



HOUSE OF REPRESENTATIVES

H. No. 8645

BY REPRESENTATIVES SUANSING (E.), SUANSING (H.) AND VILLAFUERTE, PER COMMITTEE REPORT
No. 951

AN ACT

AMENDING SECTIONS 22, 24, 25, 27, 28, 29, 30, 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, 188, 189, 190, 191, 194, 195, 196, 197, 198, AND 199; AND REPEALING SECTIONS 127, 175, 177, 178, 180, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

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

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

1. The State shall promote and develop a tax system that provides neutrality in the tax treatment across financial institutions and financial instruments.
2. The State shall endeavor to simplify an otherwise complex tax system for easy compliance.
3. The State shall ensure that the taxation of passive income and financial transactions is equitable across all stakeholders and discourages arbitrage opportunities.

1 4. The State shall promote capital market development and tax
2 competitiveness within the context of globalization, increased capital
3 mobility, and financial inclusion.
4

5 **SEC. 3.** Section 22 of the National Internal Revenue Code of 1997, as
6 amended, is hereby amended to read as follows:
7

8 **SEC. 22. Definitions** - When used in this Title:
9

10 (A) xxx
11

12 (B) The term **'corporation'** shall include partnerships, no matter how
13 created or organized, joint-stock companies, joint accounts (*cuentas en*
14 *participacion* **SUCH AS COLLECTIVE INVESTMENT SCHEMES**),
15 associations, or insurance companies, but does not include general
16 professional partnerships and a joint venture or consortium formed for
17 the purpose of undertaking construction projects or engaging in
18 petroleum, coal, geothermal and other energy operations pursuant to
19 an operating or consortium agreement under a service contract with the
20 Government. **'General professional partnerships'** are partnerships
21 formed by persons for the sole purpose of exercising their common
22 profession, no part of the income of which is derived from engaging in
23 any trade or business. **A COLLECTIVE INVESTMENT SCHEME MAY**
24 **OR MAY NOT BE REGISTERED WITH THE SECURITIES AND**
25 **EXCHANGE COMMISSION.**
26

27 xxx xxx xxx
28

29 (L) The term **'shares of stock'** shall include shares of stock of a
30 corporation, warrants and/or options, **WHETHER TO BUY OR SELL**
31 **SECURITIES, FUTURES CONTRACTS, AND SUCH OTHER**
32 **DERIVATIVE SECURITIES LISTED AND TRADED IN A LOCAL**
33 **EXCHANGE OR AN ORGANIZED MARKETPLACE**, as well as units of
34 participation in a partnership (except general professional
35 partnerships), joint stock companies, joint accounts, **SUCH AS**
36 **COLLECTIVE INVESTMENT SCHEMES**, joint ventures taxable as
37 corporations, associations and recreation or amusement clubs (such as
38 golf, polo or similar clubs), mutual funds certificates.
39

40 (M) The term **'shareholder'** shall include holders of a share/s of stock,
41 warrant/s and/or option/s, **WHETHER TO BUY OR SELL**
42 **SECURITIES, FUTURES CONTRACTS, AND SUCH OTHER**
43 **DERIVATIVE SECURITIES LISTED AND TRADED IN A LOCAL**
44 **EXCHANGE OR AN ORGANIZED MARKETPLACE**, as well as a holder
45 of a unit of participation in a partnership (except general professional
46 partnerships), in a joint stock company, a joint account **SUCH AS**
47 **COLLECTIVE INVESTMENT SCHEMES**, a taxable joint venture, a
48 member of an association, recreation or amusement club (such as golf,

1 polo, or similar clubs), and a holder of a mutual fund certificate, a
2 member in an association, joint-stock company, or insurance company.
3

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5
6 (T) The term '**securities**' means [shares of stock in a corporation, and
7 rights to subscribe for or to receive such shares. The term includes
8 bonds, debentures, notes or certificates, or other evidence of
9 indebtedness, issued by any corporation, including those issued by a
10 government or political subdivision thereof, with interest coupons or in
11 registered form.] **SHARES, PARTICIPATION, OR INTERESTS IN A
12 CORPORATION OR IN A COMMERCIAL ENTERPRISE OR PROFIT-
13 MAKING VENTURE EVIDENCED BY A CERTIFICATE, CONTRACT,
14 INSTRUMENTS, WHETHER WRITTEN OR ELECTRONIC IN
15 CHARACTER. IT INCLUDES:**

- 16 (1) **SHARES OF STOCK, BONDS, DEBENTURES, NOTES,
17 EVIDENCES OF INDEBTEDNESS, ASSET-BACKED
18 SECURITIES;**
- 19
20 (2) **INVESTMENT CONTRACTS, CERTIFICATES OF
21 INTEREST, OR PARTICIPATION IN A PROFIT SHARING
22 AGREEMENT SUCH AS COLLECTIVE INVESTMENT
23 SCHEMES, CERTIFICATE OF DEPOSIT FOR A FUTURE
24 SUBSCRIPTION;**
- 25
26 (3) **FRACTIONAL UNDIVIDED INTERESTS IN OIL, GAS, OR
27 OTHER MINERAL RIGHTS;**
- 28
29 (4) **DERIVATIVES LIKE OPTIONS AND WARRANTS;**
- 30
31 (5) **CERTIFICATES OF ASSIGNMENTS, CERTIFICATES OF
32 PARTICIPATION, TRUST CERTIFICATES, VOTING TRUST
33 CERTIFICATES, OR SIMILAR INSTRUMENTS;**
- 34
35 (6) **PROPRIETARY OR NON-PROPRIETARY MEMBERSHIP
36 CERTIFICATES IN CORPORATIONS; AND**
- 37
38 (7) **OTHER INSTRUMENTS AS MAY IN THE FUTURE BE
39 DETERMINED BY THE SECURITIES AND EXCHANGE
40 COMMISSION.**

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44
45 (V) The term '**bank**' [means every banking institution, as defined in
46 Section 2 Republic Act No. 337, as amended, otherwise known as the
47 General Banking Act. A bank may either be, a commercial bank, a thrift
48 bank, a development bank, a rural bank, a specialized government
49 bank, or a cooperative bank] **AS DEFINED IN SECTION 3 OF**

1 REPUBLIC ACT NO. 8791; OTHERWISE KNOWN AS THE GENERAL
2 BANKING LAW OF 2000, SHALL REFER TO ENTITIES ENGAGED IN
3 THE LENDING OF FUNDS OBTAINED IN THE FORM OF DEPOSITS.
4 BANKS SHALL BE CLASSIFIED INTO UNIVERSAL BANKS,
5 COMMERCIAL BANKS, THRIFT BANKS COMPOSED OF: (A)
6 SAVINGS AND MORTGAGE BANKS; (B) STOCK SAVINGS AND LOAN
7 ASSOCIATIONS; AND (C) PRIVATE DEVELOPMENT BANKS, AS
8 DEFINED IN REPUBLIC ACT NO. 7906, OR THE THRIFT BANKS
9 ACT, RURAL BANKS, AS DEFINED IN REPUBLIC ACT NO. 7353 OT
10 THE RURAL BANKS ACT; COOPERATIVE BANKS, AS DEFINED IN
11 REPUBLIC ACT NO. 6938 OR THE COOPERATIVE CODE, ISLAMIC
12 BANKS AS DEFINED IN REPUBLIC ACT NO. 6848, OR THE
13 CHARTER OF AL AMANAH ISLAMIC INVESTMENT BANK OF THE
14 PHILIPPINES, AND OTHER CLASSIFICATIONS OF BANKS AS
15 DETERMINED BY THE MONETARY BOARD OF THE BANGKO
16 SENTRAL NG PILIPINAS.

17
18 (W) The term '*non-bank financial intermediary*' means PERSONS
19 OR ENTITIES ENGAGED IN THE BORROWING OF FUNDS, FOR THE
20 BORROWER'S OWN ACCOUNT, THROUGH THE ISSUANCE,
21 ENDORSEMENT, OR ACCEPTANCE OF DEBT INSTRUMENTS OF
22 ANY KIND OTHER THAN DEPOSITS, OR THROUGH THE ISSUANCE
23 OF PARTICIPATIONS, CERTIFICATES OF ASSIGNMENT, OR
24 SIMILAR INSTRUMENTS WITH RECOURSE, TRUST
25 CERTIFICATES, OR OF REPURCHASE AGREEMENTS, FROM
26 TWENTY (20) OR MORE LENDERS AT ANY ONE TIME, FOR
27 PURPOSES OF RELENDING OR PURCHASING OF RECEIVABLES
28 AND OTHER OBLIGATIONS, BUT DOES NOT INCLUDE
29 COMMERCIAL, INDUSTRIAL, AND OTHER NON-FINANCIAL
30 COMPANIES, WHICH BORROW FUNDS THROUGH ANY OF THESE
31 MEANS FOR THE LIMITED PURPOSE OF FINANCING THEIR OWN
32 NEEDS OR THE NEEDS OF THEIR AGENTS OR DEALERS, OR a
33 financial intermediary, as defined in [Section 2(D)(c) of] Republic Act
34 No. 337, as amended, otherwise known as the General Banking Act,
35 authorized by the Bangko Sentral ng Pilipinas (BSP) to perform quasi-
36 banking activities.

37
38 (X) THE TERM '*QUASI-BANK*' SHALL REFER TO ENTITIES
39 ENGAGED IN THE BORROWING OF FUNDS THROUGH THE
40 ISSUANCE, ENDORSEMENT OR ASSIGNMENT WITH RECOURSE OR
41 ACCEPTANCE OF DEPOSIT SUBSTITUTES, AS DEFINED IN
42 SECTION 95 OF REPUBLIC ACT NO. 7653, OR THE NEW CENTRAL
43 BANKING ACT FOR PURPOSES OF RELENDING OR PURCHASING
44 OF RECEIVABLES AND OTHER OBLIGATIONS.

45
46 (Y) The term '*quasi-banking activities*' means borrowing funds from
47 twenty (20) or more [personal] **INDIVIDUAL** or corporate lenders at any
48 one time through the issuance, endorsement, or acceptance of debt
49 instruments of any kind other than deposits for the borrower's own

1 account, or through the issuance of certificates of assignment or similar
2 instruments, with recourse, or of repurchase agreements for purposes
3 of relending or purchasing receivables and other similar obligations:
4 *Provided, however,* That commercial, industrial and other non-financial
5 companies, which borrow funds through any of these means for the
6 limited purpose of financing their own needs or the needs of their agents
7 or dealers, shall not be considered as performing quasi-banking
8 functions. **THE PHRASE "AT ANY ONE TIME" SHALL BE COUNTED**
9 **AT THE TIME OF ORIGATION OR ISSUANCE OF THE DEBT**
10 **INSTRUMENT.**

11
12 (Z) The term '**deposit substitutes**' shall mean an alternative form of
13 obtaining funds from the public (the term 'public' means borrowing
14 from twenty (20) or more individual or corporate lenders at any one
15 time) other than deposits, through the issuance, endorsement, or
16 acceptance of debt instruments for the borrowers own account, for the
17 purpose of relending or purchasing of receivables and other obligations,
18 or financing their own needs or the needs of their agent or dealer. These
19 instruments may include, but need not be limited to bankers'
20 acceptances, promissory notes, repurchase agreements, [including]
21 **EXCLUDING** reverse repurchase agreements entered into by and
22 between the Bangko Sentral ng Pilipinas (BSP) and any authorized
23 agent bank, certificates of assignment or participation and similar
24 instruments with recourse.

25
26 **DEBT INSTRUMENTS ISSUED BY THE GOVERNMENT AND ANY OF**
27 **ITS AGENCIES AND INSTRUMENTALITIES, INCLUDING**
28 **GOVERNMENT FINANCIAL INSTITUTIONS SHALL BE DEEMED**
29 **ISSUED TO THE PUBLIC AND CONSIDERED DEPOSIT**
30 **SUBSTITUTES.** *Provided, however,* that debt instruments issued for
31 interbank call loans with maturity of not more than five (5) days to cover
32 deficiency in reserves against deposit liabilities, including those
33 between or among banks and quasi-banks, shall not be considered as
34 deposit substitute debt instruments.

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37
38 (BB) The term '**mutual fund company**' shall mean **ANY INVESTMENT**
39 **COMPANY WHICH IS OR HOLDS ITSELF OUT AS BEING ENGAGED**
40 **PRIMARILY, OR PROPOSES TO ENGAGE PRIMARILY IN THE**
41 **BUSINESS OF POOLING TOGETHER MONEY FROM VARIOUS**
42 **INVESTORS AND INVESTS, REINVESTS, OR TRADES THE SAME IN**
43 **SECURITIES, WHETHER IN STOCKS, BONDS, MONEY-MARKET**
44 **INSTRUMENTS, OTHER SECURITIES, CASH, OR ANY OTHER**
45 **ASSET, OR** an open-end and close-end investment company as defined
46 under **REPUBLIC ACT NO. 2629, ALSO KNOWN AS** the Investment
47 Company Act **OF THE PHILIPPINES.**

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2 (FF) The term [‘long-term deposit or investment certificate’ shall refer to
3 certificate of time deposit or investment in the form of savings, common
4 or individual trust funds, deposit substitutes, investment management
5 accounts and other investments with a maturity period of not less than
6 five (5) years, the form of which shall be prescribed by the Bangko
7 Sentral ng Pilipinas (BSP) and issued by banks only (not by nonbank
8 financial intermediaries and finance companies) to individuals in
9 denominations of Ten thousand pesos (P10,000) and other
10 denominations as may be prescribed by the BSP.] **‘FINANCIAL
11 INSTITUTIONS’ OR ‘FINANCIAL INTERMEDIARIES’ SHALL MEAN
12 PERSONS OR ENTITIES WHOSE PRINCIPAL FUNCTIONS INCLUDE
13 THE BUSINESS OF LENDING, FINANCING, INVESTING, OR
14 PLACEMENT OF FUNDS OR EVIDENCES OF INDEBTEDNESS OR
15 EQUITY DEPOSITED WITH THEM, ACQUIRED BY THEM, OR
16 OTHERWISE COURSED THROUGH THEM, EITHER FOR THEIR
17 OWN ACCOUNT OR FOR THE ACCOUNT OF OTHERS, AND ARE
18 AUTHORIZED BY THE BANGKO SENTRAL NG PILIPINAS OR BY THE
19 SECURITIES AND EXCHANGE COMMISSION DEPENDING ON THE
20 GOVERNMENT AGENCY AUTHORIZED TO REGULATE THEM. IT
21 SHALL INCLUDE BANKS, QUASI-BANKS, TRUST ENTITIES,
22 PAWNSHOPS, FOREIGN EXCHANGE DEALERS, MONEY BROKERS,
23 CREDIT COOPERATIVES, FINANCING COMPANIES, FINANCE
24 LEASING COMPANIES, INVESTMENT COMPANIES, AND OTHER
25 COLLECTIVE INVESTMENT SCHEMES, INVESTMENT HOUSES,
26 LENDING INVESTORS, AND OTHER TYPES OF BUSINESS THAT
27 MAY BE CLASSIFIED BY THE BANGKO SENTRAL NG PILIPINAS OR
28 THE SECURITIES AND EXCHANGE COMMISSION AS FINANCIAL
29 INSTITUTIONS.**

30
31 LIFE AND NON-LIFE INSURANCE COMPANIES, PRE-NEED
32 COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS ARE
33 ALSO CONSIDERED FINANCIAL INSTITUTIONS UNDER THE
34 SUPERVISION OF THE INSURANCE COMMISSION.

35
36 (GG) The term ‘*statutory minimum wage*’ x x x.

37
38 (HH) The term ‘*minimum wage earner*’ x x x.

39
40 (II) THE TERM ‘*COLLECTIVE INVESTMENT SCHEMES*’ OR ‘*CIS*’
41 SHALL MEAN ANY ARRANGEMENT WHEREBY FUNDS ARE
42 SOLICITED FROM THE INVESTING PUBLIC AND POOLED
43 TOGETHER FOR THE PURPOSE OF INVESTING, RE-INVESTING,
44 AND/OR TRADING IN SECURITIES OR OTHER ASSETS OR
45 DIFFERENT CLASSES THEREOF AS ALLOWED UNDER THE LAW,
46 WHICH MAY EITHER HAVE A CORPORATE STRUCTURE, SUCH AS
47 AN INVESTMENT COMPANY, OR A CONTRACTUAL STRUCTURE,
48 SUCH AS A UNIT INVESTMENT TRUST FUND OR SIMILAR SCHEME
49 HELD BY A TRUST CORPORATION OR A SEPARATE ACCOUNT

1 FUND ESTABLISHED PURSUANT TO A VARIABLE UNIT LINKED
2 LIFE INSURANCE POLICY ISSUED BY AN INSURANCE COMPANY,
3 AND SUCH OTHER FORMS OF COLLECTIVE INVESTMENT
4 SCHEMES AS MAY BE DETERMINED BY THE APPROPRIATE
5 GOVERNMENT REGULATORY AGENCIES SUCH AS THE BANGKO
6 SENTRAL NG PILIPINAS, THE SECURITIES AND EXCHANGE
7 COMMISSION AND THE INSURANCE COMMISSION. A CIS MAY
8 EITHER BE OPEN-END OR CLOSED-END, DEFINED AS FOLLOWS:
9

10 'OPEN-END CIS' MEANS A CIS WHERE SECURITIES ARE
11 OFFERED AND ARE ALWAYS REDEEMABLE BY THE CIS; AND
12

13 'CLOSED-END CIS' MEANS A CIS WHERE A FIXED NUMBER
14 OF SECURITIES ARE OFFERED IN AN INITIAL PUBLIC
15 OFFERING AND THEREAFTER MAY BE TRADED IN AN
16 ORGANIZED MARKETPLACE AS DETERMINED BY THE
17 SECURITIES AND EXCHANGE COMMISSION, BUT MAY NOT
18 BE REDEEMED BY THE CIS. A CLOSED-END CIS SHALL NOT
19 BE ALLOWED TO INCREASE ITS NUMBER OF SECURITIES.
20

21 (JJ) THE TERM 'UNIT LINKED INVESTMENT INSTRUMENT' SHALL
22 MEAN A CONTRACTUAL CIS ORGANIZED PURSUANT TO A
23 CONTRACT, SUCH AS TRUST INDENTURE, OR AS AN INVESTMENT
24 COMPONENT OF AN INSURANCE CONTRACT, ENGAGED OR HOLDS
25 ITSELF OUT AS BEING ENGAGED, OR PROPOSES TO ENGAGE, IN
26 THE BUSINESS OF INVESTING, REINVESTING, AND/OR TRADING
27 IN SECURITIES OR OTHER INVESTMENT ASSETS, AND ISSUES
28 UNITS OF PARTICIPATION, EACH OF WHICH REPRESENTS AN
29 UNDIVIDED INTEREST IN A POOL OF INVESTMENT ASSETS.
30

31 (KK) THE TERM 'HOLDING COMPANY' SHALL REFER TO ANY
32 CORPORATION ORGANIZED TO HOLD THE STOCK OF ANOTHER
33 OR OTHER CORPORATIONS, AND OTHER FORMS OF HOLDING
34 COMPANIES AS MAY BE DETERMINED BY APPROPRIATE
35 GOVERNMENT REGULATORY AGENCIES.
36

37 (LL) THE TERM 'DEBT INSTRUMENT' SHALL REFER TO
38 INSTRUMENTS REPRESENTING BORROWING AND LENDING
39 TRANSACTIONS INCLUDING BUT NOT LIMITED TO DEBENTURES,
40 CERTIFICATES OF INDEBTEDNESS, DUE BILLS, BONDS, LOAN
41 AGREEMENTS, INSTRUMENTS, AND SECURITIES ISSUED BY THE
42 GOVERNMENT OR ANY OF ITS INSTRUMENTALITIES, DEPOSIT
43 SUBSTITUTES, DEBT INSTRUMENTS, CERTIFICATES OR OTHER
44 EVIDENCES OF DEPOSITS, PROMISSORY NOTES, WHETHER
45 NEGOTIABLE OR NON-NEGOTIABLE, OTHER SIMILAR
46 INSTRUMENTS, AND OTHER INSTRUMENTS AS MAY BE
47 DETERMINED BY APPROPRIATE GOVERNMENT AGENCIES.
48

1 (MM) THE TERM 'ORGANIZED MARKETPLACE' IS AN EXCHANGE,
2 AN OVER-THE-COUNTER MARKET, ALTERNATIVE TRADING
3 SYSTEM, REGISTERED AND LICENSED BY THE SECURITIES AND
4 EXCHANGE COMMISSION AS AN EXCHANGE UNDER REPUBLIC
5 ACT NO. 8799, AS AMENDED, AND GOVERNED BY, AMONG
6 OTHERS, TRANSPARENT AND BINDING RULES AND MARKET
7 CONVENTIONS ON MEMBERSHIP, TRADING, PRICE
8 TRANSPARENCY, TRADE REPORTING, MARKET MONITORING
9 AND ORDERLY CONDUCT/OPERATION OF THE MARKET WHICH
10 ARE ENFORCEABLE ON THE MEMBERS AND PARTICIPANTS.
11

12 (NN) THE TERM 'CLOSELY HELD CORPORATION' MEANS ANY
13 CORPORATION WITH AT LEAST FIFTY PERCENT (50%) IN VALUE
14 OF OUTSTANDING CAPITAL STOCK OR AT LEAST FIFTY PERCENT
15 (50%) OF THE TOTAL COMBINED VOTING POWER OF ALL
16 CLASSES OF STOCK ENTITLED TO VOTE IS OWNED DIRECTLY OR
17 INDIRECTLY BY OR FOR NOT MORE THAN TWENTY (20)
18 INDIVIDUALS.
19

20 FOR PURPOSES OF DETERMINING WHETHER THE CORPORATION
21 IS A CLOSELY HELD CORPORATION, INSOFAR AS SUCH
22 DETERMINATION IS BASED ON STOCK OWNERSHIP, THE
23 FOLLOWING RULES SHALL BE APPLIED:
24

25 (1) STOCK NOT OWNED BY INDIVIDUALS. - STOCK OWNED
26 DIRECTLY OR INDIRECTLY BY OR FOR A CORPORATION,
27 PARTNERSHIP, ESTATE OR TRUST SHALL BE CONSIDERED
28 AS BEING OWNED PROPORTIONATELY BY ITS
29 SHAREHOLDERS, PARTNERS OR BENEFICIARIES.
30

31 (2) FAMILY AND PARTNERSHIP OWNERSHIPS. - AN
32 INDIVIDUAL SHALL BE CONSIDERED AS OWNING THE
33 STOCK OWNED, DIRECTLY OR INDIRECTLY, BY OR FOR
34 THE INDIVIDUAL'S FAMILY, OR PARTNER. FOR PURPOSES
35 OF THE PARAGRAPH, THE 'FAMILY OF AN INDIVIDUAL'
36 INCLUDES ONLY BROTHERS AND SISTERS (WHETHER BY
37 WHOLE OR HALF-BLOOD), SPOUSE, ANCESTORS AND
38 LINEAL DESCENDANTS.
39

40 (3) OPTION. - IF ANY PERSON HAS AN OPTION TO ACQUIRE
41 STOCK, SUCH STOCK SHALL BE CONSIDERED AS OWNED
42 BY SUCH PERSON. FOR PURPOSES OF THIS PARAGRAPH,
43 AN OPTION TO ACQUIRE SUCH AN OPTION AND EACH ONE
44 OF A SERIES OF OPTIONS SHALL BE CONSIDERED AS AN
45 OPTION TO ACQUIRE SUCH STOCK.
46

47 (4) CONSTRUCTIVE OWNERSHIP AS ACTUAL OWNERSHIP. -
48 STOCK CONSTRUCTIVELY OWNED BY REASON OF THE
49 APPLICATION OF PARAGRAPH (1) OR (3) HEREOF SHALL,

1 FOR PURPOSES OF APPLYING PARAGRAPH (1) OR (2), BE
2 TREATED AS ACTUALLY OWNED BY SUCH PERSON; BUT
3 STOCK CONSTRUCTIVELY OWNED BY THE INDIVIDUAL BY
4 REASON OF THE APPLICATION OF PARAGRAPH (2) HEREOF
5 SHALL NOT BE TREATED AS OWNED BY HIM FOR
6 PURPOSES OF AGAIN APPLYING SUCH PARAGRAPH IN
7 ORDER TO MAKE ANOTHER PERSON THE CONSTRUCTIVE
8 OWNER OF SUCH STOCK.

9
10
11 **SEC. 4.** Section 24 (B) and (C) of the National Internal Revenue Code of 1997,
12 as amended, is hereby amended to read as follows:

13
14 **SEC. 24. Income Tax Rates. -**

15
16 **(A) Rates of Income Tax on Individual Citizen and Individual**
17 **Resident Alien of the Philippines. -**

18
19 xxx xxx xxx

20
21 **(B) Rate of Tax on Certain Passive Income: -**

22
23 **(1) Interests[, Royalties, Prizes, and Other Winnings.] -** A final tax
24 at the rate of [twenty percent (20%)] **FIFTEEN PERCENT (15%)** is
25 hereby imposed upon the amount of interest, **YIELD, OR ANY OTHER**
26 **MONETARY BENEFIT EARNED OR RECEIVED FROM DEBT**
27 **INSTRUMENT, BANK DEPOSIT, DEPOSIT SUBSTITUTE, AND ANY**
28 **OTHER FORM OF DEBT INSTRUMENT AND SIMILAR**
29 **ARRANGEMENTS.** [from any currency bank deposit, and yield or any
30 other monetary benefit from deposit substitutes, and from trust funds
31 and similar arrangements; royalties, except on books, as well as other
32 literary works and musical compositions, which shall be imposed a final
33 tax of ten percent (10%); prizes (except prizes amounting to Ten
34 thousand pesos (P10,000) or less which shall be subject to tax under
35 Subsection (A) of Section 24); and other winnings (except winnings
36 amounting to Ten Thousand or less from Philippine Charity
37 Sweepstakes and Lotto which shall be exempt), derived from sources
38 within the Philippines: *Provided, however,* That interest income received
39 by an individual taxpayer (except a nonresident individual) from a
40 depository bank under the expanded foreign currency deposit system
41 shall be subject to a final income tax at the rate of fifteen percent (15%)
42 of such interest income: *Provided, further,* That interest income from
43 long-term deposit or investment in the form of savings, common or
44 individual trust funds, deposit substitutes, investment management
45 accounts and other investments evidenced by certificates in such form
46 prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt
47 from the tax imposed under this Subsection: *Provided, finally,* That
48 should the holder of the certificate pre-terminate the deposit or
49 investment before the fifth (5th) year, a final tax shall be imposed on the

1 entire income and shall be deducted and withheld by the depository
2 bank from the proceeds of the long-term deposit or investment
3 certificate based on the remaining maturity thereof:
4

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

6
7 Three (3) years to less than (4) years - 12%; and

8
9 Less than three (3) years - 20%.]
10

11 **(2) Cash and/or Property Dividends.** - A final tax at the **RATE OF**
12 **FIFTEEN PERCENT (15%) [ten percent (10%)]** shall be imposed upon
13 the cash and/or property dividends actually or constructively received
14 by an individual from a domestic corporation or from a joint stock
15 company, insurance, [or]mutual fund companies, **COLLECTIVE**
16 **INVESTMENT SCHEMES**, and regional operating headquarters of
17 multinational companies, or on the share of an individual in the
18 distributable net income after tax of a partnership (except a general
19 professional partnership) of which he is a partner, or on the share of an
20 individual in the net income after tax of an association, a joint account,
21 or a joint venture or consortium taxable as a corporation of which he is
22 a member or co-venturer: **PROVIDED, HOWEVER, THAT THE**
23 **FIFTEEN PERCENT (15%) TAX ON DIVIDENDS SHALL APPLY ONLY**
24 **ON INCOME EARNED ON OR AFTER JANUARY 1, 2019. INCOME**
25 **FORMING PART OF RETAINED EARNINGS AS OF DECEMBER 31,**
26 **2018, EVEN IF DECLARED OR DISTRIBUTED ON OR AFTER**
27 **JANUARY 1, 2019, SHALL BE SUBJECT TO TEN PERCENT (10%)**
28 **TAX.**

29
30 **LIQUIDATING DIVIDEND SHALL BE SUBJECT TO SECTION 24(A)**
31 **BASED ON NET GAIN.**

32
33 **[[C](3) Capital Gains from THE Sale, EXCHANGE, BARTER, OR**
34 **DISPOSITION of Shares of Stock not Traded in the Stock Exchange**
35 **OR ORGANIZED MARKETPLACE.** - [The provisions of Section 39(B)
36 notwithstanding, a] **A final tax at the rate[s prescribed below] OF**
37 **FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital
38 gains realized during the taxable year from the sale, barter, exchange
39 or other disposition of shares of stock in a domestic corporation, except
40 shares sold, or disposed of through **A LOCAL** the stock exchange[.] **OR**
41 **AN ORGANIZED MARKETPLACE.**

42
43 [Not over P100,000.....5%

44 On any amount in excess of P100,00010%]

45
46 **[[C](4) PRESUMPTIVE CAPITAL GAINS FROM THE SALE,**
47 **EXCHANGE, BARTER, OR DISPOSITION OF SHARES OF STOCK**

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

9
10 **JANUARY 1, 2020: FIVE-TENTH OF ONE PERCENT (5/10 OF 1%),**

11
12 **JANUARY 1, 2021: FOUR-TENTH OF ONE PERCENT (4/10 OF 1%),**

13
14 **JANUARY 1, 2022: THREE-TENTH OF ONE PERCENT (3/10 OF 1%),**

15
16 **JANUARY 1, 2023: TWO-TENTH OF ONE PERCENT (2/10 OF 1%),**

17
18 **JANUARY 1, 2024: ONE-TENTH OF ONE PERCENT (1/10 OF 1%).**

19
20 **THE TAX SHALL BE BASED ON THE GROSS SELLING PRICE OR**
21 **GROSS VALUE IN MONEY OF THE SHARES OF STOCK SOLD,**
22 **BARTERED, EXCHANGED, OR OTHERWISE DISPOSED OF, TO BE**
23 **PAID BY THE SELLER OR TRANSFEROR.**

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

28
29 **ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR**
30 **DISPOSITION OF SHARES OF STOCK, LISTED OR UNLISTED, BY A**
31 **DEALER IN SECURITIES LICENSED BY THE APPROPRIATE**
32 **GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL IN**
33 **SECURITIES, FOR THE DEALER'S OWN ACCOUNT IN THE**
34 **ORDINARY COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO**
35 **TAX UNDER THIS SUBSECTION BUT SUBSECTION (A) AS AN**
36 **ORDINARY INCOME.**

37
38 **(5) CAPITAL GAINS FROM SALE, EXCHANGE, TRANSFER, BARTER,**
39 **DISPOSITION OF NON-LISTED AND NON-TRADED DEBT**
40 **INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN**
41 **SECTION 24(B)(3) AND (4). - ANY GAIN EARNED FROM A DEBT**
42 **INSTRUMENT AND OTHER SECURITIES NOT INCLUDED IN**
43 **SUBSECTIONS (B)(3) AND (4), ISSUED BY A CITIZEN OR RESIDENT**
44 **ALIEN, OR BY A DOMESTIC CORPORATION, OR A RESIDENT**
45 **FOREIGN CORPORATION, OR BY THE GOVERNMENT OR ANY OF**
46 **ITS AGENCIES OR INSTRUMENTALITIES, SHALL BE SUBJECT TO**
47 **A FINAL TAX AT THE RATE OF FIFTEEN PERCENT (15%) UPON**
48 **THE NET CAPITAL GAINS REALIZED.**

1 (6) **PRESUMPTIVE CAPITAL GAINS ON LISTED AND TRADED DEBT**
2 **INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN**
3 **SECTION 24(B)(3) AND (4) - THERE SHALL BE LEVIED, ASSESSED,**
4 **AND COLLECTED ON EVERY SALE, BARTER, EXCHANGE, OR**
5 **OTHER DISPOSITION OF DEBT INSTRUMENTS AND OTHER**
6 **SECURITIES, LISTED AND TRADED THROUGH A LOCAL STOCK**
7 **EXCHANGE OR A LICENSED ORGANIZED MARKETPLACE, A FINAL**
8 **TAX AT THE RATE OF ONE-TENTH OF ONE PERCENT (1/10 OF 1%)**
9 **OF THE GROSS SELLING PRICE OR GROSS VALUE IN MONEY OF**
10 **THE DEBT INSTRUMENT OR SECURITIES SOLD, BARTERED,**
11 **EXCHANGED, OR OTHERWISE DISPOSED, WHICH SHALL BE PAID**
12 **BY THE SELLER OR TRANSFEROR. IF TRADED IN A FOREIGN**
13 **EXCHANGE, THE GAIN SHALL BE SUBJECT TO TAX UNDER**
14 **SUBSECTION (A) HEREOF.**
15

16 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER OR
17 DISPOSITION OF DEBT INSTRUMENTS AND OTHER SECURITIES,
18 LISTED OR UNLISTED, BY A DEALER IN SECURITIES OR OTHER
19 ENTITIES LICENSED BY THE APPROPRIATE GOVERNMENT
20 REGULATORY AGENCY TO BUY AND SELL IN DEBT INSTRUMENTS
21 SECURITIES, WHETHER OR NOT UNDERTAKEN AS A PRIMARY
22 BUSINESS UNDERTAKING FOR THE DEALER'S OWN ACCOUNT OR
23 FOR THE ACCOUNT OF OTHERS, OR UNDERTAKEN IN A
24 FIDUCIARY CAPACITY, SHALL NOT BE SUBJECT TO TAX UNDER
25 THIS SUBSECTION BUT TO SECTION 24(A) AS AN ORDINARY
26 INCOME.
27

28 **[(D)](7) *Capital Gains from Sale of Real Property.* -**
29

30 **(a) *In General.*** - [The provisions of Section 39(B) notwithstanding, a] **A**
31 **final tax of six percent (6%) based on the gross selling price or current**
32 **fair market value as determined in accordance with Section 6(E) of this**
33 **Code, whichever is higher, is hereby imposed upon capital gains**
34 **presumed to have been realized from the sale, exchange, or other**
35 **disposition of real property located in the Philippines, classified as**
36 **capital assets, including *pacto de retro* sales and other forms of**
37 **conditional sales, by individuals, including estates and trusts: *Provided,***
38 **That the tax liability, if any, on gains from sales or other dispositions of**
39 **real property to the government or any of its political subdivisions or**
40 **agencies or to government-owned or -controlled corporations shall be**
41 **determined either under Subsection (A) or under this Subsection, at the**
42 **option of the taxpayer;**
43

44 **(b) *Exception.*** - The provisions of paragraph (1) of this Subsection to
45 the contrary notwithstanding, capital gains presumed to have been
46 realized from the sale or disposition of their principal residence by
47 natural persons, the proceeds of which is fully utilized in acquiring or
48 constructing a new principal residence within eighteen (18) calendar

1 months from the date of sale or disposition, shall be exempt from the
2 capital gains tax imposed under this Subsection: *Provided*, That the
3 historical cost or adjusted basis of the real property sold or disposed
4 shall be carried over to the new principal residence built or acquired:
5 *Provided, further*, That the Commissioner shall have been duly notified
6 by the taxpayer within thirty (30) days from the date of sale or
7 disposition through a prescribed return of his intention to avail of the
8 tax exemption herein mentioned: *Provided, still further*, That the said
9 tax exemption can only be availed of once every ten (10) years: *Provided,*
10 *finally*, That if there is no full utilization of the proceeds of sale or
11 disposition, the portion of the gain presumed to have been realized from
12 the sale or disposition shall be subject to capital gains tax. For this
13 purpose, the gross selling price or fair market value at the time of sale,
14 whichever is higher, shall be multiplied by a fraction which the
15 unutilized amount bears to the gross selling price in order to determine
16 the taxable portion and the tax prescribed under paragraph (1) of this
17 Subsection shall be imposed thereon.

18
19 **(C) ROYALTIES, PRIZES, AND OTHER WINNINGS - A FINAL TAX AT**
20 **THE RATE OF TWENTY PERCENT (20%) IS HEREBY IMPOSED ON**
21 **THE FOLLOWING INCOME DERIVED FROM SOURCES WITHIN THE**
22 **PHILIPPINES: (1) ROYALTIES EARNED AS PASSIVE INCOME,**
23 **EXCEPT ROYALTIES FROM BOOKS, AS WELL AS OTHER**
24 **LITERARY WORKS AND MUSICAL COMPOSITIONS WHICH SHALL**
25 **BE SUBJECT TO A FINAL TAX OF TEN PERCENT (10%); (2) PRIZES**
26 **(EXCEPT PRIZES AMOUNTING TO TEN THOUSAND PESOS**
27 **(P10,000) OR LESS) WHICH SHALL BE SUBJECT TO TAX UNDER**
28 **SECTION 24 (A); AND (3) OTHER WINNINGS (EXCEPT WINNINGS**
29 **AMOUNTING TO PHP10,000 OR LESS FROM PHILIPPINE CHARITY**
30 **SWEEPSTAKES AND LOTTO WHICH SHALL BE EXEMPT).**

31
32 **SEC. 5.** Section 25 (A) and (B) of the National Internal Revenue Code of 1997,
33 as amended, is hereby amended to read as follows:
34

35 **SEC. 25. Tax on Nonresident Alien Individual. -**

36
37 **(A) Nonresident Alien Engaged in Trade or Business Within the**
38 **Philippines. - [(1) *In General. -*]A nonresident alien individual engaged**
39 **in trade or business in the Philippines shall be subject to [an] income**
40 **tax UNDER SECTION 24 OF THIS CODE[, in the same manner as an**
41 **individual citizen and a resident alien individual,] on taxable income**
42 **received from all sources within the Philippines. A nonresident alien**
43 **individual who shall come to the Philippines and stay therein for an**
44 **aggregate period of more than one hundred eighty (180) days during**
45 **any calendar year shall be deemed a 'nonresident alien doing business**
46 **in the Philippines', Section 22(G) of this Code notwithstanding.**

47
48 **[(2) *Cash and/or Property Dividends from a Domestic Corporation or Joint***
49 **Stock Company, or Insurance or Mutual Fund Company or Regional**

1 *Operating Headquarter or Multinational Company, or Share in the*
2 *Distributable Net Income of a Partnership (Except a General Professional*
3 *Partnership), Joint Account, Joint Venture Taxable as a Corporation or*
4 *Association, Interests, Royalties, Prizes, and Other Winnings. - Cash*
5 *and/or property dividends from a domestic corporation, or from a joint*
6 *stock company, or from an insurance or mutual fund company or from*
7 *a regional operating headquarterS of A multinational company, or the*
8 *share of a nonresident alien individual in the distributable net income*
9 *after tax of a partnership (except a general professional partnership) of*
10 *which he is a partner, or the share of a nonresident alien individual in*
11 *the net income after tax of an association, a joint account), or a joint*
12 *venture taxable as a corporation of which he is a member or a co-*
13 *venturer; royalties (in any form); and prizes (except prizes amounting to*
14 *Ten thousand pesos (P10,000) or less which shall be subject to tax*
15 *under Subsection (B)(1) of Section 24); and other winnings (except*
16 *Philippine Charity Sweepstakes and Lotto winnings), shall be subject to*
17 *an income tax of twenty percent (20%) on the total amount thereof:*
18 *Provided, however, That royalties on books as well as other literary*
19 *works, and royalties on musical compositions shall be subject to a final*
20 *tax of ten percent (10%) on the total amount thereof: Provided, further,*
21 *That cinematographic films and similar works shall be subject to the*
22 *tax provided under Section 28 of this Code: [Provided, furthermore, That*
23 *interest income from long-term deposit or investment in the form of*
24 *savings, common or individual trust funds, deposit substitutes,*
25 *investment management accounts and other investments evidenced by*
26 *certificates in such form prescribed by the Bangko Sentral ng Pilipinas*
27 *(BSP) shall be exempt from the tax imposed under this Subsection:*
28 *Provided, finally, That should the holder of the certificate pre-terminate*
29 *the deposit or investment before the fifth (5th) year, a final tax shall be*
30 *imposed on the entire income and shall be deducted and withheld by*
31 *the depository bank from the proceeds of the long-term deposit or*
32 *investment certificate based on the remaining maturity thereof:]*

33
34 [Four (4) years to less than five (5) years - 5%;]

35
36 [Three (3) years to less than four (4) years - 12%; and]

37
38 [Less than three (3) years - 20%.]

39
40 [(3) *Capital Gains.* - Capital gains realized from sale, barter or exchange
41 of shares of stock in domestic corporations not traded through the local
42 stock exchange, and real properties shall be subject to the tax
43 prescribed under Subsections (C) and (D) of Section 24.]

44
45 **(B) Nonresident Alien Individual Not Engaged in Trade or Business**
46 **Within the Philippines.** - There shall be levied, collected and paid for
47 each taxable year upon the entire income received from all sources
48 within the Philippines by every nonresident alien individual not engaged
49 in trade or business within the Philippines as [interest, cash and/or

1 property dividends,] rents, salaries, wages, premiums, annuities,
2 compensation, remuneration, emoluments, or other fixed or
3 determinable annual or periodic or casual gains, profits, and income,
4 [and capital gains,] a **FINAL** tax equal to twenty five percent (25%) of
5 such income. Capital gains realized by a nonresident alien individual
6 not engaged in trade or business in the Philippines from the sale of
7 [shares of stock in any domestic corporation and] real property shall be
8 subject to the income tax prescribed under Subsection[s (C) and (D)]
9 **(B) (7)** of Section 24.

10
11 **INTEREST, DIVIDENDS AND CAPITAL GAINS ON SALE OF SHARES**
12 **OF STOCK, DEBT INSTRUMENTS, AND OTHER SECURITIES SHALL**
13 **BE SUBJECT TO TAX PRESCRIBED UNDER SECTION 24 (B), OR TO**
14 **THE PROVISIONS OF APPLICABLE TAX TREATY.**
15

16 xxx xxx xxx

17
18 **SEC. 6.** Section 27 (D) of the National Internal Revenue Code of 1997, as
19 amended, is hereby amended to read as follows:
20

21 **SEC. 27. Rates of Income Tax on Domestic Corporations. –**
22

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

31 xxx xxx xxx

32
33 **(D) Rates of Tax on Certain Passive Incomes.**
34

35 **[(1) Interest from Deposits and Yield or any other Monetary Benefit**
36 **from Deposit Substitutes and from Trust Funds and Similar**
37 **Arrangements, and Royalties.** – A final tax at the rate of twenty
38 percent (20%) is hereby imposed upon the amount of interest on
39 currency bank deposit and yield or any other monetary benefit from
40 deposit substitutes and from trust funds and similar arrangements
41 received by domestic corporations, and royalties, derived from sources
42 within the Philippines: *Provided, however*, That interest income derived
43 by a domestic corporation from a depository bank under the expanded
44 foreign currency deposit system shall be subject to a final income tax
45 at the rate of fifteen percent of such interest income.]
46

47 **[(2) Capital Gains from the Sale of Shares of Stock Not Traded in**
48 **the Stock Exchange.** – A final tax at the rates prescribed below shall
49 be imposed on net capital gains realized during the taxable year from

1 the sale, exchange or other disposition of shares of stock in a domestic
2 corporation except shares sold or disposed of through the stock
3 exchange:]

4
5 [Not over P100,000..... 5%]

6
7 [Amount in excess of P100,000..... 10%]

8
9 **[(3) Tax on Income Derived under the Expanded Foreign Currency**
10 **Deposit System.** - Income derived by a depository bank under the
11 expanded foreign currency deposit system from foreign currency
12 transactions with nonresidents, offshore banking units in the
13 Philippines, local commercial banks, including branches of foreign
14 banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP)
15 to transact business with foreign currency depository system units and
16 other depository banks under the expanded foreign currency deposit
17 system shall be exempt from all taxes, except net income from such
18 transactions as may be specified by the Secretary of Finance, upon
19 recommendation by the Monetary Board to be subject to the regular
20 income tax payable by banks: *Provided, however,* That interest income
21 from foreign currency loans granted by such depository banks under
22 said expanded system to residents other than offshore banking units in
23 the Philippines or other depository banks under the expanded system,
24 shall be subject to a final tax at the rate of ten percent (10%) of such
25 income.]

26
27 [Any income of nonresidents, whether individuals or corporations, from
28 transactions with depository banks under the expanded system shall
29 be exempt from income tax.]

30
31 **[(4) Intercorporate Dividends.** - Dividends received by a domestic
32 corporation from another domestic corporation shall not be subject to
33 tax.]

34
35 **(1) INTERESTS.** - A FINAL TAX AT THE RATE OF FIFTEEN
36 PERCENT (15%) IS HEREBY IMPOSED UPON THE AMOUNT OF
37 INTEREST, YIELD, OR OTHER MONETARY BENEFIT EARNED OR
38 RECEIVED FROM A DEBT INSTRUMENT, BANK DEPOSIT, DEPOSIT
39 SUBSTITUTE, AND SIMILAR ARRANGEMENTS.

40
41 **(2) CASH AND/OR PROPERTY DIVIDENDS.** - INTERCORPORATE
42 DIVIDENDS OR DIVIDENDS RECEIVED FROM A DOMESTIC
43 CORPORATION SHALL NOT BE SUBJECT TO TAX IMPOSED UNDER
44 THIS SUBSECTION.

45
46 **LIQUIDATING DIVIDEND SHALL BE SUBJECT TO SECTION 27(A)**
47 **AND BASED ON NET GAIN.**

1
2 (3) CAPITAL GAINS FROM THE SALE, EXCHANGE, BARTER OR
3 DISPOSITION OF SHARES OF STOCK NOT TRADED IN THE STOCK
4 EXCHANGE OR AN ORGANIZED MARKETPLACE - A FINAL TAX AT
5 THE RATE OF FIFTEEN PERCENT (15%) IS HEREBY IMPOSED
6 UPON THE NET CAPITAL GAINS REALIZED DURING THE TAXABLE
7 YEAR FROM THE SALE, BARTER, EXCHANGE, OR OTHER MODES
8 OF DISPOSITION OF SHARES OF STOCK IN A DOMESTIC
9 CORPORATION, EXCEPT SHARES SOLD, OR DISPOSED OF
10 THROUGH A LOCAL STOCK EXCHANGE OR AN ORGANIZED
11 MARKETPLACE.
12

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

23 JANUARY 1, 2020: FIVE-TENTH OF ONE PERCENT (5/10 OF 1%),

24 JANUARY 1, 2021: FOUR-TENTH OF ONE PERCENT (4/10 OF 1%),

25
26 JANUARY 1, 2022: THREE-TENTH OF ONE PERCENT (3/10 OF 1%),

27
28 JANUARY 1, 2023: TWO-TENTH OF ONE PERCENT (2/10 OF 1%),

29
30 JANUARY 1, 2024: ONE-TENTH OF ONE PERCENT (1/10 OF 1%).

31
32
33 THE TAX SHALL BE BASED ON THE GROSS SELLING PRICE OR
34 GROSS VALUE IN MONEY OF THE SHARES OF STOCK SOLD,
35 BARTERED, EXCHANGED, OR OTHERWISE DISPOSED OF, TO BE
36 PAID BY THE SELLER OR TRANSFEROR.
37

38
39 ANY GAIN EARNED FROM SHARES OF STOCK IN A DOMESTIC
40 CORPORATION TRADED IN A FOREIGN EXCHANGE, SHALL BE
41 TAXED UNDER SECTION 27 (A) HEREOF.
42

43 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR
44 DISPOSITION OF SHARES OF STOCK, LISTED OR UNLISTED, BY A
45 DEALER IN SECURITIES LICENSED BY THE APPROPRIATE
46 GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL IN

1 SECURITIES, FOR HIS OWN ACCOUNT IN THE ORDINARY COURSE
2 OF BUSINESS SHALL NOT BE SUBJECT TO TAX UNDER THIS
3 SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY INCOME.
4

5 (5) CAPITAL GAINS FROM SALE, EXCHANGE, TRANSFER, BARTER,
6 DISPOSITION OF NON-LISTED AND NON-TRADED DEBT
7 INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN
8 SECTION 27(D)(3) AND (4). - ANY GAIN EARNED FROM DEBT
9 INSTRUMENT AND OTHER SECURITIES NOT INCLUDED IN
10 SECTION 27(D)(3) AND (4), ISSUED BY A CITIZEN OR RESIDENT
11 ALIEN, OR BY A DOMESTIC CORPORATION, OR A RESIDENT
12 FOREIGN CORPORATION, OR BY THE GOVERNMENT OR ANY OF
13 ITS AGENCIES OR INSTRUMENTALITIES, SHALL BE SUBJECT TO
14 A FINAL TAX AT THE RATE OF FIFTEEN PERCENT (15%) UPON
15 THE NET CAPITAL GAINS REALIZED.
16

17 (6) PRESUMPTIVE CAPITAL GAINS ON LISTED AND TRADED DEBT
18 INSTRUMENTS AND OTHER SECURITIES NOT INCLUDED IN
19 SECTION 27(D)(3) AND (4) - THERE SHALL BE LEVIED, ASSESSED,
20 AND COLLECTED ON EVERY SALE, BARTER, EXCHANGE, OR
21 OTHER DISPOSITION OF DEBT INSTRUMENTS AND OTHER
22 SECURITIES, LISTED AND TRADED THROUGH A LOCAL
23 EXCHANGE OR AN ORGANIZED MARKETPLACE, A FINAL TAX AT
24 THE RATE OF ONE-TENTH OF ONE PERCENT (1/10 OF 1%) OF THE
25 GROSS SELLING PRICE OR GROSS VALUE IN MONEY OF THE DEBT
26 INSTRUMENT OR SECURITIES SOLD, BARTERED, EXCHANGED,
27 OR OTHERWISE DISPOSED, WHICH SHALL BE PAID BY THE
28 SELLER OR TRANSFEROR. IF TRADED IN A FOREIGN EXCHANGE,
29 THE GAIN SHALL BE SUBJECT TO TAX UNDER SECTION 27 (A)
30 HEREOF.
31

32 ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR
33 DISPOSITION OF DEBT INSTRUMENTS AND OTHER SECURITIES,
34 LISTED OR UNLISTED, BY A DEALER IN SECURITIES OR OTHER
35 ENTITIES LICENSED BY THE APPROPRIATE GOVERNMENT
36 REGULATORY AGENCIES TO BUY AND SELL IN DEBT
37 INSTRUMENTS SECURITIES, WHETHER OR NOT UNDERTAKEN AS
38 A PRIMARY BUSINESS UNDERTAKING, FOR THE DEALER'S OWN
39 ACCOUNT OR FOR THE ACCOUNT OF OTHERS, OR UNDERTAKEN
40 IN A FIDUCIARY CAPACITY, SHALL NOT BE SUBJECT TO TAX
41 UNDER THIS SUBSECTION BUT TO SECTION 27(A) AS AN
42 ORDINARY INCOME.
43
44

45 ~~[(5)]~~(7) *Capital Gains Realized from the Sale, Exchange or*
46 *Disposition of Lands and/or Buildings.* - A final tax of six percent
47 (6%) is hereby imposed on the gain presumed to have been realized on
48 the sale, exchange or disposition of lands and/or buildings which are
49 not actually used in the business of a corporation and are treated as

1 capital assets, based on the gross selling price or fair market value as
2 determined in accordance with Section 6(E) of this Code, whichever is
3 higher, of such lands and/or buildings.

4
5 **(E) ROYALTIES - A FINAL TAX AT THE RATE OF TWENTY PERCENT**
6 **(20%) IS HEREBY IMPOSED ON ROYALTIES EARNED AS PASSIVE**
7 **INCOME.**

8
9 **[(E)(F) Minimum Corporate Income Tax on Domestic Corporations**
10 **-**

11 **(1) Imposition of tax. - x x x**

12
13 xxx xxx xxx

14
15 **(4) Gross Income Defined. - xxx**

16
17
18 xxx xxx xxx

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

30
31 **SEC. 7.** Section 28 (A) and (B) of the National Internal Revenue Code of 1997,
32 as amended, is hereby amended to read as follows:

33
34 **SEC. 28. Rates of Income Tax on Foreign Corporations. -**

35
36 **(A) Tax on Resident Foreign Corporations. -**

37
38 **(1) In General. -** Except as otherwise provided in this Code, a
39 corporation organized, authorized, or existing under the laws of any
40 foreign country, engaged in trade or business within the Philippines,
41 shall be subject to [an] income tax **UNDER SECTION 27 OF THIS**
42 **CODE** [equivalent to thirty-five percent (35%) of the] **ON** taxable income
43 derived in the preceding taxable year from all sources within the
44 Philippines[: *Provided,* That effective January 1, 2009, the rate of
45 income tax shall be thirty percent (30%)].

46
47 xxx xxx xxx

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

7 **(3) International Carrier.** — x x x
8

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

25
26 [~~Any income of nonresidents, whether individuals or corporations, from~~
27 ~~transactions with said offshore banking units shall be exempt from~~
28 ~~income tax.]~~
29

30 ~~[(5)] (4) Tax on Branch Profits Remittances.~~ — Any profit remitted by
31 a branch to its head office shall be subject to a tax of fifteen percent
32 (15%) which shall be based on the total profits applied or earmarked for
33 remittance without any deduction for the tax component thereof.
34 ~~[(except those activities which are registered with the Philippine~~
35 ~~Economic Zone Authority)].~~ The tax shall be collected and paid in the
36 same manner as provided in Sections 57 and 58 of this Code: *Provided,*
37 That interests, dividends, rents, royalties, including remuneration for
38 technical services, salaries, wages, premiums, annuities, emoluments
39 or other fixed or determinable annual, periodic or casual gains, profits,
40 income and capital gains received by a foreign corporation during each
41 taxable year from all sources within the Philippines shall not be treated
42 as branch profits unless the same are effectively connected with the
43 conduct of its trade or business in the Philippines.
44

45 ~~[(6)](5) Regional or Area Headquarters and Regional Operating~~
46 ~~Headquarters of Multinational Companies.~~ — x x x
47

48 ~~[(7) Tax on Certain Incomes Received by a Resident Foreign Corporation.~~
49 —]

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[(a) *Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties* - Interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements and royalties derived from sources within the Philippines shall be subject to a final income tax at the rate of twenty percent (20%) of such interest.: *Provided, however,* That interest income derived by a resident foreign corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of seven and one-half percent (7 1/2%) of such interest income.]

[(b) *Income Derived under the Expanded Foreign Currency Deposit System* - Income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to transact business with foreign currency deposit system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: *Provided, however* That interest income from foreign currency loans granted by such depository banks under the said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of ten percent (10%)

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

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

[Not	over	P100,000.....	5%]
[On any amount in excess of P100,000.....			10%]

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

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(B) Tax on Nonresident Foreign Corporation. -

(1) In General. - Except as otherwise provided in this Code, a foreign corporation not engaged in trade or business in the Philippines shall pay a tax equal to thirty five percent (35%) of the gross income received during each taxable year from all sources within the Philippines, such as [interests, dividends,] rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5[(c)]: *Provided*, That effective January 1, 2009, the rate of income tax shall be thirty percent (30%).

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(5) Tax on Certain Incomes Received by a Nonresident Foreign Corporation. -

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

[(b) Intercorporate Dividends. - A final withholding tax at the rate of fifteen percent (15%) is hereby imposed on the amount of cash and/or property dividends received from a domestic corporation, which shall be collected and paid as provided in Section 57(A) of this Code, subject to the condition that the country in which the nonresident foreign corporation is domiciled, shall allow a credit against the tax due from the nonresident foreign corporation taxes deemed to have been paid in the Philippines equivalent to twenty percent (20%), which represents the difference between the regular income tax of thirty-five percent (35%) and the fifteen percent (15%) tax on dividends as provided in this subparagraph; *Provided*, That effective January 1, 2009, the credit against the tax due shall be equivalent to fifteen percent (15%), which represents the difference between the regular income tax of thirty percent (30%) and the fifteen percent (15%) tax on dividends;]

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

[Not over P100,000.....	5%]
[On any amount in excess of P100,000.....	10%]

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

7
8 CASH AND/OR PROPERTY DIVIDENDS RECEIVED FROM A
9 DOMESTIC CORPORATION SHALL BE SUBJECT TO A FINAL TAX
10 OF FIFTEEN PERCENT (15%) OR TO THE PROVISIONS OF THE
11 APPLICABLE TAX TREATY.

12
13 **SEC. 8.** Section 29(A), (B) AND (C) of the National Internal Revenue Code of
14 1997, as amended, is hereby amended to read as follows:

15
16 **SEC. 29. Imposition of Improperly Accumulated Earnings Tax. -**

17
18 **(A) In General** - In addition to other taxes imposed by this Title, there
19 is hereby imposed for each taxable year on the improperly accumulated
20 taxable income of each corporation described in Subsection B hereof,
21 an improperly accumulated earnings tax equal to [ten] **FIFTEEN**
22 percent [(10)] **(15%)** of the improperly accumulated taxable income.

23
24 **(B) Tax on Corporations Subject to Improperly Accumulated**
25 **Earnings Tax. -**

26
27 **(1) In General.** - The improperly accumulated earnings tax imposed in
28 the preceding Section shall apply to every corporation formed or availed
29 for the purpose of avoiding the income tax with respect to its
30 shareholders or the shareholders of any other corporation, by
31 permitting earnings and profits to accumulate instead of being divided
32 or distributed.

33
34 **(2) Exceptions.** - The improperly accumulated earnings tax as provided
35 for under this Section shall not apply to:

36
37 (a) Publicly-held corporations;

38
39 (b) Banks, [and other] nonbank financial intermediaries, **AND**
40 **OTHER FINANCIAL INSTITUTIONS AS MAY BE DETERMINED**
41 **BY THE APPROPRIATE GOVERNMENT REGULATORY**
42 **AGENCIES;** and

43
44 (c) Insurance companies, **SUCH AS LIFE AND NON-LIFE,**
45 **REINSURANCE COMPANIES, PRE-NEED COMPANIES, PENSION**
46 **FUNDS, HEALTH MAINTENANCE ORGANIZATIONS AND OTHER**
47 **ENTITIES DOING BUSINESS SIMILAR TO OR AKIN TO**
48 **INSURANCE.**

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(C) Evidence of Purpose to Avoid Income Tax. -

[(1) Prima Facie Evidence. - The fact that any corporation is a mere holding company or investment company shall be *prima facie* evidence of a purpose to avoid the tax upon its shareholders or members.]

[(2) Evidence Determinative of Purpose. - The fact that the earnings or profits of a corporation are permitted to accumulate beyond the reasonable needs of the business shall be determinative of the purpose to avoid the tax upon its shareholders or members unless the corporation, by the clear preponderance of evidence, shall prove to the contrary.]

THE FACT THAT THE EARNINGS OR PROFITS OF A CORPORATION ARE PERMITTED TO ACCUMULATE BEYOND THE REASONABLE NEEDS OF THE BUSINESS SHALL BE DETERMINATIVE OF THE PURPOSE TO AVOID THE TAX UPON ITS SHAREHOLDERS OR MEMBERS UNLESS THE CORPORATION, BY THE CLEAR PREPONDERANCE OF EVIDENCE, SHALL PROVE TO THE CONTRARY.

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SEC. 9. Section 30 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

SEC. 30. Exemption from tax on Corporations. - The following organizations shall not be taxed under this Title in respect to income received by them as such:

(A) Labor, agricultural or horticultural organization not organized principally for profit;

[(B) Mutual savings bank not having a capital stock represented by shares, and cooperative bank without capital stock organized and operated for mutual purposes and without profit;]

[(C)](B) A beneficiary society, order or association, operating for the exclusive benefit of the members such as a fraternal organization operating under the lodge system, or a mutual aid association or a nonstock corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members

1 of such society, order, or association, or nonstock corporation or their
2 dependents;

3
4 **[(D)](C)** Cemetery company owned and operated exclusively for the
5 benefit of its members;

6
7 **[(E)](D)** Nonstock corporation or association organized and operated
8 exclusively for religious, charitable, scientific, athletic, or cultural
9 purposes, or for the rehabilitation of veterans, no part of its net income
10 or asset shall belong to or inure to the benefit of any member, organizer,
11 officer or any specific person;

12
13 **[(F)](E)** Business league, chamber of commerce, or board of trade, not
14 organized for profit and no part of the net income of which inures to the
15 benefit of any private stockholder or individual;

16
17 **[(G)](F)** Civic league or organization not organized for profit but operated
18 exclusively for the promotion of social welfare;

19
20 **[(H)](G)** A nonstock and nonprofit educational institution;

21
22 **[(I)](H)** Government educational institution;

23
24 **[(J)](I)** Farmers' or other mutual typhoon or fire insurance company,
25 mutual ditch or irrigation company, mutual or cooperative telephone
26 company, or like organization of a purely local character, the income of
27 which consists solely of assessments, dues, and fees collected from
28 members for the sole purpose of meeting its expenses; and

29
30 **[(K)](J)** Farmers', fruit growers', or like association organized and
31 operated as a sales agent for the purpose of marketing the products of
32 its members and turning back to them the proceeds of sales, less the
33 necessary selling expenses on the basis of the quantity of produce
34 finished by them;

35
36 Notwithstanding the provisions in the preceding paragraphs, the
37 income of whatever kind and character of the foregoing organizations
38 from any of their properties, real or personal, or from any of their
39 activities conducted for profit regardless of the disposition made of such
40 income, shall be subject to tax imposed under this Code.

41
42 **SEC. 10.** Section 32(B)(7)(g) and (h) of the National Internal Revenue Code of
43 1997, as amended, is hereby amended to read as follows:

44
45 **SEC. 32. Gross Income. - xxx**
46

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

4
5 xxx xxx xxx

6
7 **(7) Miscellaneous Items.** -

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10
11 **[(g) Gains from the Sale of Bonds, Debentures or other Certificate**
12 **of Indebtedness.** - Gains realized from the same or exchange or
13 retirement of bonds, debentures or other certificate of indebtedness
14 with a maturity of more than five (5) years.]

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

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

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33
34 **SEC. 11.** Section 34(A), (B), (C) and (E) of the National Internal Revenue Code
35 of 1997, as amended, is hereby further amended to read as follows:

36
37 **SEC. 34. Deductions from Gross Income.** - Except for taxpayers
38 earning compensation income arising from personal services rendered
39 under an employer-employee relationship where no deductions shall be
40 allowed under this Section, in computing taxable income subject to
41 income tax under Sections 24(A); 25(A); 26; 27(A), (B) and (C); and
42 28(A)(1), there shall be allowed the following deductions from gross
43 income:
44

1 (A) *Expenses.* -
2

3 (1) *Ordinary and Necessary Trade, Business or Professional*
4 *Expenses.* -
5

6 (a) *In General.* - There shall be allowed as deduction from
7 gross income all the ordinary and necessary expenses paid or
8 incurred during the taxable year in carrying on or which are
9 directly attributable to, the development, management, operation
10 and/or conduct of the trade, business or exercise of a profession,
11 including:
12

13 xxx xxx xxx
14

15 (b) *Substantiation Requirements.* - No deduction from gross
16 income shall be allowed under Subsection (A) hereof unless the
17 taxpayer shall substantiate with sufficient evidence, such as
18 official receipts or other adequate records: (i) the amount of the
19 expense being deducted, and (ii) the direct connection or relation
20 of the expense being deducted to the development, management,
21 operation and/or conduct of the trade, business or profession of
22 the taxpayer.
23

24 (c) *Bribes, Kickbacks and Other Similar Payments.* - No
25 deduction from gross income shall be allowed under Subsection
26 (A) hereof for any payment made, directly or indirectly, to an
27 official or employee of the national government, or to an official
28 or employee of any local government unit, or to an official or
29 employee of a government-owned or -controlled corporation, or to
30 an official or employee or representative of a foreign government,
31 or to a private corporation, general professional partnership, or a
32 similar entity, if the payment constitutes a bribe or kickback.
33

34 (D) EXPENSES RELATED TO OR IN CONNECTION WITH
35 INCOME NOT SUBJECT TO REGULAR TAX UNDER SECTIONS
36 24(A), 25(A), 27(A) AND (B), AND 28(A) SHALL NOT BE
37 ALLOWED AS DEDUCTIONS UNDER SUBSECTION (A)
38 HEREOF. EXPENSES THAT CANNOT BE SPECIFICALLY
39 IDENTIFIED OR ARE COMMON SHALL BE ALLOCATED
40 BASED ON A REASONABLE METHOD OF MEASUREMENT AS
41 PROVIDED IN A REGULATION ISSUED BY THE SECRETARY
42 OF FINANCE: PROVIDED, THAT INTEREST EXPENSES
43 SUBJECTED TO THE LIMITATION UNDER SECTION 34(B)(1)
44 SHALL BE EXCLUDED FROM THIS SECTION.
45

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47

1 **(B) Interest. -**

2
3 **(1) In General. -** The amount of interest paid or incurred within a
4 taxable year on indebtedness in connection with the taxpayer's
5 profession, trade or business shall be allowed as deduction from gross
6 income: *Provided, however,* That the taxpayer's otherwise allowable
7 deduction for interest expense shall be reduced by forty-two percent
8 (42%) of the interest income subjected to final tax: *Provided,* That
9 effective January 1, 2009, the percentage shall be thirty-three percent
10 (33%): **PROVIDED FURTHER, THAT EFFECTIVE JANUARY 1, 2019,**
11 **THE PERCENTAGE SHALL BE FIFTY PERCENT (50%).**

12
13 **ANY DIVIDEND DISGUISED AS INTEREST AND CLAIMED AS A**
14 **DEDUCTION UNDER THIS SUBSECTION SHALL NOT BE ALLOWED**
15 **AS A DEDUCTIBLE INTEREST EXPENSE.**

16
17 **(2) Exceptions. -** No deduction shall be allowed in respect of interest
18 under the succeeding subparagraphs:

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

28
29 (b) If both the taxpayer and the person to whom the payment has been
30 made or is to be made are persons specified under Section 36(B); or

31
32 [(c) If the indebtedness is incurred to finance petroleum exploration.]

33
34 **(3) [Optional] Treatment of Interest Expense RELATED TO**
35 **ACQUISITION OF ASSET. -** [At the option of the taxpayer,] I[i]nterest
36 **EXPENSE** incurred to acquire property used in trade, business or
37 exercise of a profession **THAT WILL BENEFIT THE BUSINESS**
38 **LONGER THAN ONE YEAR SHALL [may] BE CAPITALIZED AND**
39 **THEREAFTER AMORTIZED OR DEPRECIATED AS PART OF THE**
40 **COST OF THE ASSET.**

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43
44 **(E) Bad Debts. -**

45
46 **(1) In General. - xxx**

47
48 **(2) Securities Becoming Worthless. -** If securities, as defined in
49 Section 22(T), are ascertained to be worthless and charged off within

1 the taxable year and are capital assets, the loss resulting therefrom
2 shall, [in the case of a taxpayer other than a bank or trust company
3 incorporated under the laws of the Philippines a substantial part of
4 whose business is the receipt of deposits, for the purpose of this Title,]
5 be considered as a loss from the sale or exchange **OF CAPITAL**
6 **ASSETS**, on the last day of such taxable year[, of capital assets].
7 **SECURITIES HELD BY A DEALER IN SECURITIES OR AN ENTITY**
8 **LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**
9 **AGENCIES TO BUY AND SELL IN SECURITIES INCLUDING BANKS,**
10 **AND OTHER FINANCIAL INTERMEDIARIES, SHALL BE**
11 **CONSIDERED ORDINARY ASSETS, AND SECURITIES HELD THAT**
12 **ARE ASCERTAINED TO BE WORTHLESS SHALL BE CONSIDERED**
13 **ORDINARY LOSSES THAT ARE ALLOWED AS DEDUCTION FROM**
14 **TAXABLE INCOME.**

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17
18 **SEC. 12.** Section 37(B) of the National Internal Revenue Code of 1997, as
19 amended, is hereby amended to read as follows:
20

21 **SEC. 37. Special Provisions Regarding Income and Deductions of**
22 **Insurance Companies, Whether Domestic or Foreign. -**

23
24 **(A) Special Deductions Allowed to Insurance Companies. - xxx**

25
26 **(B) Mutual Insurance Companies. -** In the case of **MUTUAL LIFE**,
27 mutual fire and mutual employers' liability and mutual workmen's
28 compensation and mutual casualty insurance companies requiring
29 their members to make premium deposits to provide for losses and
30 expenses, said companies shall not **INCLUDE** [return] as income any
31 portion of the premium deposits returned to their policyholders, but
32 shall **INCLUDE** [return] as taxable income all income received by them
33 from all other sources plus such portion of the premium deposits as are
34 retained by the companies for purposes other than the payment of
35 losses and expenses and reinsurance reserves.
36

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38
39 **SEC. 13.** Section 38 (A) of the National Internal Revenue Code of 1997, as
40 amended, is hereby amended to read as follows:
41

42 **SEC. 38. Losses from Wash Sales of Stock or Securities. -**

43
44 (A) In the case of any loss claimed to have been sustained from any sale
45 or other disposition of shares of stock or securities where it appears
46 that within a period beginning thirty (30) days before the date of such
47 sale or disposition and ending thirty (30) days after such date, the
48 taxpayer has acquired (by purchase or by exchange upon which the
49 entire amount of gain or loss was recognized by law), or has entered

1 into a contract or option so **AS** to acquire, substantially identical stock
2 or securities, then no deduction for the loss shall be allowed under
3 Section 34 unless the claim is made by a dealer in stock or securities,
4 **OR BY ANY ENTITY'S OR A FINANCIAL INTERMEDIARY DULY**
5 **LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**
6 **AGENCIES TO BUY AND SELL IN SECURITIES EITHER FOR THE**
7 **ENTITIES OWN ACCOUNT OR FOR THE ACCOUNT OF OTHERS** and
8 with respect to a transaction made in the ordinary course of the
9 business of such dealer.

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12
13 **SEC. 14.** Section 39 of the National Internal Revenue Code of 1997, as
14 amended, is hereby amended to read as follows:

15
16 **SEC. 39. Capital Gains and Losses. -**

17
18 **(A) Definitions. -** As used in this Title -

19
20 xxx xxx xxx

21
22 **[(B) Percentage Taken Into Account. -** In the case of a taxpayer, other
23 than a corporation, only the following percentages of the gain or loss
24 recognized upon the sale or exchange of a capital asset shall be taken
25 into account in computing net capital gain, net capital loss, and net
26 income:]

27
28 [(1) One hundred percent (100%) if the capital asset has been held for
29 not more than twelve (12) months; and]

30
31 [(2) Fifty percent (50%) if the capital asset has been held for more than
32 twelve (12) months;]

33
34 **[(C)] (B) Limitation on Capital Losses. -** Losses from sales or
35 exchanges of capital assets shall be allowed only to the extent of the
36 gains from such sales or exchanges. If a [bank, or a trust company]
37 **DEALER IN SECURITIES OR OTHER ENTITIES OR FINANCIAL**
38 **INTERMEDIARIES DULY LICENSED BY THE APPROPRIATE**
39 **GOVERNMENT REGULATORY AGENCIES TO TRADE IN**
40 **SECURITIES**, sells any bond, debenture, note, or certificate or other
41 evidence of indebtedness issued by any corporation (including one
42 issued by a government or political subdivision thereof), with interest
43 coupons or in registered form, any loss resulting from such sale shall
44 not be subject to the foregoing limitation and shall not be included in
45 determining the applicability of such limitation to other losses.

46
47 **[(D) Net Capital Loss Carry-over. -** If any taxpayer, other than a
48 corporation, sustains in any taxable year a net capital loss, such loss
49 (in an amount not in excess of the net income for such year) shall be

1 treated in the succeeding taxable year as a loss from the sale or
2 exchange of a capital asset held for not more than twelve (12) months.]

3
4 **[(E)](C) Retirement of Bonds, etc. - x x x**

5
6 **[(F) Gains or Losses from Short Sales, Etc. -** For purposes of this
7 Title -

8
9 (1) Gains or losses from short sales of property shall be considered as
10 gains or losses from sales or exchanges of capital assets; and

11
12 (2) Gains or losses attributable to the failure to exercise privileges or
13 options to buy or sell property shall be considered as capital gains or
14 losses.]

15
16 **SEC. 15.** Section 42(A)(1), (2) and (B)(2) of the National Internal Revenue Code
17 of 1997, as amended, is hereby amended to read as follows:

18
19 **SEC. 42. Income from Sources Within the Philippines. -**

20
21 **(A) Gross Income From Sources Within the Philippines. -** The
22 following items of gross income shall be treated as gross income from
23 sources within the Philippines:

24
25 **(1) Interests. -** Interests **AND YIELD** [derived from sources within the
26 Philippines, and interests] **FROM DEBT INSTRUMENTS, BANK**
27 **DEPOSITS, DEPOSIT SUBSTITUTES, AND SIMILAR**
28 **ARRANGEMENTS SUCH AS** bonds, notes or other interest-bearing
29 obligations of residents, corporate or otherwise, **INCLUDING DEBT**
30 **INSTRUMENTS OR DEBT SECURITIES ISSUED BY THE**
31 **GOVERNMENT OR ANY OF ITS AGENCIES OR**
32 **INSTRUMENTALITIES;**

33
34 **(2) Dividends. -** The amount received as dividends:

35
36 (a) From a domestic corporation; and

37
38 (b) From a foreign corporation [unless less] **WITH MORE** than fifty
39 percent (50%) of the gross income of such foreign corporation for the
40 three-year period ending with the close of its taxable year preceding the
41 declaration of such dividends (or for such part of such period as the
42 corporation has been in existence) was derived from sources within the
43 Philippines as determined under the provisions of this Section; but only
44 in an amount which bears the same ratio to such dividends as the gross
45 income of the corporation for such period derived from sources within
46 the Philippines bears [to] **ON** its gross income from all sources;

47
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49

1 **(B) Taxable Income From Sources Within the Philippines. -**

2
3 **(1) General Rule. -**

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6
7 **(2) Exception. -** No deductions for interest paid or incurred abroad
8 shall be allowed from the item of gross income specified in Subsection
9 (A) unless indebtedness was actually incurred to provide funds for use
10 in connection with the conduct or operation of trade or business in the
11 Philippines **OR ON A TRADE OR BUSINESS OUTSIDE THE**
12 **PHILIPPINES PROVIDED THAT INCOME GENERATED OR**
13 **RECEIVED FROM THE USE OF SUCH FUNDS IN CONNECTION WITH**
14 **THE CONDUCT OR OPERATION OF TRADE OR BUSINESS IN THE**
15 **PHILIPPINES IS A TAXABLE INCOME IN THE PHILIPPINES.**

16
17 **SEC. 16.** Section 51(C)(2) of the National Internal Revenue Code of 1997, as
18 amended, is hereby amended to read as follows:

19
20 **SEC. 51. Individual Return. -**

21
22 **(A) Requirements. - x x x**

23
24 XXX XXX XXX

25
26 **(C) When to File. -**

27
28 XXX XXX XXX

29
30 (2) Individuals subject to tax on capital gains:

31
32 (a) From the sale or exchange of shares of stock **OR DEBT**
33 **INSTRUMENTS AND OTHER SECURITIES** not traded [thru]
34 **THROUGH** a local [stock] exchange **OR AN ORGANIZED**
35 **MARKETPLACE** as prescribed under Sections 24[(C)](B) (3) and [(4)]
36 **(5), AND 25(A) AND (B),** [shall file] a return **SHALL BE FILED** within
37 thirty (30) days after each transaction. [and a final consolidated return
38 on or before April 15 of each year covering all stock transactions of the
39 preceding taxable year; and]

40
41 **(B) FROM THE SALE, EXCHANGE, OR BARTER OF SHARES OF**
42 **STOCK OR DEBT INSTRUMENTS AND OTHER SECURITIES**
43 **TRADED THROUGH A LOCAL EXCHANGE OR AN ORGANIZED**
44 **MARKETPLACE AS PRESCRIBED UNDER SECTIONS 24(B)(4) AND**
45 **(6), AND 25(A) AND (B), THE TAX SHALL BE COLLECTED BY THE**
46 **BROKER WHO EFFECTED THE SALE, AND SHALL BE REMITTED**
47 **TO THE BUREAU OF INTERNAL REVENUE WITHIN FIVE (5)**
48 **BANKING DAYS FROM THE DATE OF COLLECTION THEREOF. THE**
49 **BROKER SHALL LIKEWISE SUBMIT ON MONDAYS OF EACH WEEK**

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

7
8 [(b)] (C) From the sale or disposition of real property under Section
9 24[(D)] (B) (7) shall file a return within thirty (30) days following each
10 sale or other disposition.

11
12 **SEC. 17.** Section 52(A) and (D) of the National Internal Revenue Code of 1997,
13 as amended, is hereby amended to read as follows:

14
15 **SEC. 52. Corporation Returns. -**

16
17 **(A) Requirements. -** Every corporation **AS DEFINED UNDER SECTION**
18 **22(B) OF THIS CODE, AND** subject to the tax herein imposed, except
19 foreign corporations not engaged in trade or business in the Philippines,
20 shall render, in duplicate, a true and accurate quarterly income tax
21 return and final or adjustment return in accordance with the provisions
22 of Chapter XII of this Title. The income tax return shall consist of a
23 maximum of four (4) pages in paper form or electronic form, be filed by
24 the president, vice-president or other principal officer, shall be sworn to
25 by such officer and by the treasurer or assistant treasurer, and shall
26 only contain the following information:

- 27
28 (1) Corporate profile and information;
29 (2) Gross sales, receipts or income from services rendered, or
30 conduct of trade or business, except income subject to final tax as
31 provided under this Code;
32 (3) Allowable deductions under this Code;
33 (4) Taxable income as defined in Section 31 of this Code; and
34 (5) Income tax due and payable.

35
36 *Provided,* That the foregoing provisions shall not affect the
37 implementation of Republic Act No. 10708 or TIMTA.

38
39 xxx xxx xxx

40
41 **(D) Return on Capital Gains Realized from Sale of Shares of Stock,**
42 **DEBT INSTRUMENT, AND OTHER SECURITIES not Traded in the**
43 **Local [Stock] Exchange OR AN ORGANIZED MARKETPLACE. -**
44 Every corporation deriving capital gains from the sale or exchange of
45 shares of stock, **DEBT INSTRUMENTS AND OTHER SECURITIES** not
46 traded thru a local [stock] exchange **OR AN ORGANIZED**
47 **MARKETPLACE** as prescribed under **SECTIONS 27(D)(3), AND (5),**
48 **AND 28** [Sections 24(C), 25(A)(3), 27(E)(2), 28(A)(8)(c) and 28(B)(5)(c),]
49 shall file a return within thirty (30) days after each transaction.[and a

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

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

21
22 **SEC. 18.** Section 54 of the National Internal Revenue Code of 1997, as
23 amended, is hereby amended to read as follows:
24

25 **SEC. 54. Returns of Receivers, Trustees, [in Bankruptcy] or**
26 **Assignees. - [In cases wherein r]Receivers, ADMINISTRATORS,**
27 **trustees in AN IRREVOCABLE TRUST OR bankruptcy, or ANY OTHER**
28 **PERSON ASSIGNED OR [assignees are] IN-CHARGE OF** operating the
29 property or business of [a]**ANOTHER PERSON OR** corporation subject
30 to the tax **UNDER THIS CODE** [imposed by this Title, such receivers,
31 trustees or assignees] **BE IMPOSED WITH THE OBLIGATION TO**
32 **FILE [make] THE returns AND PAY THE TAXES FOR SUCH PERSON**
33 **OR CORPORATION IN THE SAME MANNER REQUIRED UNDER THIS**
34 **CODE. [of net income as and for such corporation, in the same manner**
35 **and form as such organization is hereinbefore required to make returns,**
36 **and] Any tax due on the income as returned by receivers,**
37 **ADMINISTRATORS,** trustees or assignees shall be assessed and
38 collected in the same manner as if assessed directly against the
39 [organizations] **PERSON, ESTATE OR ORGANIZATION [of] whose**
40 businesses or properties they have custody or control.
41

42 **THE TRUSTOR IN A REVOCABLE TRUST, NOT THE TRUSTEE,**
43 **SHALL BE RESPONSIBLE IN FILING THE RETURNS REQUIRED**
44 **UNDER THIS CODE AND IN DECLARING THE INCOME RECEIVED**
45 **FROM THE TRUST IN ACCORDANCE WITH SECTIONS 24, 25, 27**
46 **AND 28 OF THIS CODE. INCOME OF THE TRUST SUBJECTED TO**
47 **FINAL TAX UNDER SECTIONS 24, 25, 27 AND 28 SHALL NO**
48 **LONGER BE SUBJECT TO TAX UPON DISTRIBUTION OF THE**
49 **INCOME TO THE TRUSTOR OR BENEFICIARY, NOR SHALL THE**

1 TRUSTOR OR BENEFICIARY BE REQUIRED TO DECLARE THE
2 INCOME AS PART OF ITS TAXABLE INCOME.

3
4 ANY INCOME OF A REVOCABLE TRUST NOT SUBJECTED TO FINAL
5 TAX SHALL BE SUBJECT TO CREDITABLE WITHHOLDING TAX
6 UPON DISTRIBUTION OF THE INCOME TO THE TRUSTOR OR THE
7 BENEFICIARY AT A RATE NOT EXCEEDING THE HIGHEST RATE
8 OF TAX IMPOSED ON INDIVIDUALS UNDER SECTION 24 IN THE
9 CASE OF INDIVIDUAL TRUSTORS, OR THE CORPORATE INCOME
10 TAX UNDER SECTION 27 IN THE CASE OF CORPORATE
11 TRUSTORS.

12
13 **SEC. 19.** Section 56 of the National Internal Revenue Code of 1997, as
14 amended, is hereby amended to read as follows:

15
16 **SEC. 56. *Payment and Assessment of Income Tax for Individuals***
17 ***and Corporations.*** -

18
19 **(A) *Payment of Tax.*** -

20
21 xxx xxx xxx

22
23 **(3) *Payment of Capital Gains Tax.*** -

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

42
43 x x x

44 **SEC. 20.** Section 57 of the National Internal Revenue Code of 1997, as
45 amended, is hereby amended to read as follows:

1
2 **SEC. 57. Withholding of Tax at Source. -**

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

16
17 (B) xxx xxx xxx

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

35
36 **SEC. 21.** Section 73 (A) of the National Internal Revenue Code of 1997, as
37 amended, is hereby amended to read as follows:

38
39 **SEC. 73. Distribution of Dividends or Assets by Corporations. -**

40
41 **(A) Definition of Dividends. -** The term 'dividends' when used in this
42 Title means any distribution made by a corporation to its shareholders
43 out of its earnings or profits and payable to its shareholders, whether
44 in money or in other property.

45
46 Where a corporation distributes all of its assets in complete liquidation
47 or dissolution, the gain realized or loss sustained by the stockholder,
48 whether individual or corporate, is a taxable income or a deductible

1 loss, **UNDER SECTIONS 24(A), 25(A), 25(B), 27(A), 28(A) AND 28 (B)**,
2 as the case may be.

3
4 **(B) Stock Dividend. - x x x**

5
6 **SEC. 22.** Section 108 of the National Internal Revenue Code of 1997, as
7 amended, is hereby amended to read as follows:

8
9 **SEC. 108. Value-added Tax on Sale of Services and Use or Lease**
10 **of Properties. -**

11
12 **(A) Rate and Base of Tax. - x x x**

13
14 The phrase 'sale or exchange of services' means the performance of all
15 kinds of services in the Philippines for others for a fee, remuneration or
16 consideration, including those performed or rendered by construction
17 and service contractors; stock, real estate, commercial, customs and
18 immigration brokers; lessors of property, whether personal or real;
19 warehousing services; lessors or distributors of cinematographic films;
20 persons engaged in milling, processing, manufacturing or repacking
21 goods for others; proprietors, operators or keepers of hotels, motels,
22 resthouses, pension houses, inns, resorts; proprietors or operators of
23 restaurants, refreshment parlors, cafes and other eating places,
24 including clubs and caterers; dealers in securities; [lending investors ;]
25 transportation contractors on their transport of goods or cargoes,
26 including persons who transport goods or cargoes for hire and other
27 domestic common carriers by land relative to their transport of goods
28 or cargoes; common carriers by air and sea relative to their transport of
29 passengers, goods or cargoes from one place in the Philippines to
30 another place in the Philippines; sales of electricity by generation
31 companies, transmission, by any entity and distribution companies,
32 including electric cooperatives; services of franchise grantees of electric
33 utilities, telephone and telegraph, radio and television broadcasting and
34 all other franchise grantees except those under Section 119 of this Code
35 and non-life insurance companies (except their crop insurances),
36 including surety, fidelity, indemnity and bonding companies ; and
37 similar services regardless of whether or not the performance thereof
38 calls for the exercise or use of the physical or mental faculties. The
39 phrase 'sale or exchange of services' shall likewise include:

40
41 xxx xxx xxx

42
43 **SEC. 23.** Section 121 of the National Internal Revenue Code of 1997, as
44 amended, is hereby amended to read as follows:

45
46 **SEC. 121. Tax on Banks and Non-Bank Financial Intermediaries**
47 **Performing Quasi-Banking Functions. -** There shall be collected a
48 tax on gross receipts derived from sources within the Philippines by all
49 banks and non-bank financial intermediaries **PERFORMING QUASI-**

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BANKING FUNCTIONS AT THE RATE OF FIVE PERCENT (5%) ON INCOME SUCH AS INTEREST, COMMISSIONS, AND DISCOUNTS FROM LENDING ACTIVITIES AS WELL AS INCOME FROM FINANCIAL LEASING, ROYALTIES, RENTALS OF PROPERTY, REAL OR PERSONAL, PROFITS FROM SALE OR EXCHANGE INCLUDING GAINS DERIVED FROM SALE OR TRANSFER OF REAL PROPERTIES, NET TRADING GAINS WITHIN THE TAXABLE YEAR OF FOREIGN CURRENCY, DEBT SECURITIES, DERIVATIVES, AND OTHER SIMILAR FINANCIAL INSTRUMENTS, AND ALL OTHER ITEMS TREATED AS GROSS INCOME UNDER SECTION 32 OF THIS CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND NET INCOME OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO PERCENT (0%) [in accordance with the following schedule]:

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

[Maturity period is five years or less 5%]

[Maturity period is more than five years 1%]

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

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

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

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

Provided, That FOR PURPOSES OF COMPUTING THE GROSS RECEIPTS, the generally accepted accounting principles OF RECORDING INCOME AS ADOPTED BY THE BANK SHALL BE FOLLOWED. BANKS USING THE ACCRUAL BASIS OF FINANCIAL REPORTING SHALL USE THE ACCRUAL METHOD IN COMPUTING THE GROSS RECEIPTS: PROVIDED, THAT, ONCE ADOPTED, IT SHALL BE CONSISTENT FROM YEAR TO YEAR: PROVIDED, FURTHER, THAT FOR PURPOSES OF DETERMINING THE GROSS RECEIPTS, NO DEDUCTION SHALL BE MADE ON THE INCOME EXCEPT IN THE CASE OF GAINS FROM DEALINGS IN PROPERTY

1 AND TRADING GAINS, WHERE NET LOSS WITHIN THE SAME
2 BUSINESS ACTIVITY CAN BE OFFSET TO DETERMINE THE NET
3 GAIN SUBJECT TO THIS TAX: PROVIDED, FURTHER, THAT SUCH
4 OFFSETTING SHALL BE ON A QUARTERLY BASIS, AND ANY NET
5 LOSS INCURRED IN A QUARTER CAN BE CARRIED OVER AS
6 DEDUCTION IN THE SUCCEEDING QUARTER/S: PROVIDED
7 FINALLY, THAT NET LOSS INCURRED IN A TAXABLE YEAR
8 CANNOT BE CARRIED OVER TO THE SUCCEEDING TAXABLE
9 YEAR.

10 [as may be prescribed by the Bangko Sentral ng Pilipinas for the bank
11 or non-bank financial intermediary performing quasi-banking
12 functions shall likewise be the basis for the calculation of gross
13 receipts.]
14

15 xxx xxx xxx

16
17 **SEC. 24.** Section 122 of the National Internal Revenue Code of 1997, as
18 amended, is hereby amended to read as follows:
19

20 **SEC. 122. Tax on Other Non-Bank Financial Intermediaries. -**
21 There shall be collected a tax of five percent (5%) on the gross receipts
22 derived by other non-bank financial intermediaries doing business in
23 the Philippines, from interest, commissions AND discounts FROM
24 LENDING ACTIVITIES, AS WELL AS INCOME FROM FINANCIAL
25 LEASING, ROYALTIES, RENTALS OF PROPERTY, REAL OR
26 PERSONAL, PROFITS FROM SALE OR EXCHANGE INCLUDING
27 GAINS DERIVED FROM SALE OR TRANSFER OF REAL
28 PROPERTIES, NET TRADING GAINS WITHIN THE TAXABLE YEAR
29 OF FOREIGN CURRENCY, DEBT SECURITIES, DERIVATIVES, AND
30 OTHER SIMILAR FINANCIAL INSTRUMENTS, UNDERWRITING
31 FEES, SERVICE INCOME, AND ALL OTHER ITEMS TREATED AS
32 GROSS INCOME UNDER SECTION 32 OF THIS CODE, EXCEPT
33 DIVIDENDS AND EQUITY SHARES AND NET INCOME OF
34 SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO PERCENT
35 (0%). [and all other items treated as gross income under this Code. [. :
36 *Provided,* That interests, commissions and discounts from lending
37 activities, as well as income from financial leasing, shall be taxed on the
38 basis of the remaining maturities of the instruments from which such
39 receipts are derived, in accordance with the following schedule:]
40

41 [Maturity is five years or less 5%]

42 [Maturity period is more than five years 1%]

43
44 [Provided, however, That in case the maturity period is shortened thru
45 pretermination, then the maturity period shall be reckoned to end as of
46
47

1 the date of pretermination for purposes of classifying the transaction
2 and the correct rate of tax shall be applied accordingly.]

3
4 **GROSS RECEIPTS SHALL BE COMPUTED IN THE SAME MANNER**
5 **PROVIDED UNDER SECTION 121.**

6
7 **FINANCIAL INTERMEDIARIES SUBJECT TO TAX UNDER THIS**
8 **SECTION SHALL INCLUDE FINANCING COMPANIES, FINANCE**
9 **LEASING COMPANIES, INVESTMENT HOUSES, PAWNSHOPS,**
10 **FOREIGN EXCHANGE DEALERS AND MONEY BROKERS, TRUST**
11 **ENTITIES, CREDIT CARD COMPANIES, LENDING INVESTORS,**
12 **SAVINGS AND LOAN ASSOCIATIONS, AND OTHER FINANCIAL**
13 **INTERMEDIARIES EXCEPT BANKS AND NON-BANKS PERFORMING**
14 **QUASI-BANKING FUNCTIONS WHICH SHALL BE TAXED UNDER**
15 **SECTION 121 OF THIS CODE.**

16
17 **COLLECTIVE INVESTMENT SCHEMES SUCH AS MUTUAL FUNDS,**
18 **UNIT LINKED INVESTMENT TRUST FUNDS, UNIT LINKED**
19 **VARIABLE INSURANCE, AND OTHER COLLECTIVE INVESTMENT**
20 **SCHEMES AS MAY BE DETERMINED BY APPROPRIATE**
21 **GOVERNMENT REGULATORY AGENCIES SHALL NOT BE SUBJECT**
22 **TO GROSS RECEIPTS TAX AND OTHER PERCENTAGE TAXES**
23 **IMPOSED UNDER TITLE V, AND THE VALUE ADDED TAX IMPOSED**
24 **UNDER TITLE IV OF THIS CODE. FOR PURPOSES OF THIS**
25 **EXEMPTION, A CIS SHALL HAVE AT LEAST ONE THOUSAND**
26 **(1,000) OWNERS, INVESTORS OR PARTICIPANTS, AND SHALL**
27 **HAVE COMPLIED WITH THE MINIMUM PUBLIC OWNERSHIP**
28 **REQUIREMENT OF THE APPROPRIATE GOVERNMENT**
29 **REGULATORY AGENCIES.**

30
31 **IF A PERSON OR COMPANY NOT LICENSED TO DO FINANCIAL**
32 **INTERMEDIATION BUT ENGAGES IN FINANCIAL INTERMEDIATION**
33 **SERVICES AS AN INCIDENT TO ITS MAIN BUSINESS ACTIVITY,**
34 **AND RECEIVING INCOME THEREFROM, SUCH INCOME FROM**
35 **FINANCIAL INTERMEDIATION SHALL BE SUBJECT TO THE TAX**
36 **IMPOSED ON ITS PRINCIPAL ACTIVITY. TO BE CONSIDERED**
37 **INCIDENTAL, THE INCOME FROM INTERMEDIATION SERVICES**
38 **SHALL NOT EXCEED FIFTY PERCENT (50%) OF ITS TOTAL**
39 **ANNUAL INCOME. IF MORE THAN FIFTY PERCENT (50%), WITH AT**
40 **LEAST SIX (6) TRANSACTIONS ENTERED INTO DURING THE YEAR,**
41 **THE TOTAL INCOME FROM FINANCIAL INTERMEDIATION SHALL**
42 **BE SUBJECT TO TAX UNDER THIS SUBSECTION.**

43
44 **IN-HOUSE LENDING OR SELLER FINANCING SHALL NOT BE**
45 **SUBJECT TO TAX UNDER THIS SUBSECTION. ANY INCOME**
46 **EARNED OR RECEIVED FROM IN-HOUSE LENDING OR SELLER**
47 **FINANCING SHALL BE SUBJECT TO THE SAME TAX APPLICABLE**
48 **TO THE PRINCIPAL BUSINESS ACTIVITY OR TRANSACTION.**

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

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

14
15 Nothing in this Code shall preclude the Commissioner from imposing
16 the same tax herein provided on persons performing similar **[financing]**
17 **FINANCIAL INTERMEDIATION** activities.

18
19 **SEC. 25.** Section 123 of the National Internal Revenue Code of 1997, as
20 amended, is hereby amended to read as follows:

21
22 **SEC. 123. Tax on Life Insurance AND REINSURANCE Premiums[,] .**

23 - There shall be collected from every person, company or corporation,
24 (except purely cooperative companies or associations) doing life
25 insurance business of any sort in the Philippines **A PREMIUM TAX AT**
26 **THE FOLLOWING RATES:**

27
28 **(A) FOR LIFE INSURANCE INCLUDING HEALTH INSURANCE**
29 **AS A RIDER TO LIFE INSURANCE POLICY,** a tax of two percent
30 (2%) of the total premium collected, whether such premiums are
31 paid in money, notes, credits or any substitute for money; but
32 premiums refunded within six (6) months after payment on
33 account of rejection of risk or returned for other reason to a
34 person insured shall not be included in the taxable receipts; nor
35 shall any tax be paid upon reinsurance by a company **IF THE**
36 **TAX [that] has already BEEN paid [the tax] ON THE DIRECT**
37 **PREMIUM;** nor upon premiums collected or received by any
38 branch of a domestic corporation, firm or association doing
39 business outside the Philippines on account of any life insurance
40 of the insured who is a nonresident, if any tax on such premium
41 is imposed by the foreign country where the branch is
42 established; nor upon premiums collected or received on account
43 of any reinsurance, if the insured, in case of personal insurance,
44 resides outside the Philippines, if any tax on such premiums is
45 imposed by the foreign country where the original insurance has
46 been issued or perfected; nor upon that portion of the premiums
47 collected or received by the insurance companies on variable
48 contracts **IN A COLLECTIVE INVESTMENT SCHEME** in excess
49 of the amounts necessary to insure the lives of the variable

1 contract owners: **PROVIDED, THAT THE CIS SHALL HAVE AT**
2 **LEAST ONE THOUSAND (1,000) OWNERS, INVESTORS OR**
3 **PARTICIPANTS, AND THAT ANY MINIMUM PUBLIC**
4 **OWNERSHIP AS MAY BE REQUIRED BY APPROPRIATE**
5 **GOVERNMENT REGULATORY AGENCIES SHALL BE**
6 **COMPLIED WITH.**

7
8 **(B) PERSONS DOING BUSINESS SIMILAR OR AKIN TO LIFE**
9 **AND HEALTH INSURANCE SUCH AS PRE-NEED COMPANIES,**
10 **PENSION FUND COMPANIES, HEALTH MAINTENANCE**
11 **ORGANIZATIONS AND OTHER COMPANIES SIMILAR TO LIFE**
12 **INSURANCE, AS MAY BE DETERMINED BY THE**
13 **APPROPRIATE GOVERNMENT REGULATORY AGENCIES,**
14 **SHALL BE SUBJECT TO TAX UNDER THIS SUBSECTION AT**
15 **THE RATE OF TWO PERCENT (2%) OF THE GROSS PREMIUM,**
16 **PLAN PAYMENT, OR INSTALLMENT PAYMENTS COLLECTED**
17 **WITHOUT ANY DEDUCTION FOR THE AMOUNTS REQUIRED**
18 **BY THE APPROPRIATE GOVERNMENT REGULATORY**
19 **AGENCIES TO BE EARMARKED FOR THE BENEFIT OF THE**
20 **INSURED, OR PLANHOLDER.**

21
22 **NOTHING IN THIS CODE SHALL PRECLUDE THE COMMISSIONER**
23 **FROM IMPOSING THE SAME TAX HEREIN PROVIDED ON PERSONS**
24 **PERFORMING SIMILAR INSURANCE BUSINESS ACTIVITIES.**

25
26 **LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO**
27 **PREMIUM TAX ON PREMIUMS COLLECTED UNDER SUBSECTION**
28 **(A) HEREOF. HOWEVER, PREMIUMS COLLECTED WHERE THE TAX**
29 **ON THE DIRECT PREMIUM HAS ALREADY BEEN PAID BY THE**
30 **DIRECT INSURER SHALL BE EXCLUDED FROM THE GROSS**
31 **PREMIUM SUBJECT TO PREMIUM TAX.**

32
33 **NON-LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO**
34 **VALUE ADDED TAX ON PREMIUMS COLLECTED UNDER SECTION**
35 **108 OF THIS CODE. HOWEVER, PREMIUMS COLLECTED WHERE**
36 **THE TAX ON THE DIRECT PREMIUM HAS ALREADY BEEN PAID BY**
37 **THE DIRECT INSURER SHALL BE EXCLUDED FROM THE GROSS**
38 **PREMIUM SUBJECT TO VALUE ADDED TAX.**

39
40 **FOR THE PURPOSE OF CLAIMING EXEMPTION, A CERTIFICATION**
41 **AND A SUMMARY REPORT TO BE PRESCRIBED IN A REGULATION,**
42 **ISSUED BY THE DIRECT INSURER, THAT THE TAX THEREON HAS**
43 **ALREADY BEEN PAID, SHALL BE ATTACHED TO THE QUARTERLY**
44 **PREMIUM TAX RETURN OR VALUE ADDED TAX RETURN TO BE**
45 **FILED. ANY MISREPRESENTATION SHALL SUBJECT THE DIRECT**
46 **INSURER TO PENALTIES UNDER SECTIONS 248, 253, 254, 255,**
47 **256, AND 257 OF THIS CODE.**
48

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

12 A VARIABLE INSURANCE CONTRACT WHERE AMOUNTS IN
13 EXCESS OF INSURANCE COSTS ARE COLLECTED AS PART OF THE
14 PREMIUM AND WHERE UNITS OF PARTICIPATION IN A POOLED
15 FUND ARE ISSUED TO THE INSURED REPRESENTING ITS SHARE
16 IN THE POOLED FUNDS, IS A COLLECTIVE INVESTMENT SCHEME.
17 THE AMOUNTS OF PREMIUM COLLECTED IN EXCESS OF THE
18 INSURANCE COST IS NOT SUBJECT TO PREMIUM TAX UNDER
19 THIS SECTION AND TO THE GROSS RECEIPTS TAX IMPOSED
20 UNDER SECTIONS 121 AND 122, OR TO ANY PERCENTAGE TAX
21 IMPOSED UNDER TITLE V AND TO VALUE ADDED TAX UNDER
22 SECTION 105, TITLE IV OF THIS CODE.
23

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

27
28 **[SEC. 127. Tax on Sale, Barter or Exchange of Shares of Stock**
29 **Listed and Traded through the Local Stock Exchange or through**
30 **Initial Public Offering. -]**

31
32 **[(A) Tax on Sale, Barter or Exchange of Shares of Stock Listed and**
33 **Traded through the Local Stock Exchange. -** There shall be levied,
34 assessed and collected on every sale, barter, exchange, or other
35 disposition of shares of stock listed and traded through the local stock
36 exchange other than the sale by a dealer in securities, a tax at the rate
37 of one-half of one percent ($\frac{1}{2}$ of 1%) of the gross selling price or gross
38 value in money of the shares of stock sold, bartered, exchanged or
39 otherwise disposed which shall be paid by the seller or transferor.]

40
41 **[(B) Tax on Shares of Stock Sold or Exchanged through Initial**
42 **Public Offering. -** There shall be levied, assessed and collected on
43 every sale, barter, exchange or other disposition through initial public
44 offering of shares of stock in closely-held corporations, as defined
45 herein, a tax at the rates provided hereunder based on the gross selling
46 price or gross value in money of the shares of stock sold, bartered,
47 exchanged or otherwise disposed in accordance with the proportion of
48 shares of stock sold, bartered, exchanged or otherwise disposed to the

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total outstanding shares of stock after the listing in the local stock exchange:]

[Up to twenty-five percent (25%) 4%]

[Over twenty-five percent (25%) but not over thirty-three and one third percent (33 1/3%) 2%]

[Over thirty-three and one third percent (33 1/3%) ... 1%

The tax herein imposed shall be paid by the issuing corporation in primary offering or by the seller in secondary offering.]

[For purposes of this Section, the term '**closely held corporation**' means any corporation at least fifty percent (50%) in value of outstanding capital stock or at least fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for not more than twenty (20) individuals.]

[For purposes of determining whether the corporation is a closely held corporation, insofar as such determination is based on stock ownership, the following rules shall be applied:]

[(1) Stock Not Owned by Individuals. - Stock owned directly or indirectly by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by its shareholders, partners or beneficiaries.]

[(2) Family and Partnership Ownerships. - An individual shall be considered as owning the stock owned directly or indirectly, by or for his family, or by or for his partner. For purposes of the paragraph, the '**family of an individual**' includes only his brothers and sisters (whether by whole or half-blood), spouse, ancestors and lineal descendants.]

[(3) Option. - If any person has an option to acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option and each one of a series of options shall be considered as an option to acquire such stock.]

[(4) Constructive Ownership as Actual Ownership. - Stock constructively owned by reason of the application of paragraph (1) or (3) hereof shall, for purposes of applying paragraph (1) or (2), be treated as actually owned by such person; but stock constructively owned by the individual by reason of the application of paragraph (2) hereof shall not be treated as owned by him for purposes of again applying such paragraph in order to make another the constructive owner of such stock]

1 **[(C) Return on Capital Gains Realized from Sale of Shares of**
2 **Stocks. -]**

3
4 **[(1) Return on Capital Gains Realized from Sale of Shares of Stock**
5 **Listed and Traded in the Local Stock Exchange. -** It shall be the
6 duty of every stock broker who effected the sale subject to the tax
7 imposed herein to collect the tax and remit the same to the Bureau of
8 Internal Revenue within five (5) banking days from the date of collection
9 thereof and to submit on Mondays of each week to the secretary of the
10 stock exchange, of which he is a member, a true and complete return
11 which shall contain a declaration of all the transactions effected
12 through him during the preceding week and of taxes collected by him
13 and turned over to the Bureau of Internal Revenue.]

14
15 **[(2) Return on Public Offerings of Shares of Stock. -** In case of
16 primary offering, the corporate issuer shall file the return and pay the
17 corresponding tax within thirty (30) days from the date of listing of the
18 shares of stock in the local stock exchange. In the case of secondary
19 offering, the provision of Subsection (C)(1) of this Section shall apply as
20 to the time and manner of the payment of the tax.]

21
22 **[(D) Common Provisions. -** Any gain derived from the sale, barter,
23 exchange or other disposition of shares of stock under this Section shall
24 be exempt from the tax imposed in Sections 24(C), 27(D)(2), 28(A)(8)(c),
25 and 28(B)(5)(c) of this Code and from the regular individual or corporate
26 income tax. Tax paid under this Section shall not be deductible for
27 income tax purposes.]

28
29 **SEC. 27.** Sections 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184,
30 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, and
31 199 of the National Internal Revenue Code of 1997, as amended, is hereby
32 amended to read as follows:

33
34 **SEC. 174. Stamp Tax on Original Issue of Shares of Stock. -** On
35 every original issue, whether on organization, reorganization or for any
36 lawful purpose, of shares of stock by any association, company, or
37 corporation, **INCLUDING SHARES OF STOCK OR UNITS OF**
38 **PARTICIPATION IN A COLLECTIVE INVESTMENT SCHEME,** there
39 shall be collected a documentary stamp tax **OF SEVENTY-FIVE**
40 **PERCENT OF ONE PERCENT (0.75%) OF THE PAR VALUE** [Two
41 pesos (P2.00) on each Two hundred pesos (P200), or fractional part
42 thereof, of the par value,]of such shares of stock: *Provided,* That in the
43 case of the original issue of shares of stock without par value, the
44 amount of the documentary stamp tax herein prescribed shall be based
45 upon the actual consideration for the issuance of such shares of stock:
46 *Provided, further,* That in the case of stock dividends, on the actual
47 value represented by each share; **PROVIDED, FINALLY, THAT IN THE**
48 **CASE OF COLLECTIVE INVESTMENT SCHEMES WITHOUT PAR**

1 **VALUE, THE DOCUMENTARY STAMP TAX SHALL BE BASED ON**
2 **THE INITIAL NET ASSET VALUE PER UNIT.**

3
4 **[SEC. 175. Stamp Tax on Sales, Agreements to Sell, Memoranda**
5 **of Sales, Deliveries or Transfer of Shares or Certificates of Stock.**

6 – On all sales, or agreements to sell, or memoranda of sales, or
7 deliveries, or transfer of shares or certificates of stock in any
8 association, company, or corporation, or transfer of such securities by
9 assignment in blank, or by delivery, or by any paper or agreement, or
10 memorandum or other evidences of transfer or sale whether entitling
11 the holder in any manner to the benefit of such stock, or to secure the
12 future payment of money, or for the future transfer of any stock, there
13 shall be collected a documentary stamp tax of One peso and fifty
14 centavos (P1.50) on each Two hundred pesos (P200), or fractional part
15 thereof, of the par value of such stock: *Provided*, That only one tax shall
16 be collected on each sale or transfer of stock from one person to
17 another, regardless of whether or not a certificate of stock is issued,
18 indorsed, or delivered in pursuance of such sale or transfer: and
19 *Provided, further*, That in the case of stock without par value the
20 amount of the documentary stamp tax herein prescribed shall be
21 equivalent to fifty percent (50%) of the documentary stamp tax paid
22 upon the original issue of said stock.]

23
24 **SEC [176]175. Stamp Tax on Bonds, Debentures, Certificates of**
25 **Stock or Indebtedness Issued in Foreign Countries.** – On all bonds,
26 debentures, certificates of stock, or certificates of indebtedness issued
27 in any foreign country, there shall be collected from the person selling
28 or transferring the same in the Philippines, **A DOCUMENTARY STAMP**
29 **TAX OF SEVENTY-FIVE PERCENT OF ONE PERCENT (0.75%) OF**
30 **THE VALUE OF THE TRANSACTION.** [such tax as is required by law
31 on similar instruments when issued, sold or transferred in the
32 Philippines.]

33
34 **[SEC. 177. Stamp Tax on Certificates of Profits or Interest in**
35 **Property or Accumulations.** – On all certificates of profits, or any
36 certificate or memorandum showing interest in the property or
37 accumulations of any association, company or corporation, and on all
38 transfers of such certificates or memoranda, there shall be collected a
39 documentary stamp tax of One peso (P1.00) on each Two hundred pesos
40 (P200), or fractional part thereof, of the face value of such certificates
41 or memorandum.]

42
43 **[SEC. 178. Stamp Tax on Bank Checks, Drafts, Certificates of**
44 **Deposit not Bearing Interest, and Other Instruments.** – On each
45 bank check, draft, or certificate of deposit not drawing interest, or order
46 for the payment of any sum of money drawn upon or issued by any
47 bank, trust company, or any person or persons, companies or
48 corporations, at sight or on demand, there shall be collected a
49 documentary stamp tax of Three pesos (P3.00).]

1
2 **SEC. [179]176. Stamp Tax on All Debt Instruments.** – On every
3 original issue of debt instruments, there shall be collected a
4 documentary stamp tax **OF SEVENTY-FIVE PERCENT OF ONE**
5 **PERCENT (0.75%)** [One peso and fifty centavos (P1.50) on each Two
6 hundred pesos (P200), or fractional part thereof,] of the issue price of
7 any such debt instruments: *Provided*, That for such debt instruments
8 with terms of less than one (1) year, the documentary stamp tax to be
9 collected shall be of a proportional amount in accordance with the ratio
10 of its term in number of days to three hundred sixty-five (365) days:
11 *Provided, further*, That only one documentary stamp tax shall be
12 imposed on either loan agreement, or promissory notes issued to secure
13 such loan
14

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

29 **[SEC. 180. Stamp Tax on All Bills of Exchange or Drafts.** – On all
30 bills of exchange (between points within the Philippines) or drafts, there
31 shall be collected a documentary stamp tax of Sixty centavos (P0.60) on
32 each Two hundred pesos (P200) or fractional part thereof, of the face
33 value of any such bill of exchange or draft.]
34

35 **SEC. [181]177. Stamp Tax Upon Acceptance of Bills of Exchange**
36 **and Others.**– Upon any acceptance or payment of any bill of exchange
37 or order for the payment of money purporting to be drawn in a foreign
38 country but payable in the Philippines, there shall be collected a
39 documentary stamp tax **OF THIRTY PERCENT OF ONE PERCENT**
40 **(0.30%)** [Sixty centavos (P0.60) on each Two hundred pesos (P200), or
41 fractional part thereof,] of the face value of any such bill of exchange,
42 or order, or the Philippine equivalent of such value, if expressed in
43 foreign currency.
44

45 **SEC. [182]78. Stamp Tax on Foreign Bills of Exchange and Letters**
46 **of Credit.** – On all foreign bills of exchange and letter of credit
47 (including orders, by telegraph or otherwise, for the payment of money
48 issued by express or steamship companies or by any person or persons)
49 drawn in but payable out of the Philippines in a set of three (3) or more

1 according to the custom of merchants and bankers, there shall be
2 collected a documentary stamp tax **OF THIRTY PERCENT OF ONE**
3 **PERCENT (0.30%)** [Sixty centavos (P0.60) on each Two hundred pesos
4 (P200), or fractional part thereof,] of the face value of any such bill of
5 exchange or letter of credit, or the Philippine equivalent of such face
6 value, if expressed in foreign currency: **PROVIDED, THAT, IN THE**
7 **CASE OF A LETTER OF CREDIT ON WHICH THE DOCUMENTARY**
8 **STAMP TAX IMPOSED UNDER THIS SECTION IS PAID UPON**
9 **OPENING, THE SAME SHALL NOT BE SUBJECT AGAIN TO SECTION**
10 **195 UPON AVAILMENT OF THE TRUST RECEIPT LINE WHERE THE**
11 **PROPERTY SUBJECT OF THE LETTER OF CREDIT IS MADE A**
12 **SECURITY FOR PAYMENT.**

13
14 **SEC. [183]179. Stamp Tax on Life AND HEALTH Insurance**
15 **Policies.** – On all policies of insurance or other instruments by
16 whatever name the same may be called, whereby any insurance shall
17 be made or renewed upon any life or lives **AND HEALTH OF PERSONS,**
18 there shall be collected a one-time documentary stamp tax at the
19 following rates:

20
21 If the amount of insurance does not exceed P100,000 - Exempt
22 If the amount of insurance exceeds P100,000
23 but does not exceed P300,000 - P20.00
24 If the amount of insurance exceeds P300,000
25 but does not exceed P500,000 - P50.00
26 If the amount of insurance exceeds P500,000
27 but does not exceed P750,000 - P100.00
28 If the amount of insurance exceeds P750,000
29 but does not exceed P1,000,000 - P150.00
30 If the amount of insurance exceeds P1,000,000 - P200.00

31
32 **SEC. [184]180. Stamp Tax on Policies of Insurance Upon Property.**
33 – On all policies of insurance or other instruments by whatever name
34 the same may be called, by which insurance shall be made or renewed
35 upon property of any description, including rents or profits, against
36 peril by sea or on inland waters, or by fire or lightning, there shall be
37 collected a documentary stamp tax **OF TWELVE AND ONE-HALF**
38 **PERCENT (12.5%)** [Fifty centavos (P0.50) on each Four pesos (P4.00),
39 or fractional part thereof,] of the amount of premium charged: *Provided,*
40 *however,* That no documentary stamp tax shall be collected on
41 reinsurance contracts or on any instrument by which cession or
42 acceptance of insurance risks under any reinsurance agreement is
43 effected or recorded: **PROVIDED, FURTHER, THAT SUCH RATE**
44 **SHALL BE REDUCED ACCORDING TO THE FOLLOWING**
45 **SCHEDULE:**

46
47 **JANUARY 1, 2020: ELEVEN AND ONE-HALF PERCENT (11.5%),**

48
49 **JANUARY 1, 2021: TEN AND ONE-HALF PERCENT (10.5%),**

1
2 **JANUARY 1, 2022: NINE AND ONE-HALF PERCENT (9.5%),**
3
4 **JANUARY 1, 2023: EIGHT AND ONE-HALF PERCENT (8.5%),**
5
6 **JANUARY 1, 2024: SEVEN AND ONE-HALF PERCENT (7.5%).**
7

8 **SEC. [185]181. *Stamp Tax on Fidelity Bonds and Other Insurance***
9 ***Policies.*** – On all policies of insurance or bonds or obligations of the
10 nature of indemnity for loss, damage or liability made or renewed by
11 any person, association, company or corporation transacting the
12 business of accident, fidelity, employer’s liability, plate, glass, steam
13 boiler, burglar, elevator, automatic sprinkler, or other branch of
14 insurance (except life, marine, inland, and fire insurance), and all
15 bonds, undertakings, or recognizances, conditioned for the
16 performance of the duties of any office or position, for the doing or not
17 doing of anything therein specified, and on all obligations guaranteeing
18 the validity or legality of any bond or other obligations issued by any
19 province, city, municipality, or other public body or organization, and
20 on all obligations guaranteeing the title to any real estate, or
21 guaranteeing any mercantile credits, which may be made or renewed
22 by any such person, company or corporation, there shall be collected a
23 documentary stamp tax **OF TWELVE AND ONE-HALF PERCENT**
24 **(12.5%)** [Fifty centavos (P0.50) on each Four pesos (P4.00), or fractional
25 part thereof,] of the premium charged: **PROVIDED, FURTHER, THAT**
26 **SUCH RATE SHALL BE REDUCED ACCORDING TO THE**
27 **FOLLOWING SCHEDULE:**
28

29 **JANUARY 1, 2020: ELEVEN AND ONE-HALF PERCENT (11.5%),**
30
31 **JANUARY 1, 2021: TEN AND ONE-HALF PERCENT (10.5%),**
32
33 **JANUARY 1, 2022: NINE AND ONE-HALF PERCENT (9.5%),**
34
35 **JANUARY 1, 2023: EIGHT AND ONE-HALF PERCENT (8.5%),**
36
37 **JANUARY 1, 2024: SEVEN AND ONE-HALF PERCENT (7.5%).**
38

39 **SEC. [186]182. *Stamp Tax on Policies of Annuities and Pre-Need***
40 ***Plans.*** – On all policies of annuities, or other instruments by whatever
41 name the same may be called, whereby an annuity may be made,
42 transferred or redeemed, there shall be collected a documentary stamp
43 tax **OF ONE-HALF OF ONE PERCENT (0.5%)** [One peso (P1.00) on
44 each Two hundred pesos (P200), or fractional part thereof,] of the
45 premium or installment payment on contract price, **OR**
46 **CONTRIBUTION** [collected] **CHARGED.** On pre-need plans, **OR**
47 **OTHER INSTRUMENTS BY WHATEVER NAME THE SAME MAY BE**
48 **CALLED, WHEREBY AN ANNUITY MAY BE MADE, TRANSFERRED**
49 **OR REDEEMED, THERE SHALL BE COLLECTED A DOCUMENTARY**

1 **STAMP TAX OF TWENTY PERCENT OF ONE PERCENT (0.2%) OF**
2 **THE PREMIUM OR INSTALLMENT PAYMENT ON CONTRACT**
3 **PRICE, OR CONTRIBUTION CHARGED.** [Forty centavos (P0.40) on
4 each Two hundred pesos (P200), or fractional part thereof, of the
5 premium or contribution collected.]
6

7 **SEC. [187]183. Stamp Tax on Indemnity Bonds.** – On all bonds for
8 indemnifying any person, firm or corporation who shall become bound
9 or engaged as surety for the payment of any sum of money or for the
10 due execution or performance of the duties of any office or position or
11 to account for money received by virtue thereof, and on all other bonds
12 of any description, except such as may be required in legal proceedings,
13 or are otherwise provided for herein, there shall be collected a
14 documentary stamp tax of [Thirty centavos (P0.30) on each Four pesos
15 (P4.00), or fractional part thereof,] **SEVEN AND ONE-HALF PERCENT**
16 **(7.5%) OF THE PREMIUM CHARGED.**
17

18 **SEC. [188]184. Stamp Tax on Certificates.** – On each certificate of
19 damage or otherwise, and on every other certificate or document issued
20 by any customs officer, marine surveyor, or other person acting as
21 such, and on each certificate issued by a notary public, and on each
22 certificate of any description required by law or by rules or regulations
23 of a public office, or which is issued for the purpose of giving
24 information, or establishing proof of a fact, and not otherwise specified
25 herein, there shall be collected a documentary stamp tax of [Thirty]
26 **FORTY** pesos (P[3]40.00).
27

28 **SEC. [189]185. Stamp Tax on Warehouse Receipts.** – xxx
29

30 **SEC. [190]186. Stamp Tax on Jai-alai, Horse Race Tickets, Lotto**
31 **or Other Authorized Numbers Games.** – xxx
32

33 **SEC. [191]187. Stamp Tax on Bills of Lading or Receipts.** – xxx
34

35 **[SEC. 192. Stamp Tax on Proxies.** –On each proxy for voting at any
36 election of officers of any company or association, or for any other
37 purpose, except proxies issued affecting the affairs of associations or
38 corporations organized for religious, charitable or literary purposes,
39 there shall be collected a documentary stamp tax of Thirty Pesos
40 (P30.00).]
41

42 **[SEC. 193. Stamp Tax on Powers of Attorney.** – On each power of
43 attorney to perform any act whatsoever, except acts connected with the
44 collection of claims due from or accruing to the Government of the
45 Republic of the Philippines, or the government of any province, city or
46 municipality, there shall be collected a documentary stamp tax of Ten
47 pesos (P10.00).]
48

1 **SEC. [194]188. Stamp Tax on Leases and Other Hiring**
2 **Agreements. – xxx**

3
4 **SEC. [195]189. Stamp Tax on Mortgages, Pledges and Deeds of**
5 **Trust. –** On every mortgage or pledge of lands, estate, or property, real
6 or personal, heritable or movable, whatsoever, where the same shall be
7 made as a security for the payment of any definite and certain sum of
8 money lent at the time or previously due and owing or forborne to be
9 paid, being payable, and on any conveyance of land, estate, or property
10 whatsoever, in trust or to be sold, or otherwise converted into money
11 which shall be and intended only as security, either by express
12 stipulation or otherwise, there shall be collected a documentary stamp
13 tax **OF THIRTY PERCENT OF ONE PERCENT (0.3%) OF THE**
14 **AMOUNT SECURED.** [at the following rates:]

15
16 [(a) When the amount secured does not exceed Five thousand pesos
17 (P5,000), Forty pesos (P40.00).]

18
19 [(b) On each Five thousand pesos (P5,000), or fractional part thereof
20 in excess of Five thousand pesos (P5,000), an additional tax of Twenty
21 pesos (P20.00).]

22
23 xxx xxx xxx

24
25 **SEC. [196]190. Stamp Tax on Deeds of Sale, Conveyances and**
26 **Donation of Real Property. – xxx**

27
28 **SEC. [197]191. Stamp Tax on Charter Parties and Similar**
29 **Instruments. – xxx**

30
31 **SEC. [198]192. Stamp Tax on [Assignments and] Renewals of**
32 **Certain Instruments. –** Upon each and every [assignment or transfer
33 of any mortgage, lease or policy of insurance, or the] renewal or
34 continuance of any agreement, contract, charter, or any evidence of
35 obligation or indebtedness by **THE EXTENSION OF THE TERM OR**
36 **MATURITY BY** [altering or otherwise,] **ALTERATION OF SUCH**
37 **AGREEMENT, CONTRACT OR CHARTER,** there shall be levied,
38 collected and paid a documentary stamp tax, at the same rate as that
39 imposed on the original instrument.

40
41 **SEC. [199]193. Documents and Papers Not Subject to Stamp Tax.**
42 – The provisions of Section 173 to the contrary notwithstanding, the
43 following instruments, documents and papers shall be exempt from the
44 documentary stamp tax:

45
46 (a) Policies of insurance or annuities made or granted by a fraternal or
47 beneficiary society, order, association or cooperative company, operated
48 on the lodge system or local cooperation plan and organized and

1 conducted solely by the members thereof for the exclusive benefit of
2 each member and not for profit.

3
4 xxx xxx xxx

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

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

17
18 **SEC. 28. *Prospectivity Clause.*** – The changes introduced under this Act
19 shall take effect on income and transactions beginning January 1, 2019. Any
20 tax exemption on interest income and gains granted to long-term instruments
21 and securities prior to the effectivity of this Act shall remain exempt.

22
23 **SEC. 29. *Implementing Rules and Regulations.*** – The Department of
24 Finance, in consultation with the Securities and Exchange Commission,
25 Bangko Sentral ng Pilipinas, Insurance Commission, the Bureau of the
26 Treasury, and the Bureau of Internal Revenue, shall issue the implementing
27 rules and regulations for the effective implementation of this Act.

28
29 **SEC. 30. *Separability Clause.*** – If, for any reason any article or provision of
30 this Act, or any portion thereof, or application of such article, provision, or
31 portion thereof to any person, group, or circumstance is declared invalid or
32 unconstitutional, the remainder of this Act shall not be affected by such
33 decision or declaration.

34
35 **SEC. 31. *Repealing Clause.*** – The following laws or provisions of laws are
36 hereby repealed or modified accordingly and the persons and/or transactions
37 affected herein are hereby made subject to applicable taxes on interest
38 income, dividends, and capital gains, gross receipts tax, premium tax, and
39 documentary stamp tax under the National Internal Revenue Code of 1997,
40 as amended:

41
42 (a) Section 9, insofar as the tax exemption on the issuance of bonds
43 and securities is concerned, of Presidential Decree 1648, known as
44 “Reorganizing The National Development Company and Establishing A
45 Revised Charter Therefor”;

46
47 (b) Sections 6, 7, and 8, insofar as tax exemption on interest income,
48 capital gains, and documentary stamp tax is concerned, of Executive
49 Order 603, entitled “Creating A Light Rail Transit Authority, Vesting The

1 Same With Authority to Construct and Operate The Light Rail Transit
2 (LRT) Project and Providing Funds Therefor”;

3
4 (c) Section 14, insofar as tax exemption on interest income, capital
5 gains, and documentary stamp tax is concerned, of Republic Act 7354,
6 entitled “An Act Creating The Philippine Postal Corporation, Defining
7 Its Powers, Functions And Responsibilities, Providing For Regulation of
8 The Industry and for Other Purposes Connected Therewith”;

9
10 (d) Section 12, insofar as tax exemption on interest income, capital
11 gains, and documentary stamp tax is concerned, of Republic Act 4850,
12 entitled “An Act Creating The Laguna Lake Development Authority,
13 Prescribing its Powers, Functions and Duties, Providing Funds
14 Therefor, and for Other Purposes”;

15
16 (e) Number 8, insofar as tax exemption on interest income, capital
17 gains, and documentary stamp tax is concerned, of Presidential Decree
18 37, entitled “Creating The Nayong Pilipino Foundation”

19
20 (f) Section 12, insofar as tax exemption on interest income, capital
21 gains, and documentary stamp tax is concerned, of Presidential Decree
22 205, entitled “Creating and Establishing The Development Academy of
23 The Philippines, Defining Its Powers, Functions, and Responsibilities,
24 and for Other Purposes”;

25
26 (g) Article 202, insofar as tax exemption on interest income, capital
27 gains, documentary stamp tax, and premium tax is concerned, of
28 Presidential Decree 442 as amended by Presidential Decree 626,
29 entitled “Labor Code Of The Philippines”;

30
31 (h) Section 10, insofar as tax exemption on interest income, capital
32 gains, and documentary stamp tax of subsidiaries of Philippine
33 Aerospace Development Corporation is concerned, of Presidential
34 Decree 696, entitled “Revising Presidential Decree No. 286, dated
35 September 5, 1973, as amended, otherwise known as The Charter of
36 The Philippine Aerospace Development Corporation and for Other
37 Purposes”;

38
39 (i) Section 2(g), insofar as tax exemption on interest income is
40 concerned, of Republic Act 85, as amended by Republic Act 2081,
41 entitled “An Act Creating The Rehabilitation Finance Corporation”;

42
43 (j) Sections 76, 77 and 98, insofar as tax exemption on interest
44 income, dividends, capital gains, and documentary stamp tax on bonds
45 is concerned, of Republic Act 3844 or The Agricultural Land Reform
46 Code;

47
48 (k) Section 37, insofar as tax exemption on interest income, capital
49 gains, gross receipts tax, and documentary stamp tax is concerned, of

1 Republic Act 6848 or The Charter of The Al-Amanah Islamic
2 Investment Bank of the Philippines;

3
4 (l) Sections 10, insofar as tax exemption on interest income is
5 concerned, of Republic Act 3591, as amended by Republic Act 9576 or
6 An Act Increasing The Maximum Deposit Insurance Coverage, and in
7 Connection Therewith, To Strengthen The Regulatory And
8 Administrative Authority, And Financial Capability of The Philippine
9 Deposit Insurance Corporation (Pdic), Amending for this Purpose
10 Republic Act Numbered Three Thousand Five Hundred Ninety-One, as
11 amended, otherwise known as The PDIC Charter, and for Other
12 Purposes;

13
14 (m) Section 12, insofar as tax exemption on interest income, capital
15 gains, and documentary stamp tax is concerned, of Executive Order
16 1037, entitled "An Act Creating The Philippine Retirement Park System,
17 Providing Funds Therefor and for Other Purposes";

18
19 (n) Section 19, insofar as tax exemption on interest income and
20 documentary stamp tax is concerned, of Republic Act 8763 or Home
21 Guaranty Corporation Act of 2000;

22
23 (o) Section 19, insofar as tax exemption on documentary stamp tax
24 is concerned, of Republic Act 7279 or The Urban Development and
25 Housing Act Of 1992;

26
27 (p) Section 8(a), insofar as tax exemption on interest income, capital
28 gains, and documentary stamp tax of bonds is concerned, as provided
29 under Section 1 of Republic Act 6395 or An Act Revising The Charter of
30 The National Power Corporation;

31
32 (q) Section 15, insofar as tax exemption on interest income, capital
33 gains, and documentary stamp tax is concerned, of PD 334, entitled
34 "Creating The Philippine National Oil Company, Defining its Powers and
35 Functions, Providing Funds Therefore, and for Other Purposes";

36
37 (r) Section 16, insofar as tax exemption on interest income, capital
38 gains, and documentary stamp tax is concerned, of Presidential Decree
39 1467, entitled "An Act Creating The Philippine Crop Insurance
40 Corporation, Prescribing Its Powers And Activities, Providing For Its
41 Capitalization and for The Required Government Premium Subsidy, and
42 for Other Purposes";

43
44 (s) Section 3, insofar as tax exemption on interest income, capital
45 gains, and documentary stamp tax of bonds is concerned, of Republic
46 Act 3601, entitled "An Act Granting The National Irrigation
47 Administration";

48

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

6
7 (u) Section 5 (e), insofar as tax exemption on interest income, capital
8 gains, and documentary stamp tax on bonds is concerned, of Republic
9 Act 6260, entitled "An Act Instituting A Coconut Investment Fund and
10 Creating A Coconut Investment Company for the Administration
11 Thereof";

12
13 (v) Section 9, insofar as tax exemption on interest income, capital
14 gains, and documentary stamp tax on bonds is concerned, of Republic
15 Act 10744 Or Credit Surety Fund Act Of 2014;

16
17 (w) Section 20, insofar as tax on interest income, capital gains and
18 documentary stamp tax is concerned, of Republic Act 10693, entitled
19 "An Act Strengthening Nongovernment Organizations (NGOs) Engaged
20 in Microfinance Operations for the Poor";

21
22 (x) Section 7, insofar as tax exemption on documentary stamp tax
23 and premium tax is concerned, of Republic Act 7111, entitled "An Act
24 Establishing The Overseas Workers' Investment Fund to Provide
25 Incentives to Overseas Workers, Reduce the Foreign Debt Burden and
26 for Other Purposes";

27
28 (y) Section 56, insofar as tax exemption on interest income, capital
29 gains, and documentary stamp tax is concerned, of Republic Act 10801,
30 entitled "An Act Governing The Operations and Administration of the
31 Overseas Workers Welfare Administration";

32
33 (z) Section 5, insofar as tax exemption on interest income is
34 concerned, of Republic Act 8367, entitled "An Act Providing for the
35 Regulation of the Organization and Operation of Non-Stock Savings and
36 Loan Associations";

37
38 (aa) Section 28, insofar as tax exemption on capital gains on shares
39 of stock and documentary stamp tax is concerned, of Republic Act 9267
40 or The Securitization Act Of 2004";

41
42 (bb) Section 17, insofar as tax exemption on interest income, capital
43 gains, gross receipts tax and documentary stamp tax is concerned, of
44 Republic Act 7906, entitled "An Act Providing for the Regulation of the
45 Organization and Operations Of Thrift Banks, and for Other Purposes";

46
47 (cc) Section 15, insofar as tax exemption on capital gains and
48 documentary stamp tax is concerned, of Republic Act 9182, as
49 amended by Republic Act 9343, entitled "An Act Granting Tax

1 Exemptions and Fee Privileges to Special Purpose Vehicles which
2 Acquire or Invest in Non-Performing Assets, Setting The Regulatory
3 Framework Therefor, and for Other Purposes”;

4
5 (dd) Sections 13 and 14, insofar as tax exemption on DST and
6 dividends is concerned, of R.A. 9856 or The Real Estate Investment Act
7 of 2009; and

8
9 (ee) Section 23, insofar as no deduction from gross income shall be
10 allowed in respect of any interest if the indebtedness is incurred to
11 finance petroleum exploration is concerned, of P.D. 87, entitled
12 Amending Presidential Decree No. 8 Issued On October 2, 1972, and
13 Promulgating an Amended Act To Promote The Discovery and
14 Production of Indigenous Petroleum and Appropriate Funds Therefor.

15
16 **SEC. 32. Effectivity Clause.** - This Act shall take effect on January 1, 2019,
17 or fifteen (15) days after its complete publication in the Official Gazette or in
18 at least two (2) newspaper of general circulation, whichever comes earlier.

19
20 Approved,