT LICENSED TO DO**
14 **FINANCIAL INTERMEDIATION BUT WHICH ENGAGES IN FINANCIAL**
15 **INTERMEDIATION SERVICES AS AN INCIDENT TO ITS MAIN**
16 **BUSINESS ACTIVITY, AND DERIVES INCOME THEREFROM, SHALL BE**
17 **SUBJECT TO THE TAX IMPOSED ON ITS PRINCIPAL ACTIVITY. TO BE**
18 **CONSIDERED INCIDENTAL, THE INCOME FROM INTERMEDIATION**
19 **SERVICES SHALL NOT EXCEED FIFTY PERCENT (50%) OF THE**
20 **PERSON OR THE COMPANY'S TOTAL ANNUAL INCOME. IF THE TOTAL**
21 **INCOME RECEIVED FROM FINANCIAL INTERMEDIATION IS MORE**
22 **THAN FIFTY PERCENT (50%), AND THE PERSON OR COMPANY HAS**
23 **ENTERED INTO AT LEAST SIX (6) TRANSACTIONS DURING THE YEAR,**
24 **THE TOTAL INCOME FROM SUCH FINANCIAL INTERMEDIATION**
25 **SHALL BE SUBJECT TO TAX UNDER THIS SUBSECTION.**

26 **IN-HOUSE LENDING OR SELLER FINANCING SHALL NOT BE**
27 **SUBJECT TO TAX UNDER THIS SUBSECTION. ANY INCOME EARNED**
28 **OR RECEIVED FROM IN-HOUSE LENDING OR SELLER FINANCING**
29 **SHALL BE SUBJECT TO THE SAME TAX APPLICABLE TO THE**
30 **PRINCIPAL BUSINESS ACTIVITY OR TRANSACTION.**

1 **HOLDING COMPANIES SHALL BE SUBJECT TO EITHER VALUE**
2 **ADDED TAX OR GROSS RECEIPTS TAX DEPENDING ON THE NATURE**
3 **OF THEIR BUSINESS ACTIVITIES. IF UNDERTAKING FINANCING AND**
4 **OTHER SIMILAR ACTIVITIES, THEY SHALL BE SUBJECT TO GROSS**
5 **RECEIPTS TAX UNDER THIS SECTION. INCOME DERIVED FROM THE**
6 **SALE OF GOODS, PROPERTIES AND OTHER SERVICES SHALL BE**
7 **SUBJECT TO VALUE ADDED TAX UNDER SECTION 105 OF THIS CODE.**

8 ~~[Provided, finally, That the generally accepted accounting principles as~~
9 ~~may be prescribed by the Securities and Exchange Commission for other non-~~
10 ~~bank financial intermediaries shall likewise be the basis for the calculation of~~
11 ~~gross receipts.]~~

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

15
16 **SEC. 23.** Section 123 of the National Internal Revenue Code of 1997, as
17 amended, is hereby amended to read as follows:

18 SEC. 123. Tax on Life Insurance **AND REINSURANCE** Premiums. –
19 There shall be collected from every person, company or corporation, [~~(~~ except
20 purely cooperative companies or associations~~)~~] doing life insurance business
21 of any sort in the Philippines, **A PREMIUM TAX AT THE FOLLOWING**
22 **RATES:**

23 (A) **FOR LIFE INSURANCE INCLUDING HEALTH**
24 **INSURANCE AS A RIDER TO LIFE INSURANCE POLICY**, a tax of
25 two percent (2%) of the total premium collected, whether such
26 premiums are paid in money, notes, credits or any substitute for money;
27 but premiums refunded within six (6) months after payment on account
28 of rejection of risk or returned for other reason to a person insured shall
29 not be included in the taxable receipts; nor shall any tax be paid upon
30 reinsurance by a company **IF THE TAX** ~~[that]~~ has already **BEEN** paid

1 ~~[the tax]~~ **ON THE DIRECT PREMIUM**; nor upon premiums collected
2 or received by any branch of a domestic corporation, firm or association
3 doing business outside the Philippines on account of any life insurance
4 of the insured who is a nonresident, if any tax on such premium is
5 imposed by the foreign country where the branch is established nor upon
6 premiums collected or received on account of any reinsurance, if the
7 insured, in case of personal insurance, resides outside the Philippines, if
8 any tax on such premiums is imposed by the foreign country where the
9 original insurance has been issued or perfected; nor upon that portion
10 of the premiums collected or received by the insurance companies on
11 variable contracts[.] **IN A CIS** in excess of the amounts necessary to
12 insure the lives of the variable contract owners[.]: **PROVIDED, THAT**
13 **THE CIS SHALL HAVE AT LEAST TWO HUNDRED (200) OWNERS,**
14 **INVESTORS OR PARTICIPANTS, AND THAT ANY MINIMUM**
15 **PUBLIC OWNERSHIP AS MAY BE REQUIRED BY APPROPRIATE**
16 **GOVERNMENT REGULATORY AGENCIES SHALL BE COMPLIED**
17 **WITH.**

18 **(B) PERSONS DOING BUSINESS SIMILAR OR AKIN TO**
19 **LIFE AND HEALTH INSURANCE SUCH AS PRE-NEED**
20 **COMPANIES, PENSION FUND COMPANIES, HEALTH**
21 **MAINTENANCE ORGANIZATIONS AND OTHER COMPANIES**
22 **SIMILAR TO LIFE INSURANCE, AS MAY BE DETERMINED BY THE**
23 **APPROPRIATE GOVERNMENT REGULATORY AGENCIES, SHALL**
24 **BE SUBJECT TO TAX UNDER THIS SUBSECTION AT THE RATE OF**
25 **TWO PERCENT (2%) OF THE GROSS PREMIUM, PLAN**
26 **PAYMENT, OR INSTALLMENT PAYMENTS COLLECTED WITHOUT**
27 **ANY DEDUCTION FOR THE AMOUNTS REQUIRED BY THE**
28 **APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BE**
29 **EARMARKED FOR THE BENEFIT OF THE INSURED, OR**
30 **PLANHOLDER.**

1 **NOTHING IN THIS CODE SHALL PRECLUDE THE**
2 **COMMISSIONER FROM IMPOSING THE SAME TAX HEREIN**
3 **PROVIDED ON PERSONS PERFORMING SIMILAR INSURANCE**
4 **BUSINESS ACTIVITIES.**

5 **LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO**
6 **PREMIUM TAX ON PREMIUMS COLLECTED UNDER SUBSECTION**
7 **(A) HEREOF. HOWEVER, PREMIUMS COLLECTED ON**
8 **TRANSACTIONS WHERE THE TAX ON THE DIRECT PREMIUM**
9 **HAS ALREADY BEEN PAID BY THE DIRECT INSURER SHALL BE**
10 **EXCLUDED FROM THE GROSS PREMIUM SUBJECT TO PREMIUM**
11 **TAX.**

12 **NON-LIFE REINSURANCE COMPANIES SHALL BE**
13 **SUBJECT TO VALUE ADDED TAX ON PREMIUMS COLLECTED**
14 **UNDER SECTION 108 OF THIS CODE. HOWEVER, PREMIUMS**
15 **COLLECTED ON TRANSACTIONS WHERE THE TAX ON THE**
16 **DIRECT PREMIUM HAS ALREADY BEEN PAID BY THE DIRECT**
17 **INSURER SHALL BE EXCLUDED FROM THE GROSS PREMIUM**
18 **SUBJECT TO VALUE ADDED TAX.**

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

28 **ANY INCOME, OTHER THAN RECEIPT OF PREMIUM SUCH**
29 **AS MANAGEMENT FEES, SERVICE FEES, CHARGES, AND**
30 **PENALTIES, COMMISSIONS, INCOME FROM THE SALE OR**

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

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

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

24
25 **SEC. 24.** Section 127 of the National Internal Revenue Code of 1997, as
26 amended, is hereby repealed.

27
28 **SEC. 25.** Section 174 of the National Internal Revenue Code of 1997, as
29 amended, is hereby amended to read as follows:

1 SEC. 174. Stamp Tax on Original Issue of Shares of Stock. – On every
2 original issue, whether on organization, reorganization or for any lawful
3 purpose, of shares of stock by any association, company, or corporation,
4 **INCLUDING SHARES OF STOCK OR UNITS OF PARTICIPATION IN A**
5 **COLLECTIVE INVESTMENT SCHEME**, there shall be collected a
6 documentary stamp tax of [~~Two pesos (P2.00) on each Two hundred pesos~~
7 ~~(P200), or fractional part thereof, of the par value,~~] **SEVENTY-FIVE PERCENT**
8 **OF ONE PERCENT (0.75%) OF THE PAR VALUE** of such shares of stock:
9 *Provided, That* in the case of the original issue of shares of stock without par
10 value, the amount of the documentary stamp tax herein prescribed shall be
11 based upon the actual consideration for the issuance of such shares of stock:
12 *Provided, further, That* in the case of stock dividends, on the actual value
13 represented by each share[-]: **PROVIDED, FINALLY, THAT IN THE CASE**
14 **OF COLLECTIVE INVESTMENT SCHEMES WITHOUT PAR VALUE, THE**
15 **DOCUMENTARY STAMP TAX SHALL BE BASED ON THE INITIAL NET**
16 **ASSET VALUE PER UNIT.**

17
18 **SEC 26.** Section 175 of the National Internal Revenue Code of 1997, as
19 amended, is hereby repealed.

20
21 **SEC. 27.** Section 176 of the National Internal Revenue Code of 1997, as
22 amended, is hereby amended to read as follows:

23 SEC 176. Stamp Tax on Bonds, Debentures, Certificates of Stock or
24 Indebtedness Issued in Foreign Countries. – [~~On all~~] **A DOCUMENTARY**
25 **STAMP TAX OF SEVENTY-FIVE PERCENT OF ONE PERCENT (0.75%)**
26 **OF THE VALUE OF THE TRANSACTION SHALL BE COLLECTED FROM A**
27 **PERSON SELLING OR TRANSFERRING** bonds, debentures, certificates of
28 stock, or certificates of indebtedness issued in any foreign country.[~~there shall~~
29 ~~be collected from the person selling or transferring the same in the Philippines,~~

1 ~~such tax as is required by law on similar instruments when issued, sold or~~
2 ~~transferred in the Philippines.]~~

3
4 **SEC 28.** Sections 177 and 178 of the National Internal Revenue Code of 1997,
5 as amended, are hereby repealed.

6
7 **SEC 29.** Section 179 of the National Internal Revenue Code of 1997, as
8 amended, is hereby amended to read as follows:

9 SEC. 179. Stamp Tax on All Debt Instruments. – On every original issue
10 of debt instruments, there shall be collected a documentary stamp tax of [~~One~~
11 ~~peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or~~
12 ~~fractional part thereof,]~~ **SEVENTY-FIVE PERCENT OF ONE PERCENT**
13 **(0.75%)** of the issue price of any such debt instruments: *Provided, That* for
14 such debt instruments with terms of less than one (1) year, the documentary
15 stamp tax to be collected shall be of a proportional amount in accordance with
16 the ratio of its term in number of days to three hundred sixty-five (365) days:
17 *Provided, further,* That only one documentary stamp tax shall be imposed on
18 either loan agreement, or promissory notes issued to secure such loan.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

SEC 30. Section 180 of the National Internal Revenue Code of 1997, as amended, is hereby repealed.

SEC 31. Sections 181, 182, 183, 184, 185, 186, and 187 of the National Internal Revenue Code of 1997, as amended, are hereby amended to read as follows:

SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and Others.— Upon any acceptance or payment of any bill of exchange or order for the payment of money purporting to be drawn in a foreign country but payable in the Philippines, there shall be collected a documentary stamp tax **OF THIRTY PERCENT OF ONE PERCENT (0.30%)** [~~Sixty centavos (P0.60) on each Two hundred pesos (P200), or fractional part thereof,~~] of the face value of any such bill of exchange, or order, or the Philippine equivalent of such value, if expressed in foreign currency.

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

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

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

8 If the amount of insurance exceeds P100,000 but does not exceed
9 P300,000 - P20.00

10 If the amount of insurance exceeds P300,000 but does not exceed
11 P500,000-P50.00

12 If the amount of insurance exceeds P500,000 but does not exceed
13 P750,000- P100.00

14 If the amount of insurance exceeds P750,000 but does not exceed
15 P1,000,000- P150.00

16 If the amount of insurance exceeds P1,000,000- P200.00

17 SEC. 184. Stamp Tax on Policies of Insurance Upon Property. – On all
18 policies of insurance or other instruments by whatever name the same may be
19 called, by which insurance shall be made or renewed upon property of any
20 description, including rents or profits, against peril by sea or on inland waters,
21 or by fire or lightning, there shall be collected a documentary stamp tax of [~~Fifty~~
22 ~~centaves (P0.50) on each Four pesos (P4.00), or fractional part thereof,~~]
23 **TWELVE AND ONE-HALF PERCENT (12.5%)** of the amount of premium
24 charged: *Provided, however,* That no documentary stamp tax shall be collected
25 on reinsurance contracts or on any instrument by which cession or acceptance
26 of insurance risks under any reinsurance agreement is effected or recorded.
27 ***PROVIDED, FURTHER, THAT SUCH RATE SHALL BE REDUCED***
28 **ACCORDING TO THE FOLLOWING SCHEDULE:**

29 **JANUARY 1, 2023: ELEVEN AND ONE-HALF PERCENT (11.5%),**

30 **JANUARY 1, 2024: TEN AND ONE-HALF PERCENT (10.5%),**

1 **JANUARY 1, 2025: NINE AND ONE-HALF PERCENT (9.5%),**
2 **JANUARY 1, 2026: EIGHT AND ONE-HALF PERCENT (8.5%),**
3 **JANUARY 1, 2027: SEVEN AND ONE-HALF PERCENT (7.5%).**

4 SEC. 185. Stamp Tax on Fidelity Bonds and Other Insurance Policies. –

5 On all policies of insurance or bonds or obligations of the nature of indemnity
6 for loss, damage or liability made or renewed by any person, association,
7 company or corporation transacting the business of accident, fidelity,
8 employer's liability, plate, glass, steam boiler, burglar, elevator, automatic
9 sprinkler, or other branch of insurance (except life, marine, inland, and fire
10 insurance), and all bonds, undertakings, or recognizances, conditioned for the
11 performance of the duties of any office or position, for the doing or not doing
12 of anything therein specified, and on all obligations guaranteeing the validity or
13 legality of any bond or other obligations issued by any province, city,
14 municipality, or other public body or organization, and on all obligations
15 guaranteeing the title to any real estate, or guaranteeing any mercantile
16 credits, which may be made or renewed by any such person, company or
17 corporation, there shall be collected a documentary stamp tax of [~~Fifty centavos~~
18 (~~P0.50~~) on each Four pesos (~~P4.00~~), or fractional part thereof,] **TWELVE AND**
19 **ONE-HALF PERCENT (12.5%)** of the premium charged[.]: **PROVIDED,**
20 **THAT SUCH RATE SHALL BE REDUCED ACCORDING TO THE**
21 **FOLLOWING SCHEDULE:**

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

27 SEC. 186. Stamp Tax on [~~Policies of Annuities, and~~] Pre-Need Plans. –

28 [~~On all policies of annuities, or other instruments by whatever name the same~~
29 ~~may be called, whereby an annuity may be made, transferred or redeemed,~~
30 ~~there shall be collected a documentary stamp tax of One peso (P1.00) on each~~

1 ~~Two hundred pesos (P200), or fractional part thereof, of the premium or~~
2 ~~installment payment on contract price collected.]~~ On pre-need plans, [the
3 ~~documentary stamp tax shall be Forty centavos (P0.40) on each Two hundred~~
4 ~~pesos (P200), or fractional part thereof, of the premium or contribution~~
5 ~~collected.]~~ **THERE SHALL BE COLLECTED A DOCUMENTARY STAMP TAX**
6 **OF TWENTY PERCENT OF ONE PERCENT (0.2%) OF THE PREMIUM OR**
7 **INSTALLMENT PAYMENT ON CONTRACT PRICE, OR CONTRIBUTION**
8 **CHARGED.**

9 SEC. 187. Stamp Tax on Indemnity Bonds. – On all bonds for
10 indemnifying any person, firm or corporation who shall become bound or
11 engaged as surety for the payment of any sum of money or for the due
12 execution or performance of the duties of any office or position or to account
13 for money received by virtue thereof, and on all other bonds of any description,
14 except such as may be required in legal proceedings, or are otherwise provided
15 for herein, there shall be collected a documentary stamp tax of [~~Thirty centavos~~
16 ~~(P0.30) on each Four pesos (P4.00), or fractional part thereof,]~~ **SEVEN AND**
17 **ONE-HALF PERCENT (7.5%)** of the premium charged.

18
19 **SEC 32.** Section 188 of the National Internal Revenue Code of 1997, as
20 amended, is hereby repealed.

21
22 **SEC 33.** Sections 192 and 193 of the National Internal Revenue Code of 1997,
23 as amended, are hereby repealed.

24
25 **SEC 34.** Sections 195, 198, and 199 of the National Internal Revenue Code of
26 1997, as amended, are hereby amended to read as follows:

27 SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust. – On
28 every mortgage or pledge of lands, estate, or property, real or personal,
29 heritable or movable, whatsoever, where the same shall be made as a security
30 for the payment of any definite and certain sum of money lent at the time or

1 previously due and owing or forborne to be paid, being payable, and on any
2 conveyance of land, estate, or property whatsoever, in trust or to be sold, or
3 otherwise converted into money which shall be and intended only as security,
4 either by express stipulation or otherwise, there shall be collected a
5 documentary stamp tax [at the following rates:

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

8 ~~(b) On each Five thousand pesos (P5,000), or fractional part~~
9 ~~thereof in excess of Five thousand pesos (P5,000), an additional tax of~~
10 ~~Twenty pesos (P20.00).]~~ **OF THIRTY PERCENT OF ONE PERCENT**
11 **(0.3%) OF THE AMOUNT SECURED.**

12 xxx xxx xxx

13 SEC. 198. Stamp Tax on [~~Assignments and~~] Renewals of Certain
14 Instruments. – Upon each and every [~~assignment or transfer of any mortgage,~~
15 ~~lease or policy of insurance, or the~~] renewal or continuance of any agreement,
16 contract, charter, or any evidence of obligation or indebtedness by **THE**
17 **EXTENSION OF THE TERM OR MATURITY BY** [~~altering or otherwise,~~]
18 **ALTERATION OF SUCH AGREEMENT, CONTRACT OR CHARTER**, there
19 shall be levied, collected and paid a documentary stamp tax, at the same rate
20 as that imposed on the original instrument.

21 SEC. 199. Documents and Papers Not Subject to Stamp Tax. – The
22 provisions of Section 173 to the contrary notwithstanding, the following
23 instruments, documents and papers shall be exempt from the documentary
24 stamp tax:

25 (a) Policies of insurance or annuities made or granted by a
26 fraternal or beneficiary society, order, association or cooperative
27 company, operated on the lodge system or local cooperation plan and
28 organized and conducted solely by the members thereof for the
29 exclusive benefit of each member and not for profit.

30 xxx xxx xxx

1 (n) Interbank call loans with maturity of not more than [seven
2 (~~7~~)] **FIVE (5)** days to cover deficiency in reserves against deposit
3 liabilities, including those between or among banks and quasi-banks.

4 (O) **REDEMPTION, SALE, BARTER, EXCHANGE, OR OTHER**
5 **MODES OF DISPOSITION OR EXCHANGE OF SHARES OF STOCK**
6 **OR UNITS OF PARTICIPATION IN A COLLECTIVE INVESTMENT**
7 **SCHEME OR OTHER CIS SECURITIES LISTED AND TRADED IN A**
8 **LOCAL EXCHANGE OR AN ORGANIZED MARKETPLACE. THE**
9 **ORIGINAL ISSUANCE OF SHARES OR UNITS OF**
10 **PARTICIPATION IN A CIS SHALL NOT BE COVERED BY THIS**
11 **EXEMPTION.**

12
13 **SEC. 35. *Prospectivity Clause.*** – The changes introduced under this Act shall
14 apply to transactions taking effect beginning January 1, 2023.

15
16 **SEC. 36. *Implementing Rules and Regulations.*** – The Department of Finance,
17 in consultation with the Securities and Exchange Commission, Bangko Sentral ng
18 Pilipinas, Insurance Commission, the Bureau of the Treasury, and the Bureau of
19 Internal Revenue, shall issue the implementing rules and regulations for the effective
20 implementation of this Act.

21
22 **SEC. 37. *Separability Clause.*** – If, for any reason any article or provision of
23 this Act, or any portion thereof, or application of such article, provision, or portion
24 thereof to any person, group, or circumstance is declared invalid or unconstitutional,
25 the remainder of this Act shall not be affected by such decision or declaration.

26
27 **SEC. 38. *Repealing Clause.*** – The following laws or provisions of laws are
28 hereby repealed or modified accordingly and the persons and/or transactions affected
29 herein are hereby made subject to applicable taxes on interest income, dividends, and

1 capital gains, gross receipts tax, premium tax, and documentary stamp tax under the
2 National Internal Revenue Code of 1997, as amended:

3 (a) Section 9, insofar as the tax exemption on the issuance of bonds and
4 securities is concerned, of Presidential Decree 1648, known as "Reorganizing the
5 National Development Company and Establishing a Revised Charter Therefor";

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

11 (c) Section 14, insofar as tax exemption on interest income, capital gains,
12 and documentary stamp tax is concerned, of Republic Act 7354, entitled "An Act
13 Creating the Philippine Postal Corporation, Defining Its Powers, Functions And
14 Responsibilities, Providing for Regulation of the Industry and for Other Purposes
15 Connected Therewith";

16 (d) Section 12, insofar as the tax exemptions on interest income, capital
17 gains, and documentary stamp tax and on the issuance of bonds are concerned, of
18 Republic Act 4850, entitled "An Act Creating the Laguna Lake Development Authority,
19 Prescribing its Powers, Functions and Duties, Providing Funds Therefor, and for Other
20 Purposes";

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

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

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

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

7 (i) Section 2(g), insofar as the tax exemptions on interest income and on
8 the issuance of bonds are concerned, of Republic Act 85, as amended by Republic Act
9 2081, entitled "An Act Creating the Rehabilitation Finance Corporation";

10 (j) Sections 76, 77 and 98, insofar as tax exemption on interest income,
11 dividends, capital gains, and documentary stamp tax on bonds is concerned, of
12 Republic Act 3844 or The Agricultural Land Reform Code;

13 (k) Section 37, insofar as the tax exemption on interest income, capital
14 gains, gross receipts tax, and documentary stamp tax is concerned, of Republic Act
15 6848 or The Charter of The Al-Amanah Islamic Investment Bank of the Philippines;

16 (l) Sections 19, insofar as the tax exemptions on interest income and
17 issuance of bonds are concerned, of Republic Act 3591, as amended by Republic Act
18 9576 or An Act Increasing the Maximum Deposit Insurance Coverage, and in
19 Connection Therewith, to Strengthen the Regulatory and Administrative Authority, and
20 Financial Capability of the Philippine Deposit Insurance Corporation (PDIC), Amending
21 for this Purpose Republic Act Numbered Three Thousand Five Hundred Ninety-One,
22 as amended, otherwise known as The PDIC Charter, and for Other Purposes;

23 (m) Section 12, insofar as tax exemption on interest income, capital gains,
24 and documentary stamp tax and the issuance of bonds are concerned, of Executive
25 Order 1037, entitled "An Act Creating the Philippine Retirement Park System, Providing
26 Funds Therefor and for Other Purposes";

27 (n) Sections 5 and 19, insofar as the tax exemptions on the issuance of
28 bonds, interest income and documentary stamp tax are concerned, of Republic Act
29 8763 or Home Guaranty Corporation Act of 2000;

1 (o) Sections 19 and 25, insofar as tax exemption on documentary stamp tax
2 is concerned, of Republic Act 7279 or The Urban Development and Housing Act of
3 1992;

4 (p) Section 8(a), insofar as tax exemption on interest income, capital gains,
5 and documentary stamp tax of bonds is concerned, as provided under Section 1 of
6 Republic Act 6395 or An Act Revising the Charter of the National Power Corporation;

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

11 (r) Section 16, insofar as tax exemption on interest income, capital gains,
12 and documentary stamp tax is concerned, of Presidential Decree 1467, entitled "An
13 Act Creating the Philippine Crop Insurance Corporation, Prescribing Its Powers and
14 Activities, Providing For Its Capitalization and for the Required Government Premium
15 Subsidy, and for Other Purposes";

16 (s) Section 3, insofar as the tax exemption on interest income, capital gains,
17 and documentary stamp tax of bonds is concerned, of Republic Act 3601, entitled "An
18 Act Granting the National Irrigation Administration";

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

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

27 (v) Section 9, insofar as tax exemption on interest income, capital gains,
28 and documentary stamp tax on bonds is concerned, of Republic Act 10744 Or Credit
29 Surety Fund Act of 2014;

1 (w) Section 7, insofar as tax exemption on documentary stamp tax and
2 premium tax is concerned, of Republic Act 7111, entitled "An Act Establishing The
3 Overseas Workers' Investment Fund to Provide Incentives to Overseas Workers,
4 Reduce the Foreign Debt Burden and for Other Purposes";

5 (x) Section 56, insofar as tax exemption on interest income, capital gains,
6 and documentary stamp tax is concerned, of Republic Act 10801, entitled "An Act
7 Governing the Operations and Administration of the Overseas Workers Welfare
8 Administration";

9 (y) Section 5, insofar as tax exemption on interest income is concerned, of
10 Republic Act 8367, entitled "An Act Providing for the Regulation of the Organization
11 and Operation of Non-Stock Savings and Loan Associations";

12 (z) Section 28, insofar as tax exemption on capital gains on shares of stock
13 and documentary stamp tax is concerned, of Republic Act 9267 or The Securitization
14 Act of 2004";

15 (aa) Section 17, insofar as tax exemption on interest income, capital gains,
16 gross receipts tax and documentary stamp tax is concerned, of Republic Act 7906,
17 entitled "An Act Providing for the Regulation of the Organization and Operations of
18 Thrift Banks, and for Other Purposes";

19 (bb) Section 15, insofar as tax exemption on capital gains and documentary
20 stamp tax is concerned, of Republic Act 9182, as amended by Republic Act 9343,
21 entitled "An Act Granting Tax Exemptions and Fee Privileges to Special Purpose
22 Vehicles which Acquire or Invest in Non-Performing Assets, Setting the Regulatory
23 Framework Therefor, and for Other Purposes";

24 (cc) Sections 13 and 14, insofar as tax exemption on DST and dividends is
25 concerned, of R.A. 9856 or The Real Estate Investment Act of 2009;

26 (dd) Section 23, insofar as no deduction from gross income shall be allowed
27 in respect of any interest if the indebtedness is incurred to finance petroleum
28 exploration is concerned, of P.D. 87, entitled Amending Presidential Decree No. 8
29 issued on October 2, 1972, and Promulgating an Amended Act to Promote the
30 Discovery and Production of Indigenous Petroleum and Appropriate Funds Therefor;

1 (ee) Section 6, insofar as tax exemption on interest income, dividends and
2 capital gains are concerned, of RA 6426 or the Foreign Currency Deposit Act of the
3 Philippines, as amended; and

4 (ff) Section 32, insofar as the tax exemptions on capital gains, interest
5 income and DST and issuance of bonds are concerned, of RA 6424 or the Philippine
6 Export Credit Insurance and Guarantee Corporation Act.

7

8 **SEC. 39. Effectivity** - This Act shall take effect fifteen (15) days after its
9 complete publication in at least two (2) newspapers of general circulation.

10

11 *Approved,*