

HOUSE OF REPRESENTATIVES

H. No. 8593

INTRODUCED BY HONORABLE SUAREZ, TEVES, LARA, LAPUS, SUPLICO, GONZALES (R.), LOPEZ (R.), DY JR., DEQUINA, CANDAZO, SALCEDA, PEREZ JR., SINGSON, GARCIA (E.) JR., NEPOMUCENO, SILVERIO, BUESER, MADRONA, NANTES, RECTO, OROLA JR., VILLANUEVA, PARAS, YAPHA JR., LIBANAN, LOCSIN, VICENCIO, ALVAREZ (P.), SARMIENTO (R.), DILANGALEN, TAMMANG, COSALAN, CALALAY, LANOT, OCAMPO, PONCE JR., OSABEL, PILAPIL, SARENAS, TUAZON, SYJUCO, JALA, LIBAN, QUIMPO, FUENTEBELLA, MACARAMBON JR., AUMENTADO, ABAD, VELOSO, BANAAG, ABAYON, REYES JR., TULAGAN, JAAFAR, ANGPING, TAÑADA, ACOSTA, AQUINO III, CRUZ (T.), ADIONG, SALUDO JR., JOAQUIN, ARROYO, ALVAREZ (H.), APOSTOL, BUNYE, DATUMANONG, ECHIVERRI, GUNIGUNDO I, MORENO, SANDOVAL II, FORTUNO, JACOB, GARCIA (M.), LEVISTE, MAGTUBO, MONTEMAYOR, GULLAS, FUENTES, ROXAS II, ANGARA-CASTILLO, GONZALES II, BELMONTE JR., GOLEZ, CALIMBAS-VILLAROSA, VILLAR JR., ABUEG JR., BARBERS, BASCUG, DEFENSOR, DOMINGUEZ, HIZON, JOSON, LOBREGAT, PAEZ, ROMUALDO AND ZUBIRI, PER COMMITTEE REPORT NO. 491

AN ACT IMPOSING THE VALUE-ADDED TAX ON CERTAIN SERVICES BEGINNING JANUARY 1, 2001, AMENDING FOR THE PURPOSE SECTIONS 3 AND 5 OF REPUBLIC ACT NO. 8424 AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 3 of Republic Act No. 8424 is hereby amended
2 to read as follows:

3 “SEC. 3. Presidential Decree No. 1158, as amended by, among
4 others, Presidential Decree No. 1994 and Executive Order No. 273,

1 otherwise known as the National Internal Revenue Code, is hereby further
2 amended to read as follows:

3 "x x x

4 "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease*
5 *of Properties.* – (a) *Rate and Base of Tax.* – There shall be levied, assessed
6 and collected, a value-added tax equivalent to ten percent (10%) of gross
7 receipts derived from the sale or exchange of services, including the use or
8 lease of properties.

9 "The phrase 'sale or exchange of services' means the performance
10 of all kinds of services in the Philippines for others for a fee, remuneration
11 or consideration, including those performed or rendered by construction
12 and service contractors; [stock, real estate, commercial, customs and
13 immigration brokers;] lessors of property, whether personal or real;
14 warehousing services; lessors or distributors of cinematographic films;
15 persons engaged in milling, processing, manufacturing or repacking goods
16 for others; proprietors, operators or keepers of hotels, motels, resthouses,
17 pension houses, inns, resorts; proprietors or operators of restaurants,
18 refreshment parlors, cafes and other eating places, including clubs and
19 caterers; dealers in securities; lending investors; transportation contractors
20 on their transport of goods or cargoes, including persons who transport
21 goods or cargoes for hire and other domestic common carriers by land, air
22 and water relative to their transport of goods or cargoes; services of

1 franchise grantees of telephone and telegraph, radio and television
 2 broadcasting and all other franchise grantees except those under Section
 3 119 of this Code; [services of banks, non-bank financial intermediaries and
 4 finance companies;] and non-life insurance companies (except their crop
 5 insurances), including surety, fidelity, indemnity and bonding companies;
 6 and similar services regardless of whether or not the performance thereof
 7 calls for the exercise or use of the physical or mental faculties. The phrase
 8 'sale or exchange of services' shall likewise include:

9 x x x."

10 SEC. 2. Section 5 of Republic Act No. 8424 is hereby amended to
 11 read as follows:

12 "SEC. 5. *Transitory Provisions. – Deferment of the Effectivity of the*
 13 *Imposition of VAT on Certain Services.* – [The effectivity of the imposition
 14 of the value-added tax on services as prescribed in Section 17 (a) and (b)
 15 of Republic Act No. 7616, as amended by Republic Act No. 8241, is
 16 hereby further deferred until December 31, 1999, unless Congress deems
 17 otherwise:] **THE IMPOSITION OF THE VALUE-ADDED TAX ON THE**
 18 **FOLLOWING SERVICES SHALL TAKE EFFECT ON JANUARY 1, 2001:**

19 **(A) SERVICES RENDERED BY BANKS, NON-BANK FINANCIAL**
 20 **INTERMEDIARIES, FINANCE COMPANIES AND OTHER FINANCIAL**
 21 **INTERMEDIARIES NOT PERFORMING QUASI-BANKING FUNCTIONS;**

1 **(B) SERVICES PERFORMED AS ACTORS AND ACTRESSES,**
2 **TALENTS, SINGERS AND EMCEES; RADIO AND TELEVISION**
3 **BROADCASTERS; CHOREOGRAPHERS; MUSICAL, RADIO, MOVIE,**
4 **TELEVISION AND STAGE DIRECTORS;**

5 **(C) SERVICES PERFORMED BY PROFESSIONAL ATHLETES; AND**

6 **(D) SERVICES PERFORMED IN THE EXERCISE OF PROFESSION OR**
7 **CALLING, INCLUDING SERVICES PERFORMED BY STOCK, REAL ESTATE,**
8 **COMMERCIAL CUSTOMS AND IMMIGRATION BROKERS. AND**
9 **PROFESSIONAL SERVICES PERFORMED BY REGISTERED GENERAL**
10 **PROFESSIONAL PARTNERSHIPS: *Provided*, That the said services shall**
11 **continue to [pay] BE SUBJECTED TO the applicable tax prescribed under**
12 **the present provisions of the National Internal Revenue Code, as**
13 **amended.”**

14 SEC. 3. The Secretary of Finance shall, upon the recommendation
15 of the Commissioner of Internal Revenue, promulgate the necessary rules
16 and regulations for the effective implementation of this Act.

17 SEC. 4. All laws, decrees, orders, issuances, rules and regulations
18 and other issuances or parts thereof inconsistent with this Act are hereby
19 repealed or modified accordingly.

20 SEC. 5. This Act shall take effect on January 1, 2000.

Approved,