



HOUSE OF REPRESENTATIVES

H. No. 1503

INTRODUCED BY HONORABLE JAVIER (E.), TEVES, RAMIREZ, ALBANO, FUENTEBELLA, DIAZ (R.), GILLEGO, TAJON, FIGUEROA, PARAS, DEL MAR, DURANO III, SINGSON, MARTINEZ, JR., ANDOLANA, ESPINOSA, MONTEJO, LOPEZ (A.), STARKE, BONDOC, TINGA, CANDAZO, MADRONA, CABILAO, URRO, LANTO, QUIMPO, LOPEZ (J.), SARMIENTO (A.), VENEGAS, FUENTES, SOON-RUIZ, HENSON, CARMONA, PAREDES, JR., GARCIA (M.), BAGUIO, YULO, ZUBIRI, JR., ALFELOR, PUEY, PAYUMO, PEREZ (H.), CHAVES, TANJUATCO, JR., ALMARIO, BAGATSING, JR., AQUINO (F.), ARROYO, TUAZON AND VALDEZ, PER COMMITTEE REPORT No. 8

AN ACT TO EMPOWER THE COMMISSIONER OF INTERNAL REVENUE TO REQUIRE THE PAYMENT OF THE VALUE-ADDED TAX EVERY MONTH AND TO ALLOW LOCAL GOVERNMENT UNITS TO SHARE IN VAT REVENUE, AMENDING FOR THIS PURPOSE CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE

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

1 SECTION 1. Section 110 of the National Internal Revenue
2 Code, as amended, is hereby further amended to read as follows:

3 "SEC. 110. **Return and payment of value-added tax.** - [(a)

4 *Where to file the return and pay the tax.* - Every person subject to
5 value-added tax shall file a quarterly return of his gross sales or
6 receipts and pay the tax due thereon to a bank duly accredited by

1 the Commissioner located in the revenue district where such person
2 is registered or required to be registered. However, in cases where
3 there are no duly accredited agent banks within the city or munic-
4 ipality, the return shall be filed and any amount due shall be paid to
5 any duly accredited bank within the district, or to the Revenue
6 District Officer, Collection Agent or duly authorized Treasurer of
7 the city or municipality where such taxpayer has his principal place
8 of business. Only one consolidated return shall be filed by the
9 taxpayer for all the branches and lines of business subject to value-
10 added tax. If no tax is payable because the amount of input tax and
11 any amount authorized to be offset against the output tax is equal to
12 or is in excess of the output tax due on the return, the taxpayer shall
13 file the return with the Revenue District Officer, Collection Agent
14 or authorized municipal treasurer where the taxpayer's principal
15 place of business is located.] (A) *IN GENERAL*. - EVERY PERSON
16 LIABLE TO PAY THE VALUE-ADDED TAX IMPOSED UNDER THIS
17 TITLE SHALL FILE A QUARTERLY RETURN OF THE AMOUNT OF HIS
18 GROSS SALES OR RECEIPTS WITHIN 20 DAYS FOLLOWING THE CLOSE
19 OF EACH TAXABLE QUARTER PRESCRIBED FOR EACH TAXPAYER:
20 *PROVIDED*, THAT ANY PERSON WHOSE REGISTRATION HAS BEEN
21 CANCELLED IN ACCORDANCE WITH SECTION 107 HEREOF SHALL
22 FILE A RETURN AND PAY THE TAX DUE THEREON WITHIN 20 DAYS

1 FROM THE DATE OF CANCELLATION OF REGISTRATION. ONLY ONE
2 CONSOLIDATED RETURN SHALL BE FILED BY THE TAXPAYER FOR
3 HIS PRINCIPAL PLACE OF BUSINESS OR HEAD OFFICE AND ALL
4 BRANCHES.

5 ["(b) *Time for filing of return and payment of tax.* - The
6 return shall be filed and the tax paid within 20 days following the
7 end of each quarter specifically prescribed for a VAT-registered
8 person under regulations to be promulgated by the Secretary of
9 Finance: *Provided, however,* That any person whose registration is
10 cancelled in accordance with paragraph (c) of Section 107 shall file
11 a return within 20 days from the cancellation of such registration.]

12 "(B) *WHERE TO FILE THE RETURN AND PAY THE TAX.* - THE
13 RETURN SHALL BE FILED WITH AND THE TAX PAID TO A BANK DULY
14 ACCREDITED BY THE COMMISSIONER LOCATED WITHIN THE
15 REVENUE DISTRICT WHERE THE TAXPAYER IS REGISTERED OR
16 REQUIRED TO REGISTER: *PROVIDED, HOWEVER,* THAT VAT-REGIS-
17 TERED PERSONS WHOSE GROSS ANNUAL SALES OR RECEIPTS IN THE
18 PRECEDING TAXABLE YEAR IS TWELVE MILLION PESOS OR MORE
19 SHALL PAY THE VALUE-ADDED TAX ON A MONTHLY BASIS:
20 *PROVIDED, FURTHER,* THAT, IN CASE NO ACCREDITED BANK IS
21 LOCATED WITHIN THE REVENUE DISTRICT, THE RETURN SHALL BE

1 FILED WITH AND THE TAX PAID TO THE REVENUE DISTRICT OFFI-
 2 CER, COLLECTION AGENT OR DULY AUTHORIZED TREASURER OF
 3 THE MUNICIPALITY WHERE THE PLACE OF BUSINESS IS LOCATED IN
 4 THE ORDER MENTIONED.

5 ["(c) *Initial returns.* - The Commissioner may prescribe an
 6 initial taxable period for any VAT-registered person for his first
 7 return, which in no case shall exceed 5 months."]

8 SEC. 2. Section 282 of the National Internal Revenue Code,
 9 as amended, is hereby further amended to read as follows:

10 "SEC. 282. *Disposition of national internal revenue.* - [(a)
 11 *In general.* -] National internal revenue collected and not applied
 12 as hereinabove provided or otherwise specially disposed of by law
 13 shall accrue to the National Treasury and shall be available for the
 14 general purposes of the Government, with the exception of the
 15 amounts set apart by way of allotment [under the next succeeding
 16 section] AS PROVIDED FOR UNDER REPUBLIC ACT NO. 7160,
 17 OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

18 ["(b) *Share of local governments.* - Twenty per centum
 19 (20%) of the collections from the national internal revenue taxes
 20 shall accrue to local governments to be computed on the basis of
 21 the collections of the third fiscal year preceding the current fiscal
 22 year. This allotment shall be distributed as follows: thirty per

1 *centum* (30%) to provinces; forty-five *per centum* (45%) to munic-
 2 ipalities; twenty-five *per centum* (25%) to cities and sixty-five million
 3 pesos (P 65M) to the barangays. The share of each province, city
 4 and municipality shall be determined on the basis of the following
 5 formulae: seventy *per centum* (70%) - population; twenty *per*
 6 *centum* (20%) - land area; and ten *per centum* (10%) equal sharing.]

7 ["For the new fiscal year commencing on January 1, 1977 and
 8 ending on December 31, 1977, the annual allotment of any local
 9 government as determined under this paragraph, shall not increase
 10 by more than twenty-five *per centum* (25%), or, no less than, the
 11 annual allotment it shall actually receive for the fiscal year from July
 12 1, 1975 to June 30, 1976.]

13 ["(c) Five percent (5%) of the total tax collected on subse-
 14 quent sale under Section 165(B) of this Code shall accrue to the
 15 city or municipality in which the tax is collected, and another five
 16 percent (5%) of the total annual tax collected on said subsequent
 17 sales shall accrue to the Department of Education, Culture and
 18 Sports.]

19 ["Thereafter, or beginning January 1, 1978, the annual allot-
 20 ment shares of each local government shall be determined solely on
 21 the basis of this paragraph.]

22 ["In addition, five *per centum* (5%) of the collection from

1 national internal revenue taxes not otherwise accruing to special
 2 funds and special accounts in the general fund shall accrue to a local
 3 government fund which shall be released by the President as finan-
 4 cial aid to local governments or to projects.]

5 "IN ADDITION TO THE INTERNAL REVENUE ALLOTMENT AS
 6 PROVIDED FOR IN THE PRECEDING PARAGRAPH, FIFTY PERCENT
 7 (50%) OF THE NATIONAL TAXES COLLECTED UNDER SECTIONS 100,
 8 102, 112, 113 AND 114 OF THIS CODE IN EXCESS OF THE AVERAGE
 9 INCREASE IN COLLECTIONS FOR THE THREE (3) FISCAL YEARS
 10 IMMEDIATELY PRECEDING THE CURRENT YEAR SHALL BE DISTRIB-
 11 UTED AS FOLLOWS: (A) FIFTY PERCENT (50%) SHALL ACCRUE TO THE
 12 CITY OR MUNICIPALITY WHERE SUCH TAXES WERE COLLECTED AND
 13 SHALL BE ALLOCATED IN ACCORDANCE WITH SECTION 150 OF
 14 REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL
 15 GOVERNMENT CODE OF 1991; AND (B) FIFTY PERCENT (50%)
 16 SHALL ACCRUE TO THE NATIONAL GOVERNMENT."

17 SEC. 3. All laws, decrees, orders, rules and regulations and
 18 other issuances inconsistent with this Act are hereby repealed or
 19 amended accordingly.

20 SEC. 4. This Act shall take effect upon its approval.

Approved,