

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



23 FEB -7 A11 :00

RECEIVED BY: _____

SENATE
Senate Bill No. 1848

Introduced by: **Senator Raffy T. Tulfo**

AN ACT
AMENDING SECTIONS 6, 22, 24, 25, 27, 28, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 109, 112, 121, 122, 123, 127, 149, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 190, 195, 198, 199, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275; INSERTING NEW SECTION 270-A; AND REPEALING SECTIONS 175, 177, 178, 180, 188, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED"

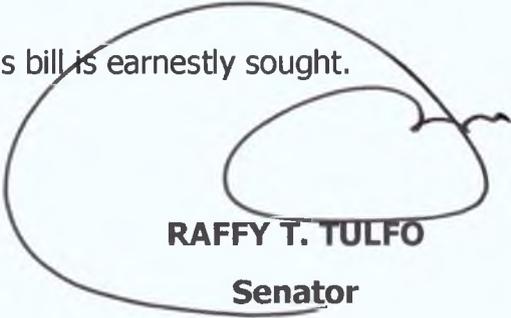
EXPLANATORY NOTE

The Comprehensive Tax Reform Program (CTRP) was established to effectively hasten alleviation of poverty and achieve socio-economic equality in our country. As part of the Tax reform Package, The proposed bill seeks to create the 4th tax package or the Passive Income and Financial Intermediary Taxation Act (PIFITA).

Since It is imperative that we simplify our tax system enable to achieve full economic recovery, the proposed bills seek to reduce the number of final withholding tax rates, unify tax rates on passive income, harmonize business taxes on financial

intermediaries, remove the initial public offering (IPO) tax; and Rationalize documentary stamp tax (DST).

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



RAFFY T. TULFO
Senator

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23 FEB -7 AM 11:00

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AN ACT

AMENDING SECTIONS 6, 22, 24, 25, 27, 28, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 109, 112, 121, 122, 123, 127, 149, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 190, 195, 198, 199, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275; INSERTING NEW SECTION 270-A; AND REPEALING SECTIONS 175, 177, 178, 180, 188, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED"

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

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

3

4 **SEC.2. Declaration of Policy.** – The financial sector plays a significant role in the long-
5 term growth of the national economy. A key policy consideration is to allow the capital
6 market to develop as efficiently as possible, with the least intervention. The optimal
7 taxation of capital markets, and the products and transactions that come with them,
8 is an essential element in developing the capital market. Towards this end, the State

1 recognizes the necessity of a simpler, fairer, more efficient, and more regionally
2 competitive tax system for passive income and financial intermediation to encourage
3 savings, develop, as well as deepen the capital markets.

4
5 In the same vein, the State recognizes tax administration as a driver of economic
6 growth, and the equitable taxation of similar products an essential aspect of the
7 progressivity of taxation. By making tax compliance easier and more equitable,
8 progressivity is ensured, the tax effort is improved, discretion is eliminated, and thus
9 trust in the taxation system is built and enhanced. Accordingly, the State adopts the
10 following policies:

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

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

15 3. The State shall ensure that the taxation of passive income and financial
16 transactions is equitable across all stakeholders and discourages arbitrage
17 opportunities.

18 4. The State shall promote capital market development and tax competitiveness
19 within the context of globalization, increased capital mobility, and financial
20 inclusion.

21 5. The State shall endeavor to reform tax administration to improve its efficiency
22 and effectiveness and encourage proper and easy compliance by adopting
23 international best practices in taxation, modernizing processes, and correcting
24 revenue eroding provisions in the National Internal Revenue Code of 1997, as
25 amended.

26
27 **SEC. 3.** Section 6 of the NIRC, as amended, is hereby further amended to read as
28 follows:

29
30 SEC. 6. Power of the Commissioner to Make Assessments and Prescribe
31 Additional Requirements for Tax Administration and Enforcement. –

32 (A) x x x

1 xxx xxx xxx

2 (F) Authority of the Commissioner to Inquire into **AND RECEIVE**
3 **INFORMATION ON** [Bank Deposit Accounts] **FINANCIAL ACCOUNTS** [and
4 Other Related Information] held by Financial Institutions. – Notwithstanding
5 any contrary provision of Republic Act No. 1405, **OTHERWISE KNOWN AS**
6 **THE "BANK SECRECY LAW"**, Republic Act No. 6426, otherwise known as the
7 "Foreign Currency Deposit Act," and other general or special laws, the
8 Commissioner is hereby authorized to inquire into **AND RECEIVE**
9 **INFORMATION ON FINANCIAL ACCOUNTS INCLUDING** [the] bank
10 deposits [and other related information] held by financial institutions of:

11
12 (1) x x x

13 xxx xxx xxx

14 (3) A specific taxpayer or taxpayers, **UPON AN OBLIGATION TO**
15 **EXCHANGE TAX INFORMATION WITH A FOREIGN TAX AUTHORITY,**
16 **WHETHER ON REQUEST OR AUTOMATIC,** [subject of a request for the
17 supply of tax information from a foreign tax authority] pursuant to an
18 international convention or agreement on tax matters to which the Philippines
19 is a signatory or a party of: Provided, That the information obtained from [the
20 banks and other] financial institutions may be used by the Bureau of Internal
21 Revenue for tax assessment, verification, audit and enforcement purposes.

22
23 [In case of request from a foreign tax authority for tax information held by
24 banks and financial institutions, the] **THE** exchange of information **WITH A**
25 **FOREIGN TAX AUTHORITY, WHETHER DONE AUTOMATICALLY OR ON**
26 **THE BASIS OF A REQUEST,** shall be done in a secure manner to ensure
27 confidentiality thereof under such rules and regulations [as may be]
28 promulgated by the Secretary of Finance, upon recommendation of the
29 Commissioner.

30
31 **IN CASE THE EXCHANGE OF INFORMATION IS UPON REQUEST**
32 **FROM A FOREIGN TAX AUTHORITY,** the Commissioner shall provide the

1 tax information obtained from [banks and] financial institutions pursuant to a
2 convention or agreement [upon request of such foreign tax authority when
3 such requesting foreign tax authority has provided] **AND UPON PROVISION**
4 **BY SUCH FOREIGN TAX AUTHORITY** OF the following information to
5 demonstrate the foreseeable relevance of the information to the request:

6 (a) x x x;

7 (b) x x x;

8 (c) x x x;

9 (d) x x x;

10 (e) x x x;

11 (f) x x x;

12 (g) x x x

13 The Commissioner shall forward the information as promptly as possible to the
14 requesting foreign tax authority. To ensure a prompt response, the
15 Commissioner shall confirm receipt of a request in writing to the requesting tax
16 authority and shall notify the latter of deficiencies in the request, if any, within
17 sixty (60) days from the receipt of the request.

18 "If the Commissioner is unable to obtain and provide the information
19 within ninety (90) days from the receipt of the request, due to obstacles
20 encountered in furnishing the information or when the [bank or] financial
21 institution refuses to furnish the information, [he]**THE COMMISSIONER** shall
22 immediately inform the requesting tax authority of the same, explaining the
23 nature of the obstacles encountered or the reasons of refusal.

24 **IN CASE OF AUTOMATIC EXCHANGE OF INFORMATION, EVERY**
25 **REPORTING FINANCIAL INSTITUTION SHALL IDENTIFY**
26 **REPORTABLE FINANCIAL ACCOUNTS, ESTABLISH, MAINTAIN AND**
27 **DOCUMENT THE PROCEDURES IT UTILIZED TO IDENTIFY THE SAME,**
28 **KEEP RECORDS OF THE STEPS UNDERTAKEN AND ANY EVIDENCE**
29 **RELIED UPON FOR THE PERFORMANCE OF THE DUE DILIGENCE**
30 **PROCEDURES, PURSUANT TO THE RULES AND REGULATIONS**
31 **PROMULGATED BY THE SECRETARY OF FINANCE, UPON**
32 **RECOMMENDATION OF THE COMMISSIONER, AND IN LINE WITH THE**

1 "COMMON REPORTING STANDARD" AND ITS COMMENTARY
2 PUBLISHED BY THE ORGANISATION FOR ECONOMIC CO-OPERATION
3 AND DEVELOPMENT ON 15 JULY 2014, AS AMENDED.

4 ALL RECORDS REQUIRED UNDER THIS SECTION OR ITS RULES AND
5 REGULATIONS SHALL BE RETAINED AND SAFELY STORED BY
6 REPORTING FINANCIAL INSTITUTIONS FOR TEN (10) YEARS FROM
7 THE END OF THE YEAR FOLLOWING THE CALENDAR YEAR TO WHICH
8 THE RECORDS RELATE.

9 FOR THIS PURPOSE, AUTOMATIC EXCHANGE OF INFORMATION
10 SHALL REFER TO THE SYSTEMATIC AND PERIODIC TRANSMISSION
11 OF INFORMATION CONCERNING VARIOUS CATEGORIES OF INCOME
12 OF NONRESIDENT TAXPAYERS TO THEIR COUNTRY OF RESIDENCE.

13 The term 'foreign tax authority', as used herein, shall refer to the [tax]
14 COMPETENT authority [or tax administration] of the requesting State under
15 the tax treaty or convention to which the Philippines is a signatory or a party
16 of.

17 (4) ANY TAXPAYER UPON ORDER OF ANY COMPETENT COURT IN
18 CASES INVOLVING OFFENSES COVERED UNDER SECTION 254 OF
19 THIS ACT, AS AMENDED, SUBJECT TO RULES AND REGULATIONS
20 PRESCRIBED BY THE SECRETARY OF FINANCE UPON
21 RECOMMENDATION OF THE COMMISSIONER OF INTERNAL
22 REVENUE.

23 "xxx xxx xxx"
24

25 **SEC. 4.** Section 22 of the National Internal Revenue Code of 1997, as amended, is
26 hereby amended to read as follows:

27
28 SEC. 22. Definitions - When used in this Title:

29 (A) x x x

30 xxx xxx xxx

31 (E) The term 'non-resident citizen' means:

32 (1) x x x

1 xxx xxx xxx

2 (3) A citizen of the Philippines who works and derives income from abroad and
3 whose employment thereat requires [him to be] **BEING** physically present
4 abroad [most of the time] **FOR ONE HUNDRED EIGHTY-THREE (183)**
5 **DAYS OR MORE** during the taxable year.

6
7 (4) A citizen who has been previously considered as A nonresident citizen and
8 who arrives in the Philippines at any time during the taxable year to reside
9 permanently in the Philippines shall likewise be treated as a nonresident citizen
10 for [the taxable] **SUCH** year [in which he arrives] **OF ARRIVAL** in the
11 Philippines with respect to [his] income derived from sources abroad [until the
12 date of his arrival in the Philippines].

13
14 (5) **A** [The] taxpayer shall submit proof to the Commissioner to show [his]
15 **THE** intention of leaving the Philippines to reside permanently abroad or to
16 return to and reside in the Philippines, as the case may be for purposes of this
17 Section.

18
19 xxxxxx

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

30 (M) The term 'shareholder' shall [include] **REFER TO** holders of a share/s of
31 stock, warrant/s and/or option/s [to purchase shares of stock of a corporation],
32 **WHETHER TO BUY OR SELL SECURITIES AND FUTURES CONTRACTS,**

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

8
9
10 xxx xxx xxx

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

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

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

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

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

1 (5) PROPRIETARY OR NON-PROPRIETARY MEMBERSHIP
2 CERTIFICATES IN CORPORATIONS; AND

3 (6) OTHER INSTRUMENTS AS MAY BE DETERMINED BY THE
4 SECURITIES AND EXCHANGE COMMISSION.

5 Xxx xxx xxx

6 (V) The term [‘bank’] **“BANKS”** [means every banking institution, as defined
7 in Section 2 Republic Act No. 337, as amended, otherwise known as the
8 “General Banking Act.” A bank may either be, a commercial bank, a thrift bank,
9 a development bank, a rural bank or specialized government bank] **SHALL**
10 **REFER TO ENTITIES ENGAGED IN THE LENDING OF FUNDS OBTAINED**
11 **IN THE FORM OF DEPOSITS AS DEFINED AND CLASSIFIED IN**
12 **SECTION 3 OF REPUBLIC ACT NO. 8791, OTHERWISE KNOWN AS THE**
13 **“GENERAL BANKING LAW OF 2000.”**

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

31 (X) THE TERM ‘QUASI-BANK’ SHALL REFER TO A NON-BANK
32 FINANCIAL INSTITUTION AUTHORIZED BY THE BANGKO SENTRAL

1 **NG PILIPINAS TO ENGAGE IN QUASI-BANKING FUNCTIONS AND TO**
2 **BORROW FUNDS FROM MORE THAN NINETEEN (19) LENDERS**
3 **THROUGH THE ISSUANCE, ENDORSEMENT OR ASSIGNMENT WITH**
4 **RECOURSE OR ACCEPTANCE OF DEPOSIT SUBSTITUTES FOR**
5 **PURPOSES OF RELENDING OR PURCHASING OF RECEIVABLES**
6 **AND OTHER OBLIGATIONS.**

7 [(X)] **(Y)** The term 'quasi-banking activities' [means] **SHALL REFER TO**
8 borrowing OF funds from twenty (20) or more [personal] **INDIVIDUALS** or
9 corporate lenders at any [one time] **GIVEN TIME** through the issuance,
10 endorsement, or acceptance of debt instruments of any kind other than
11 deposits for the borrower's own account, or through the issuance of certificates
12 of assignment or similar instruments, with recourse, or of repurchase
13 agreements for purposes of relending or purchasing receivables and other
14 similar obligations: Provided, however, That commercial, industrial, and other
15 non-financial companies[,] which borrow funds through any of these means for
16 the limited purpose of financing their own needs or the needs of their agents
17 or dealers, shall not be considered as **ENTITIES** performing quasi-banking
18 functions.

19 [(Y)] **(Z)** The term 'deposit substitutes' shall [mean] **REFER TO** an alternative
20 form of obtaining funds from the public [(the term 'public' means borrowing
21 from twenty (20) or more individual or corporate lenders at any one time)]
22 other than deposits, through the issuance, endorsement, or acceptance of debt
23 instruments for the borrowers own account, for the purpose of relending or
24 purchasing of receivables and other obligations[, or financing their own needs
25 or the needs of their agent or dealer.]: **PROVIDED, THAT THE TERM**
26 **"PUBLIC" SHALL MEAN TWENTY (20) OR MORE INDIVIDUAL OR**
27 **COPROPRATE LENDERS AT ANY ONE TIME.** These instruments may include,
28 but need not be limited to bankers' acceptances, promissory notes, repurchase
29 agreements, [including] **EXCLUDING** reverse repurchase agreements entered
30 into by and between the Bangko Sentral ng Pilipinas (BSP) and any authorized
31 agent bank, certificates of assignment or participation and similar instruments
32 with recourse[.]; **PROVIDED FURTHER, THAT DEBT INSTRUMENTS**

1 ISSUED BY THE GOVERNMENT AND ANY OF ITS AGENCIES AND
2 INSTRUMENTALITIES INCLUDING GOVERNMENT FINANCIAL
3 INSTITUTIONS, SHALL BE DEEMED ISSUED TO THE PUBLIC AND
4 CONSIDERED DEPOSIT SUBSTITUTES: PROVIDED, FURTHERMORE,
5 THAT IF THE INTENTION IS FOR THE DEBT INSTRUMENTS TO BE
6 HELD BY MORE THAN NINETEEN (19) HOLDERS DURING THE TERM
7 OF THE DEBT INSTRUMENT OR IF THE TENOR AND DENOMINATION
8 ARE SUCH THAT THEY CAN BE HELD BY MORE THAN NINETEEN (19)
9 LENDERS, THEN THE INSTRUMENT SHALL BE CONSIDERED DEPOSIT
10 **SUBSTITUTES:** Provided however, That debt instruments issued for interbank
11 call loans with maturity of not more than five (5) days to cover deficiency in
12 reserves against deposit liabilities, including those between or among banks
13 and quasi-banks, shall not be considered as deposit substitute debt
14 instruments.

15
16 [(Z)] **(AA)** The term 'ordinary income' xxx xxx xxx

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

18 [(BB)] **(CC)** The term 'mutual fund company' xxx xxx xxx

19
20 [(CC)] **(DD)** The term 'trade, business or profession' xxx xxx xxx

21 [(DD)] **(EE)** The term 'regional or area headquarters' xxx xxx xxx

22 [(EE)] **(FF)** The term 'regional operating headquarters' xxx xxx xxx

23 [(FF)] **(GG)** The term 'long-term deposit or investment certificate' xxx xxx xxx

24
25 [(GG)] **(HH)** The term 'statutory minimum wage' xxx xxx xxx

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

27 [(II)] **(JJ)** The term 'offshore gaming licensee' xxx xxx xxx

28 [(JJ)] **(KK)** The term 'offshore gaming licensee-gaming agent' xxx xxx

29
30 **(LL) THE TERM 'COLLECTIVE INVESTMENT SCHEMES' OR 'CIS' SHALL**
31 **REFER TO ANY ARRANGEMENT WHEREBY FUNDS ARE SOLICITED**
32 **FROM THE INVESTING PUBLIC AND POOLED TOGETHER FOR THE**

1 PURPOSE OF INVESTING, RE-INVESTING, OR TRADING IN
2 SECURITIES OR OTHER ASSETS OR DIFFERENT CLASSES THEREOF AS
3 ALLOWED UNDER THE LAW, WHICH MAY EITHER HAVE A
4 CORPORATE STRUCTURE, SUCH AS AN INVESTMENT COMPANY, OR A
5 CONTRACTUAL STRUCTURE, SUCH AS A UNIT INVESTMENT TRUST
6 FUND OR SIMILAR SCHEME HELD BY A TRUST CORPORATION OR A
7 SEPARATE ACCOUNT FUND ESTABLISHED PURSUANT TO A VARIABLE
8 UNIT LINKED LIFE INSURANCE POLICY ISSUED BY AN INSURANCE
9 COMPANY, AND SUCH OTHER FORMS OF COLLECTIVE INVESTMENT
10 SCHEMES AS MAY BE DETERMINED BY THE BUREAU OF INTERNAL
11 REVENUE IN CONSULTATION WITH APPROPRIATE GOVERNMENT
12 REGULATORY AGENCIES SUCH AS THE BANGKO SENTRAL NG
13 PILIPINAS, THE SECURITIES AND EXCHANGE COMMISSION AND THE
14 INSURANCE COMMISSION. A CIS MAY EITHER BE OPEN-ENDED OR
15 CLOSED-ENDED, DEFINED AS FOLLOWS:

16
17 'OPEN-ENDED CIS' SHALL REFER TO A CIS WHERE SECURITIES ARE
18 OFFERED AND ARE ALWAYS REDEEMABLE BY THE CIS; AND

19
20 'CLOSED-ENDED CIS' SHALL REFER TO A CIS WHERE A FIXED
21 NUMBER OF SECURITIES ARE OFFERED IN AN INITIAL PUBLIC
22 OFFERING AND THEREAFTER MAY BE TRADED IN AN ORGANIZED
23 MARKET PLACE AS DETERMINED BY THE SECURITIES AND
24 EXCHANGE COMMISSION, BUT MAY NOT BE REDEEMED BY THE CIS.
25 A CLOSED-ENDED CIS SHALL NOT BE ALLOWED TO INCREASE ITS
26 NUMBER OF SECURITIES.

27
28 (MM) THE TERM 'ORGANIZED MARKETPLACE' SHALL REFER TO AN
29 EXCHANGE, AN OVER-THE-COUNTER MARKET, OR AN ALTERNATIVE
30 TRADING SYSTEM RECOGNIZED AS SUCH BY THE SECURITIES AND
31 EXCHANGE COMMISSION AS AN EXCHANGE UNDER REPUBLIC ACT
32 NO. 8799, OTHERWISE KNOWN AS THE "SECURITIES REGULATION

1 CODE", AS AMENDED, AND GOVERNED BY, AMONG OTHERS,
2 TRANSPARENT AND BINDING RULES AND MARKET CONVENTIONS
3 ON MEMBERSHIP, TRADING, PRICE TRANSPARENCY, TRADE
4 REPORTING, MARKET MONITORING AND ORDERLY CONDUCT OF
5 THE MARKET WHICH ARE ENFORCEABLE ON THE MEMBERS AND
6 PARTICIPANTS.

7
8 (NN) THE TERM 'HEALTH INSURANCE PRODUCTS' SHALL REFER TO
9 THOSE THAT ARE BEING OFFERED AND SOLD BY INSURANCE
10 COMPANIES, EITHER LIFE OR NON-LIFE, WHEREIN THERE IS A LIST
11 OF COVERED ILLNESSES OF WHICH THE COMPANIES ASSUME RISKS
12 AND INDEMNIFY LOSSES BROUGHT BY THE SAID COVERED
13 ILLNESSES.

14 (OO) THE TERM 'HEALTH MAINTENANCE ORGANIZATION PRODUCTS'
15 SHALL REFER TO PRE-AGREED OR DESIGNATED HEALTH CARE
16 SERVICES TO THE ENROLLED MEMBERS FOR A FIXED PRE-PAID FEE
17 FOR A SPECIFIED PERIOD OF TIME THROUGH THE USE OF SELECTED
18 NETWORK OF HEALTH CARE PROVIDERS. HEALTH MAINTENANCE
19 ORGANIZATION (HMO) PRODUCTS PROVIDE A WIDE ARRAY OF
20 MEDICAL, SURGICAL AND HOSPITAL SERVICES THAT INCLUDE
21 PREVENTIVE CARE AND WELLNESS PROGRAMS AND GENERALLY
22 HAVE NO CASH-OUT TRANSACTIONS."

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

26
27 "SEC. 24. Income Tax Rates. –

28
29 (A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of
30 the Philippines. –

31 xxx xxx xxx

32 (B) [Rate] **RATES** of Tax on Certain Passive Income: –

1 (1) Interests[, Royalties, Prizes, and Other Winnings.] – A final tax [at the rate
2 of twenty percent (20%)] is hereby imposed upon the amount of interest [from
3 any currency bank deposit, and yield or any other monetary benefit from
4 deposit substitutes, and from trust funds and similar arrangements; royalties,
5 except on books, as well as other literary works and musical compositions,
6 which shall be imposed a final tax of ten percent (10%); prizes (except prizes
7 amounting to Ten thousand pesos (P10,000) or less which shall be subject to
8 tax under Subsection (A) of Section 24; and other winnings (except winnings
9 amounting to Ten Thousand pesos (P10,000) or less from Philippine Charity
10 Sweepstakes and Lotto which shall be exempt), derived from sources within
11 the Philippines:] **YIELD, OR ANY OTHER MONETARY BENEFIT EARNED
12 OR RECEIVED FROM ANY CURRENCY BANK DEPOSIT, DEPOSIT
13 SUBSTITUTE, TRUST FUND, AND SIMILAR ARRANGEMENTS.**

14
15 [Provided, however, That interest income received by an individual taxpayer
16 (except a non-resident individual) from a depository bank under the expanded
17 foreign currency deposit system shall be subject to a final income tax at the
18 rate of fifteen percent (15%) of such interest income: Provided, further, That
19 interest income from long-term deposit or investment in the form of savings,
20 common or individual trust funds, deposit substitutes, investment management
21 accounts and other investments evidenced by certificates in such form
22 prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the
23 tax imposed under this Subsection: Provided, finally, That should the holder of
24 the certificate pre-terminate the deposit or investment before the fifth (5th)
25 year, a final tax shall be imposed on the entire income and shall be deducted
26 and withheld by the depository bank from the proceeds of the long-term deposit
27 or investment certificate based on the remaining maturity thereof:]

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

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

30 [Less than three (3) years – 20%.]

31 (2) Cash and/or Property Dividends. – A final tax at the rate of [ten percent
32 (10%)] **FIFTEEN PERCENT (15%)** shall be imposed upon the cash and/or

1 property dividends actually or constructively received by an individual from a
2 domestic corporation or from a joint stock company, insurance or mutual fund
3 companies, **AND ENTITIES ENGAGED IN COLLECTIVE INVESTMENT**
4 **SCHEMES**, [and regional operating headquarters of multinational companies],
5 or on the share of an individual in the distributable net income after tax of a
6 partnership, [(]except a general professional partnership[)] of which [he] **THE**
7 **INDIVIDUAL** is a partner, or on the share of an individual in the net income
8 after tax of an association, a joint account, or a joint venture or consortium
9 taxable as a corporation of which [he] **THE INDIVIDUAL** is a member or co-
10 venturer: **PROVIDED, HOWEVER, THAT THE APPLICABLE TAX RATE ON**
11 **DIVIDENDS SHALL APPLY ONLY ON INCOME EARNED ON OR AFTER**
12 **JANUARY 1, 2023. INCOME FORMING PART OF RETAINED EARNINGS**
13 **AS OF DECEMBER 31, 2022, EVEN IF DECLARED OR DISTRIBUTED ON**
14 **OR AFTER JANUARY 1, 2023, SHALL BE SUBJECT TO TEN PERCENT**
15 **(10%) TAX.**

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

25
26 [(D)](4) Capital Gains from Sale of Real Property. –
27 [(1)] (a) In General. – [The provisions of Section 39(B) notwithstanding, a] **A**
28 final tax of six percent (6%) based on the gross selling price or current fair
29 market value as determined in accordance with Section 6(E) of this Code,
30 whichever is higher, is hereby imposed upon capital gains presumed to have
31 been realized from the sale, exchange, or other disposition of real property
32 located in the Philippines, classified as capital assets, including pacto de retro

1 sales and other forms of conditional sales, by individuals, including estates and
2 trusts: Provided, That the tax liability, if any, on gains from sales or other
3 dispositions of real property to the government or any of its political
4 subdivisions or agencies or to government-owned or controlled corporations
5 shall be determined either under Section 24(A) or under this Subsection, at the
6 option of the taxpayer.

7 [(2)] (b) Exception. – xxx xxx xxx

8 **(5) ROYALTIES, PRIZES, AND OTHER WINNINGS. - A FINAL TAX IS**
9 **HEREBY IMPOSED ON ROYALTIES EARNED AS PASSIVE INCOME,**
10 **PRIZES, AND OTHER WINNINGS, ACCORDING TO THE FOLLOWING**
11 **SCHEDULE:**

EFFECTIVITY	TAX RATE ON ROYALTIES, PRIZES, AND OTHER WINNINGS
JANUARY 1, 2023	NINETEEN PERCENT (19%)
JANUARY 1, 2024	EIGHTEEN PERCENT (18%)
JANUARY 1, 2025	SEVENTEEN PERCENT (17%)
JANUARY 1, 2026	SIXTEEN PERCENT (16%)
JANUARY 1, 2027	FIFTEEN PERCENT (15%)

13
14 **PROVIDED, THAT ROYALTIES FROM BOOKS, AS WELL AS OTHER LITERARY**
15 **WORKS AND MUSICAL COMPOSITIONS, SHALL BE SUBJECT TO A FINAL TAX**
16 **OF TEN PERCENT (10%) OF SUCH ROYALTIES: PROVIDED FURTHER, THAT**
17 **PRIZES AMOUNTING TO TEN THOUSAND PESOS (P10,000) OR LESS SHALL**
18 **BE SUBJECT TO TAX UNDER SECTION 24(A): PROVIDED FURTHERMORE,**
19 **THAT PHILIPPINE CHARITY SWEEPSTAKES AND LOTTO WINNINGS NOT**
20 **EXCEEDING TEN THOUSAND PESOS (P10,000) SHALL BE EXEMPT:**
21 **PROVIDED FINALLY, THAT PHILIPPINE CHARITY SWEEPSTAKES AND**
22 **LOTTO WINNINGS EXCEEDING TEN THOUSAND PESOS (P10,000) SHALL BE**
23 **SUBJECT TO A FINAL TAX OF TEN PERCENT (10%) OF SUCH WINNINGS.”**

1 **SEC. 6.** Section 25 of the National Internal Revenue Code of 1997, as amended, is
2 hereby amended to read as follows:

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“SEC. 25. Tax on Nonresident Alien Individual. –
(A) Nonresident Alien Engaged in Trade or Business Within the Philippines. [(1) In General. –]A nonresident alien individual engaged in trade or business in the Philippines shall be subject to [an] income tax **UNDER SECTION 24 OF THIS CODE**[, in the same manner as an individual citizen and a resident alien individual,] on taxable income received from all sources within the Philippines. A nonresident alien individual who shall come to the Philippines and stay therein for an aggregate period of more than [one hundred eighty (180)] **ONE HUNDRED EIGHTY-THREE (183)** days during any calendar year shall be deemed a ‘nonresident alien doing business in the Philippines’[.], Section 22(G) of this Code notwithstanding.
[(2) Cash and/or Property Dividends from a Domestic Corporation or Joint Stock Company, or Insurance or Mutual Fund Company or Regional Operating Headquarter or Multinational Company, or Share in the Distributable Net Income of a Partnership (Except a General Professional Partnership), Joint Account, Joint Venture Taxable as a Corporation or Association, Interests, Royalties, Prizes, and Other Winnings. – Cash and/or property dividends from a domestic corporation, or from a joint stock company, or from an insurance or mutual fund company or from a regional operating headquarter of multinational company, or the share of a nonresident alien individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or the share of a nonresident alien individual in the net income after tax of an association, a joint account, or a joint venture taxable as a corporation of which he is a member or a co-venturer; interests; royalties (in any form); and prizes (except prizes amounting to Ten thousand pesos (P10,000.00) or less which shall be subject to tax under Subsection (B)(1) of Section 24); and other winnings (except winnings amounting to ten thousand pesos (P10,000.00) or less from Philippine Charity Sweepstakes Office (PCSO) games which shall be exempt); shall be subject to an income tax of twenty

1 percent (20%) on the total amount thereof: Provided, however, That royalties
2 on books as well as other literary works, and royalties on musical compositions
3 shall be subject to a final tax of ten percent (10%) on the total amount thereof:
4 Provided, further, That cinematographic films and similar works shall be subject
5 to the tax provided under Section 28 of this Code: Provided, furthermore, That
6 interest income from long-term deposit or investment in the form of savings,
7 common or individual trust funds, deposit substitutes, investment management
8 accounts and other investments evidenced by certificates in such form
9 prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the
10 tax imposed under this Subsection: Provided, finally, That should the holder of
11 the certificate pre-terminate the deposit or investment before the fifth (5th)
12 year, a final tax shall be imposed on the entire income and shall be deducted
13 and withheld by the depository bank from the proceeds of the long-term deposit
14 or investment certificate based on the remaining maturity thereof:]

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

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

17 [Less than three (3) years – 20%.]

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

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

1 in any domestic corporation and] real property shall be subject to the income
2 tax prescribed under Subsection[s (C) and (D)] (B) (4) of Section 24.

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

7 "xxx xxx xxx"

8
9 **SEC. 7.** Section 27 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

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

12 (A) In General. – x x x

13 xxx xxx xxx

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

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

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

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

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

17
18 **(1) INTERESTS. – A FINAL TAX OF TWENTY PERCENT (20%) IS**
19 **HEREBY IMPOSED UPON THE AMOUNT OF INTEREST, YIELD, OR**
20 **OTHER MONETARY BENEFIT EARNED OR RECEIVED FROM ANY**
21 **CURRENCY BANK DEPOSIT, DEPOSIT SUBSTITUTE, TRUST FUND,**
22 **AND SIMILAR ARRANGEMENTS.**

23
24 [(4)](2) Intercorporate Dividends. – x x x

25
26 **(3) CAPITAL GAINS FROM THE SALE, EXCHANGE, BARTER OR**
27 **DISPOSITION OF SHARES OF STOCK NOT TRADED IN THE STOCK**
28 **EXCHANGE OR AN ORGANIZED MARKETPLACE - A FINAL TAX AT THE**
29 **RATE OF FIFTEEN PERCENT (15%) IS HEREBY IMPOSED UPON THE**
30 **NET CAPITAL GAINS REALIZED DURING THE TAXABLE YEAR FROM**
31 **THE SALE, BARTER, EXCHANGE, OR OTHER MODES OF DISPOSITION**
32 **OF SHARES OF STOCK OF A DOMESTIC CORPORATION, EXCEPT**

1 **SHARES SOLD, OR DISPOSED OF THROUGH A LOCAL STOCK**
2 **EXCHANGE OR AN ORGANIZED MARKETPLACE.**

3
4 ~~[(5)](4) Capital Gains Realized from the Sale, Exchange or Disposition of Lands~~
5 ~~and/or Buildings. – A final tax of six percent (6%) is hereby imposed on the~~
6 ~~gain presumed to have been realized on the sale, exchange or disposition of~~
7 ~~lands and/or buildings which are not actually used in the business of a~~
8 ~~corporation and are treated as capital assets, based on the gross selling price~~
9 ~~or fair market value as determined in accordance with Section 6(E) of this Code,~~
10 ~~whichever is higher, of such lands and/or buildings.~~

11 ~~[(E)](5) ROYALTIES - A FINAL TAX IS HEREBY IMPOSED ON~~
12 ~~ROYALTIES EARNED AS PASSIVE INCOME ACCORDING TO THE~~
13 ~~FOLLOWING SCHEDULE:~~

14

EFFECTIVITY	TAX RATE ON ROYALTIES
JANUARY 1, 2023	NINETEEN PERCENT (19%)
JANUARY 1, 2024	EIGHTEEN PERCENT (18%)
JANUARY 1, 2025	SEVENTEEN PERCENT (17%)
JANUARY 1, 2026	SIXTEEN PERCENT (16%)
JANUARY 1, 2027	FIFTEEN PERCENT (15%)

15
16
17 (E) Minimum Corporate Income Tax on Domestic Corporations –

18 (1) Imposition of Tax. – x x x

19 (2) Carry forward of Excess Minimum Tax. – x x x

20 (3) Relief from the Minimum Corporate Income Tax under Certain Conditions.

21 – x x x

22 (4) Gross Income Defined. – x x x

23 xxx xxx xxx

24 In the case of taxpayers engaged in the sale of service, 'gross income' means
25 gross receipts less sales returns, allowances, discounts and cost of services.

26 'Cost of services' shall mean all direct costs and expenses necessarily incurred

1 to provide the services required by the customers and clients including (A)
2 salaries and employee benefits of personnel, consultants and specialists directly
3 rendering the service and (B) cost of facilities directly utilized in providing the
4 service such as depreciation or rental of equipment used and cost of supplies:
5 Provided, however, That in the case of banks **AND OTHER FINANCIAL**
6 **INTERMEDIARIES**, 'cost of services' shall include interest expense.

7 xxx xxx xxx

8
9 **SEC. 8.** Section 28 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11
12 "SEC. 28. Rates of Income Tax on Foreign Corporations. – x x x

13
14 (A) Tax on Resident Foreign Corporations. – x x x

15 (1) In General. – x x x

16
17 xxx xxx xxx

18 **INTEREST, INTERCORPORATE DIVIDENDS, CAPITAL GAINS ON SALE,**
19 **BARTER, EXCHANGE, OR OTHER DISPOSITION OF SHARES OF STOCK**
20 **NOT TRADED IN THE STOCK EXCHANGE OR AN ORGANIZED MARKET**
21 **PLACE, AND ROYALTIES SHALL BE SUBJECT TO THE APPLICABLE**
22 **TAXES PRESCRIBED UNDER SECTION 27(D) OF THIS CODE.**

23 (2) Minimum Corporate Income Tax on Resident Foreign Corporations. – x x x

24
25 (3) International Carrier - x x x

26
27 (4) Tax on Branch Profits Remittances. – Any profit remitted by a branch to its
28 head office shall be subject to a tax of fifteen percent (15%) which shall be
29 based on the total profits applied or earmarked for remittance without any
30 deduction for the tax component thereof [(except those activities which are
31 registered with the Philippine Economic Zone Authority)]. The tax shall be
32 collected and paid in the same manner as provided in Sections 57 and 58 of

1 this Code: Provided, That interests, dividends, rents, royalties, including
2 remuneration for technical services, salaries, wages, premiums, annuities,
3 emoluments or other fixed or determinable annual, periodic or casual gains,
4 profits, income and capital gains received by a foreign corporation during each
5 taxable year from all sources within the Philippines shall not be treated as
6 branch profits unless the same are effectively connected with the conduct of
7 its trade or business in the Philippines.

8 (5) Regional or Area Headquarters and Regional Operating Headquarters of
9 Multinational Companies. – x x x

10 [(6) Tax on Certain Incomes Received by a Resident Foreign Corporation. –]

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

21 [(b) Income Derived under the Expanded Foreign Currency Deposit System. -
22 Income derived by a depository bank under the expanded foreign currency
23 deposit system from foreign currency transactions with nonresidents, offshore
24 banking units in the Philippines, local commercial banks including branches of
25 foreign banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP)
26 to transact business with foreign currency deposit system units, and other
27 depository banks under the expanded foreign currency deposit system shall be
28 exempt from all taxes, except net income from such transactions as may be
29 specified by the Secretary of Finance, upon recommendation by the Monetary
30 Board to be subject to the regular income tax payable by banks: Provided
31 however, That interest income from foreign currency loans granted by such
32 depository banks under said expanded system to residents other than offshore

1 banking units in the Philippines or other depository banks under the expanded
2 system shall be subject to a final tax at the rate of ten percent (10%).]

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

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

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

14 [(7)](6) Offshore Gaming Licensees. – x x x

15 (B) Tax on Nonresident Foreign Corporation. –

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

24 xx xxx xxx

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

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

29 **(A) INTERESTS AND CAPITAL GAINS ON SALE, BARTER, EXCHANGE,**
30 **OR OTHER FORMS OF DISPOSITION OF SHARES OF STOCK NOT**
31 **TRADED IN THE STOCK EXCHANGE OR AN ORGANIZED MARKET**
32 **PLACE, AND ON ROYALTIES SHALL BE SUBJECT TO THE APPLICABLE**

1 **TAXES UNDER SECTION 27(D) OF THIS CODE, OR TO THE**
2 **PROVISIONS OF THE APPLICABLE TAX TREATY.**

3 (b) Intercorporate Dividends. – A final withholding tax at the rate of fifteen
4 percent (15%) is hereby imposed on the amount of cash and/or property
5 dividends received from a domestic corporation, which shall be collected and
6 paid as provided in Section 57(A) of this Code, subject to the condition that the
7 country in which the nonresident foreign corporation is domiciled, shall allow a
8 credit against the tax due from the nonresident foreign corporation taxes
9 deemed to have been paid in the Philippines equivalent to fifteen percent
10 (15%), which represents the difference between the regular income tax and
11 the fifteen percent (15%) tax on dividends as provided in this subparagraph:
12 Provided, That effective July 1, 2020, the credit against the tax due shall be
13 equivalent to the difference between the regular income tax rate provided in
14 Section 28(B)(1) of this code and the fifteen percent (15%) tax on dividends;
15 [(c) Capital Gains from Sale of Shares of Stock not Traded in the Stock
16 Exchange. – A final tax at the rate of fifteen percent (15%) is hereby imposed
17 upon the net capital gains realized during the taxable year from the sale, barter,
18 exchange or other disposition of shares of stock in a domestic corporation,
19 except shares sold, or disposed of through the stock exchange.]”
20

21 **SEC. 9.** Section 32 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

23
24 SEC. 32. Gross Income. – x x x

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

27 xxx xxx xxx

28 (7) Miscellaneous Items. –

29 xxx xxx xxx

30 [(g) Gains from the Sale of Bonds, Debentures or other Certificate of
31 Indebtedness. – Gains realized from the same or exchange or retirement of

1 bonds, debentures or other certificate of indebtedness with a maturity of more
2 than five (5) years.]

3 **(G) INTEREST INCOME, AND GAINS FROM THE SALE, TRANSFER, OR**
4 **DISPOSITION OF PROJECT-SPECIFIC BONDS THAT ARE ISSUED BY**
5 **THE REPUBLIC OF THE PHILIPPINES OR ANY OF ITS**
6 **INSTRUMENTALITIES TO FINANCE CAPITAL EXPENDITURES OR**
7 **PROGRAMS COVERED BY THE PHILIPPINE DEVELOPMENT PLAN OR**
8 **ITS EQUIVALENT AND OTHER GOVERNMENT PROGRAMS**
9 **CONSIDERED TO BE OF HIGH-LEVEL PRIORITY OF THE COUNTRY, AS**
10 **DETERMINED BY THE SECRETARY OF FINANCE.**

11
12 (h) Gains from Redemption of Shares OR UNITS OF PARTICIPATION in [Mutual
13 Fund.] **COLLECTIVE INVESTMENT SCHEMES** – Gains realized by the
14 investor upon redemption of shares of stock [in a mutual fund company] OR
15 **UNITS OF PARTICIPATION IN A COLLECTIVE INVESTMENT SCHEME**
16 as defined [in] **UNDER** Section 22 [BB] **(LL)** of this Code **PROVIDED, THAT,**
17 **PRIOR SUCH REDEMPTION, FINAL TAXES ON SUCH GAINS HAVE**
18 **BEEN PREVIOUSLY WITHHELD AT THE LEVEL OF THE COLLECTIVE**
19 **INVESTMENT SCHEME.**

20 xxx xxx xxx

21
22 **SEC. 10.** Section 34 of the National Internal Revenue Code of 1997, as amended, is
23 hereby further amended to read as follows:

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

30 (A) Expenses. – x x x

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

32 (a) In General. – x x x

1 xxx xxx xxx

2 (B) Interest. –

3 (1) In General. – x x x

4
5 (2) Exceptions. – x x x

6
7 (a) If within the taxable year an individual taxpayer reporting income on the
8 cash basis incurs an indebtedness on which an interest is paid in advance
9 through discount or otherwise: Provided, That such interest shall be allowed as
10 a deduction in the year the indebtedness is paid: Provided further, That if the
11 indebtedness is payable in periodic amortizations, the amount of interest which
12 corresponds to the amount of the principal amortized or paid during the year
13 shall be allowed as deduction in such taxable year; **OR**

14 (b) If both the taxpayer and the person to whom the payment has been made
15 or is to be made are persons specified under Section 36(B)[; or].

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

17 (3) Optional Treatment of Interest Expense **RELATED TO ACQUISITION OF**
18 **ASSET.** – At the option of the taxpayer, interest **EXPENSE** incurred to acquire
19 property used in trade, business or exercise of a profession **THAT WILL**
20 **BENEFIT THE BUSINESS FOR MORE THAN ONE YEAR** may be allowed as
21 a deduction **FROM GROSS INCOME** or [treated as a capital expenditure] **BE**
22 **CAPITALIZED AND THEREAFTER AMORTIZED OR DEPRECIATED AS**
23 **PART OF THE COST OF THE ASSET.**

24 xxx xxx xxx

25 (E) Bad Debts. –

26 (1) In General. – x x x

27 (2) Securities Becoming Worthless. – If securities, as defined in Section 22(T),
28 are ascertained to be worthless and charged off within the taxable year and
29 are capital assets, the loss resulting therefrom shall, [in the case of a taxpayer
30 other than a bank or trust company incorporated under the laws of the
31 Philippines a substantial part of whose business is the receipt of deposits, for
32 the purpose of this Title,] be considered as a loss from the sale or exchange

1 **OF CAPITAL ASSETS**, on the last day of such taxable year[, of capital assets].
2 **SECURITIES HELD BY A DEALER IN SECURITIES OR AN ENTITY**
3 **LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**
4 **AGENCIES TO BUY AND SELL IN SECURITIES INCLUDING BANKS AND**
5 **OTHER FINANCIAL INTERMEDIARIES, SHALL BE CONSIDERED**
6 **ORDINARY ASSETS, AND SECURITIES HELD THAT ARE ASCERTAINED**
7 **TO BE WORTHLESS SHALL BE CONSIDERED ORDINARY LOSSES THAT**
8 **ARE ALLOWED AS DEDUCTION FROM TAXABLE INCOME.**

9 xxx xxx xxx

10 (L) Optional Standard Deduction (OSD). – In lieu of the deductions allowed
11 under the preceding Subsections, an individual subject to tax under Section 24,
12 other than a nonresident alien, [may elect a standard deduction in an amount
13 not exceeding forty percent (40%) of his gross sales or gross receipts, as the
14 case may be. In the case of a] **AND A corporation CLASSIFIED AS A MICRO,**
15 **SMALL AND MEDIUM-SIZED ENTERPRISE UNDER REPUBLIC ACT NO.**
16 **6977, AS AMENDED, OTHERWISE KNOWN AS THE “MAGNA CARTA**
17 **FOR SMALL ENTERPRISES”, AND** subject to tax under Sections 27(A) and
18 28(A)(1), [it] may elect a standard deduction in an amount not exceeding forty
19 percent (40%) of its gross income as defined in Section 32 of this Code. Unless
20 the taxpayer signifies in [his] **THE TAX** return [his] **THE** intention to elect the
21 optional standard deduction, [he] **THE TAXPAYER** shall be considered as
22 having availed [himself] of the deductions allowed in the preceding
23 Subsections. Such election when made in the return shall be irrevocable for the
24 taxable year for which the return is made: Provided, that an individual who is
25 entitled to and claimed for the optional standard deduction shall not be required
26 to submit with [his] **THE** tax return such financial statements otherwise
27 required under this Code:[Provided, further, That a general professional
28 partnership and the partners comprising such partnership may avail of the
29 optional standard deduction only once, either by the general professional
30 partnership or the partners comprising the partnership:] Provided
31 [finally,]**FURTHER**, That except when the Commissioner otherwise permits,
32 the said individual shall keep such records pertaining to [his] gross sales or

1 gross receipts, or the said corporation shall keep such records pertaining to
2 [his] THE gross income as defined in Section 32 of this Code during the taxable
3 year, as may be required by the rules and regulations promulgated by the
4 Secretary of Finance, upon recommendation of the Commissioner.

5 xxx xxx xxx

6
7 **SEC. 11.** Section 37 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9
10 "SEC. 37. Special Provisions Regarding Income and Deductions of Insurance
11 Companies, Whether Domestic or Foreign. –

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

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

30 xxx xxx xxx

31 **SEC. 12.** Section 38 of the National Internal Revenue Code of 1997, as amended, is
32 hereby amended to read as follows:

1 SEC. 38. Losses from Wash Sales of Stock or Securities. – (A) In the case of
2 any loss claimed to have been sustained from any sale or other disposition of
3 shares of stock or securities where it appears that within a period beginning
4 thirty (30) days before the date of such sale or disposition and ending thirty
5 (30) days after such date, the taxpayer has acquired (by purchase or by
6 exchange upon which the entire amount of gain or loss was recognized by law),
7 or has entered into a [contact] **CONTRACT** or option so AS to acquire,
8 substantially identical stock or securities, then no deduction for the loss shall
9 be allowed under Section 34 unless the claim is made by a dealer in stock or
10 securities **OR BY ANY ENTITY OR FINANCIAL INTERMEDIARY DULY**
11 **LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY**
12 **AGENCIES TO BUY AND SELL IN SECURITIES EITHER FOR THE**
13 **ENTITY’S OWN ACCOUNT OR FOR THE ACCOUNT OF OTHERS** and with
14 respect to a transaction made in the ordinary course of the business of such
15 dealer.

16 xxx xxx xxx

17
18 **SEC. 13.** Section 39 of the National Internal Revenue Code of 1997, as amended, is
19 hereby amended to read as follows:

20 SEC. 39. Capital Gains and Losses. –

21 (A) Definitions. – As used in this Title –

22 xxx xxx xxx

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

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

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

31 ~~[(C)]~~**(B)** Limitation on Capital Losses. – Losses from sales or exchanges of
32 capital assets shall be allowed only to the extent of the gains from such sales

1 or exchanges. If a [bank or trust company incorporated under the laws of the
2 Philippines, a substantial part of whose business is the receipt of deposits,]
3 **DEALER IN SECURITIES OR OTHER ENTITIES OR FINANCIAL**
4 **INTERMEDIARIES DULY LICENSED BY THE APPROPRIATE**
5 **GOVERNMENT REGULATORY AGENCIES TO TRADE IN SECURITIES,**
6 sells any bond, debenture, note, or certificate or other evidence of
7 indebtedness issued by any corporation [(), including one issued by a
8 government or political subdivision thereof)], with interest coupons or in
9 registered form, any loss resulting from such sale shall not be subject to the
10 foregoing limitation and shall not be included in determining the applicability of
11 such limitation to other losses.

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

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

18 [(F) Gains or Losses from Short Sales, Etc. – For purposes of this Title -]

19 [(1) Gains or losses from short sales of property shall be considered as gains
20 or losses from sales or exchanges of capital assets; and]

21 [(2) Gains or losses attributable to the failure to exercise privileges or options
22 to buy or sell property shall be considered as capital gains or losses.]

23
24
25 **SEC. 14.** Section 42 of the National Internal Revenue Code of 1997, as amended, is
26 hereby amended to read as follows:

27
28 SEC. 42. Income from Sources Within the Philippines. –

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

1 (1) Interests. - Interests **AND YIELD** [derived from sources within the
2 Philippines, and interests on] **FROM DEBT INSTRUMENTS, BANK**
3 **DEPOSITS, DEPOSIT SUBSTITUTES, TRUST FUNDS, AND SIMILAR**
4 **ARRANGEMENTS SUCH AS** bonds, notes or other interest-bearing
5 obligations of residents, corporate or otherwise[;], **INCLUDING DEBT**
6 **INSTRUMENTS OR DEBT SECURITIES ISSUED BY THE GOVERNMENT**
7 **OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES;**

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

9 (a) From a domestic corporation; and

10 (b) From a foreign corporation, [unless less than] **WITH AT LEAST** fifty
11 percent (50%) of the gross income of such foreign corporation for the three-
12 year period ending with the close of its taxable year preceding the declaration
13 of such dividends (or for such part of such period as the corporation has been
14 in existence) was derived from sources within the Philippines as determined
15 under the provisions of this Section; but only in an amount which bears the
16 same ratio to such dividends as the gross income of the corporation for such
17 period derived from sources within the Philippines bears [to] **ON** its gross
18 income from all sources.

19 xxx xxx xxx

20
21 **SEC. 15.** Section 51 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

23 "SEC. 51. Individual Return. –

24 (A) Requirements. – x x x

25 (B) Where to file. – x x x

26 (C) When to File. – x x x

27 (1) x x x

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

29 (a) From the sale or exchange of shares of stock not traded [thru] **THROUGH**
30 **a [local] stock exchange OR AN ORGANIZED MARKETPLACE** as
31 prescribed under [Section] **SECTIONS 24[(C)](B) (3), AND 25(A) AND**
32 **(B)**, [shall file] a return **SHALL BE FILED** within thirty (30) days after

1 each transaction and a final consolidated return on or before April 15 of each
2 year covering all stock transactions of the preceding taxable year; and

3 (b) From the sale or disposition of real property under Section 24[(D)] (B) (4)
4 shall file a return within thirty (30) days following each sale or other disposition.

5 xxx xxx xxx

6
7 **SEC. 16.** Section 52 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9
10 SEC. 52. Corporation Returns. –

11 (A) Requirements. – x x x

12
13 xxx xxx xxx

14
15 (D) Return on Capital Gains Realized from Sale of Shares of Stock not Traded
16 in the [Local] Stock Exchange **OR AN ORGANIZED MARKETPLACE.** – Every
17 corporation deriving capital gains from the sale or exchange of shares of stock,
18 not traded [thru] **THROUGH** a local stock exchange OR AN ORGANIZED
19 MARKETPLACE as prescribed under **SECTIONS 27(D)(3), 28(A)(1) AND**
20 **(B)(5)(A)** [Sections 24(C), 25(A)(3), 27(E)(2), 28(A)(8)(c) and 28(B)(5)(c),]
21 shall file a return within thirty (30) days after each transaction and a final
22 consolidated return of all transactions during the taxable year on or before the
23 fifteenth (15th) day of the fourth (4th) month following the close of the taxable
24 year.

25
26 **SEC. 17.** Section 54 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28
29 "SEC. 54. Returns of Receivers, Trustees, [in Bankruptcy] or Assignees. – [In
30 cases wherein receivers] **RECEIVERS, ADMINISTRATORS,** trustees in **A**
31 **TRUST OR** bankruptcy, or **ANY OTHER PERSON ASSIGNED OR** [assignees
32 are] **IN CHARGE** OF operating the property or business of [a]**ANOTHER**

1 **PERSON OR** corporation, subject to the tax **UNDER THIS CODE** [imposed
2 by this Title, such receivers, trustees or assignees] shall **BE IMPOSED WITH**
3 **THE OBLIGATION TO FILE** [make] **THE** returns **AND PAY THE TAXES FOR**
4 **SUCH PERSON OR CORPORATION IN THE SAME MANNER REQUIRED**
5 **UNDER THIS CODE.** [of net income as and for such corporation, in the same
6 manner and form as such organization is hereinbefore required to make
7 returns, and any] **ANY** tax due on the income as returned by receivers,
8 **ADMINISTRATORS**, trustees or assignees shall be assessed and collected in
9 the same manner as if assessed directly against the [organizations] **PERSON,**
10 **ESTATE OR ORGANIZATION** [of] whose businesses or properties they have
11 custody OF or control **OVER.**

12
13 **SEC. 18.** Section 56 of the National Internal Revenue Code of 1997, as amended, is
14 amended to read as follows:

15
16 “SEC. 56. Payment and Assessment of Income Tax for Individuals and
17 Corporations. –

18 (A) Payment of Tax. –

19 xxx xxx xxx

20 (3) Payment of Capital Gains Tax. – The total amount of tax imposed and
21 prescribed under [Section] **SECTIONS 24[(C)](B)(3), 24[(D)](B)(4), 25,**
22 **27[(E)(2)](D)(3), 27(D)(4), 28(A)[(8)(c)]** and **28(B)(5)[(c)]** shall be paid on
23 the date the return prescribed therefor is filed by the person liable thereto:
24 Provided, That if the seller submits proof of [his] **THE** intention to avail
25 [himself] of the benefit of exemption of capital gains under existing special laws
26 **OR TAX TREATY**, no such payments shall be required: Provided[,] further,
27 That in case of failure to qualify for exemption under such special laws, **TAX**
28 **TREATY** and implementing rules and regulations, the tax due on the gains
29 realized from the original transaction shall immediately become due and
30 payable, and subject to the penalties prescribed under applicable provisions of
31 this Code: Provided[,] finally, That if the seller, having paid the tax, submits
32 such proof of intent within six (6) months from the registration of the document

1 transferring the real property, [he] **THE SELLER** shall be entitled to a refund
2 of such tax upon verification of [his] compliance with the requirements for such
3 exemption.

4 xxx xxx xxx

5
6 **SEC. 19.** Section 57 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:

8 "SEC. 57. Withholding of Tax at Source. –

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

20 xxx xxx xxx

21
22 **SEC. 20.** Section 73 of the National Internal Revenue Code of 1997, as amended, is
23 hereby amended to read as follows:

24
25 "SEC. 73. Distribution of Dividends or Assets by Corporations. –

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

30 [Where a corporation distributes all of its assets in complete liquidation or
31 dissolution, the gain realized or loss sustained by the stockholder, whether

1 individual or corporate, is a taxable income or a deductible loss, as the case
2 may be.]

3 (B) Stock Dividend. – x x x

4 **(C) LIQUIDATING DIVIDENDS. – LIQUIDATING DIVIDENDS ARE**
5 **DIVIDENDS REPRESENTING THE REMAINING GAINS REALIZED OR**
6 **LOSS SUSTAINED BY THE STOCKHOLDER IN A COMPLETE**
7 **LIQUIDATION OR DISSOLUTION BY A CORPORATION AND SHALL BE**
8 **CONSIDERED AS TAXABLE INCOME OR A DEDUCTIBLE LOSS, UNDER**
9 **SECTIONS 24(A), 25(A), 25(B), 27(A), 28(A) AND 28 (B), AS THE CASE**
10 **MAY BE.**

11 ~~[(C)]~~**(D)** Dividends Distributed are Deemed Made from Most Recently
12 Accumulated Profits. – x x x

13 xxx xxx xxx

14 **SEC. 21.** Section 108 of the National Internal Revenue Code of 1997, as amended, is
15 hereby amended to read as follows:

16
17 SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties.

18 –

19 (A) Rate and Base of Tax. — x x x

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

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

12 xxx xxx xxx

13
14 **SEC. 22.** Section 109 of the National Internal Revenue Code of 1997, as amended, is
15 hereby further amended to read as follows:

16
17 "SEC. 109. Exempt Transactions. –

18 (1) Subject to the provisions of Subsection (2) hereof, the following
19 transactions shall be exempt from the value-added tax:

20 (A) x x x

21 xxx xxx xxx

22 **(DD) PREMIUMS COLLECTED BY NON-LIFE REINSURANCE**
23 **COMPANIES ON TRANSACTIONS WHERE THE TAX ON THE DIRECT**
24 **PREMIUM HAS ALREADY BEEN PAID BY THE DIRECT INSURER:**
25 **PROVIDED, THAT THE SECRETARY OF FINANCE, UPON THE**
26 **RECOMMENDATIONS OF THE COMMISSIONER OF INTERNAL**
27 **REVENUE AND INSURANCE COMMISSIONER, SHALL PROMULGATE**
28 **THE RULES ON THE REQUIRED REPORTS TO BE SUBMITTED TO THE**
29 **BUREAU OF INTERNAL REVENUE. ANY NON-PAYMENT OF THE TAX OR**
30 **MISREPRESENTATION SHALL SUBJECT THE DIRECT INSURER OR**
31 **REINSURER TO PAY UNPAID TAXES AND PENALTIES UNDER THIS**
32 **CODE.**

1 xxx xxx xxx

2
3 **SEC. 23.** Section 112 of the National Internal Revenue Code of 1997, as amended, is
4 hereby further amended to read as follows:

5
6 SEC. 112. Refunds [or Tax Credits] of Input Tax. –

7
8 (A) Zero-Rated or Effectively Zero-Rated Sales. – Any VAT-registered person,
9 whose sales are zero-rated or effectively zero-rated may, within two (2) years
10 after the close of the taxable quarter when the sales were made, apply for [the
11 issuance of a tax credit certificate or] refund of creditable input tax due or paid
12 attributable to such sales, except transitional input tax, to the extent that such
13 input tax has not been applied against output tax: Provided, however, That in
14 the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and [(b) and]
15 Section 108 (B)(1) and (2), the acceptable foreign currency exchange proceeds
16 thereof had been duly accounted for in accordance with the rules and
17 regulations of the Bangko Sentral ng Pilipinas (BSP): Provided[,] further, That
18 where the taxpayer is engaged in zero-rated or effectively zero-rated sale and
19 also in taxable or exempt sale of goods or properties or services, and the
20 amount of creditable input tax due or paid cannot be directly and entirely
21 attributed to any one of the transactions, it shall be allocated proportionately
22 on the basis of the volume of sales: Provided[,] finally, That for a person making
23 sales that are zero-rated under Section 108(B)(6), the input taxes shall be
24 allocated ratably between his zero-rated and non- zero-rated sales.

25 (B) Cancellation of VAT Registration. – A person whose registration has been
26 cancelled due to retirement from or cessation of business, or due to changes
27 in or cessation of status under Section 106(C) of this Code may, within two (2)
28 years from the date of cancellation, apply for [the issuance of a tax credit
29 certificate for any unused input tax which may be used in payment of his other
30 internal revenue taxes] **A REFUND OF SUCH UNUSED INPUT TAXES.**

31 xxx xxx xxx

1 **SEC. 24.** Section 121 of the National Internal Revenue Code of 1997, as amended, is
2 hereby amended to read as follows:

3
4 SEC. 121. Tax on Banks and Non-Bank Financial Intermediaries Performing
5 Quasi-Banking Functions. – There shall be collected a tax on gross receipts
6 derived from sources within the Philippines by all banks and non-bank financial
7 intermediaries **PERFORMING QUASI-BANKING FUNCTIONS AT THE**
8 **RATE OF FIVE PERCENT (5%) ON INCOME SUCH AS INTEREST,**
9 **COMMISSIONS, AND DISCOUNTS FROM LENDING ACTIVITIES AS**
10 **WELL AS INCOME FROM FINANCIAL LEASING, ROYALTIES, RENTALS**
11 **OF PROPERTY, REAL OR PERSONAL, PROFITS FROM SALE OR**
12 **EXCHANGE INCLUDING GAINS DERIVED FROM SALE OR TRANSFER**
13 **OF REAL PROPERTIES, NET TRADING GAINS WITHIN THE TAXABLE**
14 **YEAR OF FOREIGN CURRENCY, DEBT SECURITIES, DERIVATIVES,**
15 **AND OTHER SIMILAR FINANCIAL INSTRUMENTS, AND ALL OTHER**
16 **ITEMS TREATED AS GROSS INCOME UNDER SECTION 32 OF THIS**
17 **CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND NET INCOME**
18 **OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO PERCENT**
19 **(0%) TAX** [in accordance with the following schedule]:

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

23 [Maturity period is five years or less.....5%]

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

25 [(b) On dividends and equity shares and net income of subsidiaries0%]

26 [(c) On royalties, rentals of property, real or personal, profits, from exchange
27 and all other items treated as gross income under Section 32 of this Code -
287%]

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

31 Provided, however, That in case the maturity period referred to in paragraph
32 (a) is shortened [thru] THROUGH pre-termination, then the maturity period

1 shall be reckoned to end as of the date of pre-termination for purposes of
2 classifying the transaction and the correct rate of tax shall be applied
3 accordingly.

4 Provided finally, That, the generally accepted accounting principles [as may be]
5 prescribed by the Bangko Sentral ng Pilipinas for the bank or non-bank financial
6 intermediary performing quasi-banking functions shall [likewise] be the basis
7 for the calculation of gross receipts.

8 xxx xxx xxx

9 **SEC. 25.** Section 122 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11
12 SEC. 122. Tax on Other Non-Bank Financial Intermediaries. – There shall be
13 collected a tax of five percent (5%) on the gross receipts derived by other non-
14 bank financial intermediaries doing business in the Philippines, from interest,
15 commissions, discounts **AND DISCOUNTS FROM LENDING ACTIVITIES,**
16 **AS WELL AS INCOME FROM FINANCIAL LEASING, ROYALTIES,**
17 **RENTALS OF PROPERTY, REAL OR PERSONAL, PROFITS FROM SALE**
18 **OR EXCHANGE INCLUDING GAINS DERIVED FROM SALE OR**
19 **TRANSFER OF REAL PROPERTIES, NET TRADING GAINS WITHIN**
20 **THE TAXABLE YEAR OF FOREIGN CURRENCY, DEBT SECURITIES,**
21 **DERIVATIVES, AND OTHER SIMILAR FINANCIAL INSTRUMENTS,**
22 **UNDERWRITING FEES, SERVICE INCOME, AND ALL OTHER ITEMS**
23 **TREATED AS GROSS INCOME UNDER SECTION 32 OF THIS CODE,**
24 **EXCEPT DIVIDENDS AND EQUITY SHARES AND NET INCOME OF**
25 **SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO PERCENT (0%).**

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

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

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

1 [Provided, however, That in case the maturity period is shortened thru
2 pretermination, then the maturity period shall be reckoned to end as of the
3 date of pretermination for purposes of classifying the transaction and the
4 correct rate of tax shall be applied accordingly.]

5
6 **FINANCIAL INTERMEDIARIES SUBJECT TO TAX UNDER THIS**
7 **SECTION SHALL INCLUDE FINANCING COMPANIES, FINANCE**
8 **LEASING COMPANIES, INVESTMENT HOUSES, PAWNSHOPS,**
9 **FOREIGN EXCHANGE DEALERS AND MONEY BROKERS, TRUST**
10 **ENTITIES, CREDIT CARD COMPANIES, LENDING INVESTORS,**
11 **SAVINGS AND LOAN ASSOCIATIONS, AND OTHER FINANCIAL**
12 **INTERMEDIARIES EXCEPT BANKS AND NON-BANKS PERFORMING**
13 **QUASI-BANKING FUNCTIONS WHICH SHALL BE TAXED UNDER**
14 **SECTION 121 OF THIS CODE.**

15
16 **COLLECTIVE INVESTMENT SCHEMES SUCH AS MUTUAL FUNDS, UNIT**
17 **LINKED INVESTMENT TRUST FUNDS, UNIT-LINKED VARIABLE**
18 **INSURANCE, AND OTHER COLLECTIVE INVESTMENT SCHEMES SHALL**
19 **NOT BE SUBJECT TO GROSS RECEIPTS TAX AND OTHER**
20 **PERCENTAGE TAXES IMPOSED UNDER TITLE V AND THE VALUE**
21 **ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE. FOR**
22 **PURPOSES OF THIS EXEMPTION, A CIS SHALL HAVE AT LEAST TWO**
23 **HUNDRED (200) OWNERS, INVESTORS OR PARTICIPANTS, AND**
24 **SHALL HAVE COMPLIED WITH THE MINIMUM PUBLIC OWNERSHIP**
25 **REQUIREMENT OF THE APPROPRIATE GOVERNMENT REGULATORY**
26 **AGENCIES.**

27
28 **THE INCOME OF A PERSON OR COMPANY NOT LICENSED TO DO**
29 **FINANCIAL INTERMEDIATION BUT WHICH ENGAGES IN FINANCIAL**
30 **INTERMEDIATION SERVICES AS AN INCIDENT TO ITS MAIN**
31 **BUSINESS ACTIVITY, AND DERIVES INCOME THEREFROM, SHALL BE**
32 **SUBJECT TO THE TAX IMPOSED ON ITS PRINCIPAL ACTIVITY. TO BE**

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

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

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

18
19 **SEC. 26.** Section 123 of the National Internal Revenue Code of 1997, as amended, is
20 hereby amended to read as follows:

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

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

1 received by any branch of a domestic corporation, firm or association doing
2 business outside the Philippines on account of any life insurance of the insured
3 who is a nonresident, if any tax on such premium is imposed by the foreign
4 country where the branch is established nor upon premiums collected or
5 received on account of any reinsurance, if the insured, in case of personal
6 insurance, resides outside the Philippines, if any tax on such premiums is
7 imposed by the foreign country where the original insurance has been issued
8 or perfected; nor upon that portion of the premiums collected or received by
9 the insurance companies on variable contracts [(as defined in Section 232(2)
10 of Presidential Decree No. 612),] **AS DEFINED UNDER REPUBLIC ACT NO.
11 10607, OTHERWISE KNOWN AS THE "INSURANCE CODE OF THE
12 PHILIPPINES", IN A CIS** in excess of the amounts necessary to insure the
13 lives of the variable contract owners[.]: **PROVIDED, THAT THE CIS SHALL
14 HAVE AT LEAST TWO HUNDRED (200) OWNERS, INVESTORS OR
15 PARTICIPANTS, AND THAT ANY MINIMUM PUBLIC OWNERSHIP AS
16 MAY BE REQUIRED BY APPROPRIATE GOVERNMENT REGULATORY
17 AGENCIES SHALL BE COMPLIED WITH.**

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

28
29 **NOTHING IN THIS CODE SHALL PRECLUDE THE COMMISSIONER
30 FROM IMPOSING THE SAME TAX HEREIN PROVIDED ON PERSONS
31 PERFORMING SIMILAR INSURANCE BUSINESS ACTIVITIES.**
32

1 LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO PREMIUM
2 TAX ON PREMIUMS COLLECTED UNDER SUBSECTION (A) HEREOF.
3 HOWEVER, PREMIUMS COLLECTED ON TRANSACTIONS WHERE THE
4 TAX ON THE DIRECT PREMIUM HAS ALREADY BEEN PAID BY THE
5 DIRECT INSURER SHALL BE EXCLUDED FROM THE GROSS PREMIUM
6 SUBJECT TO PREMIUM TAX.

7
8 A VARIABLE INSURANCE CONTRACT WHERE AMOUNTS IN EXCESS OF
9 INSURANCE COSTS ARE COLLECTED AS PART OF THE PREMIUM AND
10 WHERE UNITS OF PARTICIPATION IN A POOLED FUND ARE ISSUED
11 TO THE INSURED REPRESENTING THEIR RESPECTIVE SHARES IN
12 THE POOLED FUND, IS A CIS. THE AMOUNTS OF PREMIUM
13 COLLECTED IN EXCESS OF THE INSURANCE COST IS NOT SUBJECT TO
14 PREMIUM TAX UNDER THIS SECTION AND TO THE GROSS RECEIPTS
15 TAX IMPOSED UNDER SECTIONS 121 AND 122, OR TO ANY
16 PERCENTAGE TAX IMPOSED UNDER TITLE V AND TO VALUE ADDED
17 TAX UNDER SECTION 105, TITLE IV OF THIS CODE.

18 XXX XXX XXX

19
20 **SEC. 27.** Section 127 of the National Internal Revenue Code of 1997, as amended, is
21 hereby amended to read as follows:

22 "SEC. 127. Tax on Sale, Barter or Exchange of Shares of Stock Listed and
23 Traded through the Local Stock Exchange [or through Initial Public Offering].

24 -

25
26 (A) Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded
27 through the Local Stock Exchange. - There shall be levied, assessed and
28 collected on every sale, barter, exchange, or other disposition of shares of stock
29 **OF A DOMESTIC CORPORATION** listed and traded through the local stock
30 exchange, **OR LISTED AND TRADED IN BOTH A LOCAL AND FOREIGN**
31 **STOCK EXCHANGE**, other than the sale by a dealer in securities, **IN LIEU**
32 **OF CAPITAL GAINS TAX**, a tax at the rate of six-tenths of one percent (6/10

1 of 1%) of the gross selling price or gross value in money of the shares of stock
2 sold, bartered, exchanged or otherwise disposed which shall be paid by the
3 seller or transferor: **PROVIDED, THAT THE TAX RATE SHALL BE IMPOSED**
4 **ACCORDING TO THE FOLLOWING SCHEDULE:**

EFFECTIVITY	FINAL TAX RATE
JANUARY 1, 2023	FIVE-TENTH OF ONE PERCENT (5/10 OF 1%)
JANUARY 1, 2024	FOUR-TENTH OF ONE PERCENT (4/10 OF 1%)
JANUARY 1, 2025	THREE-TENTH OF ONE PERCENT (3/10 OF 1%)
JANUARY 1, 2026	TWO-TENTH OF ONE PERCENT (2/10 OF 1%)
JANUARY 1, 2027	ONE-TENTH OF ONE PERCENT (1/10 OF 1%)

5
6
7 **ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR**
8 **DISPOSITION OF LISTED SHARES OF STOCK BY A DEALER IN**
9 **SECURITIES LICENSED BY THE APPROPRIATE GOVERNMENT**
10 **REGULATORY AGENCIES TO BUY AND SELL IN SECURITIES, FOR HIS**
11 **OWN ACCOUNT IN THE ORDINARY COURSE OF BUSINESS, SHALL**
12 **NOT BE SUBJECT TO TAX UNDER THIS SUBSECTION BUT TO SECTION**
13 **27(A) AS AN ORDINARY INCOME.**

14 [(B) Tax on Shares of Stock Sold or Exchanged Through Initial Public Offering.]
15 – REPEALED in R.A. 11494

16 [(C) Return on Capital Gains Realized from Sale of Shares of Stocks.–]

17 [(1)](B) Return on [Capital Gains Realized from] Sale of Shares of Stock **AND**
18 **OTHER SECURITIES** Listed and Traded in the Local Stock Exchange. – It shall
19 be the duty of every stock broker who effected the sale subject to the tax
20 imposed herein to collect the tax and remit the same to the Bureau of Internal
21 Revenue within five (5) banking days from the date of collection thereof and to

1 submit on Mondays of each week to the secretary of the stock exchange, of
2 which he is a member, a true and complete return which shall contain a
3 declaration of all the transactions effected through him during the preceding
4 week and of taxes collected by him and turned over to the Bureau of Internal
5 Revenue: **PROVIDED, THAT FOR SALES OF SHARES OF STOCK OF A**
6 **DOMESTIC CORPORATION LISTED AND TRADED IN BOTH A LOCAL**
7 **AND FOREIGN STOCK EXCHANGE, THE COLLECTION AND**
8 **REMITTANCE OF THE ABOVE TAX SHALL BE IN ACCORDANCE WITH**
9 **THE RULES PROMULGATED BY THE SECRETARY OF FINANCE, UPON**
10 **THE RECOMMENDATION OF THE COMMISSIONER OF INTERNAL**
11 **REVENUE: PROVIDED FURTHER, THAT THE REMITTANCE OF THE**
12 **SAID TAX SHALL BE WITHIN A PERIOD NOT EXCEEDING TEN (10)**
13 **DAYS.**

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

20 (D) [Common Provisions. – any] **ANY** gain derived from the sale, barter,
21 exchange or other disposition of shares of stock under this Section shall be
22 exempt from the tax imposed in Sections [24(C), 27(D)(2), 28(A)(8)(c), and
23 28(B)(5)(c)] **24(B)(3), 27(D)(3), 28(A)(1) and 28(B)(5)(A)** of this Code
24 and from the regular individual or corporate income tax. Tax paid under this
25 Section shall not be deductible for income tax purposes.

26
27 **SEC. 28.** Section 130 of the National Internal Revenue Code of 1997, as amended,
28 is hereby amended to read as follows:

29 **"SEC. 130. FILING OF RETURN AND PAYMENT OF EXCISE TAX ON**
30 **DOMESTIC PRODUCTS. –**

31 **(A) PERSONS LIABLE TO FILE A RETURN, FILING OF RETURN ON**
32 **REMOVAL AND PAYMENT OF TAX:**

1 (1) PERSONS LIABLE TO FILE A RETURN. X X X

2 (2) TIME FOR FILING OF RETURN AND PAYMENT OF THE TAX. X X X

3 (3) PLACE FOR FILING OF THE RETURN AND PAYMENT OF THE TAX.

4 X X X

5 (4) EXCEPTIONS:

6 (a) X X X

7 (b) X X X

8
9 (B) DETERMINATION OF GROSS SELLING PRICE OF GOODS SUBJECT
10 TO *AD VALOREM* TAX. – UNLESS OTHERWISE PROVIDED, THE PRICE,
11 EXCLUDING THE VALUE-ADDED TAX, AT WHICH THE GOODS ARE
12 SOLD AT WHOLESALE IN THE PLACE OF PRODUCTION OR
13 IMPORTATION OR THROUGH THEIR SALES AGENTS TO THE PUBLIC
14 SHALL CONSTITUTE THE GROSS SELLING PRICE. IF THE
15 MANUFACTURER OR IMPORTER ALSO SELLS OR ALLOWS SUCH
16 GOODS TO BE SOLD AT WHOLESALE IN ANOTHER ESTABLISHMENT
17 OF WHICH HE IS THE OWNER OR IN THE PROFITS OF WHICH HE HAS
18 AN INTEREST, THE WHOLESALE
19 PRICE IS SUCH ESTABLISHMENT SHALL CONSTITUTE THE GROSS
20 SELLING PRICE. SHOULD SUCH PRICE BE LESS THAN THE COST OF
21 MANUFACTURER OR IMPORTATION PLUS EXPENSES INCURRED
22 UNTIL THE GOODS ARE FINALLY SOLD, THEN A PROPORTIONATE
23 MARGIN OF PROFIT NOT LESS THAN TEN PERCENT (10%) OF SUCH
24 MANUFACTURING OR IMPORTATION COST AND EXPENSES, SHALL BE
25 ADDED TO CONSTITUTE THE GROSS SELLING PRICE.

26
27 **SEC. 29.** Section 149 of the National Internal Revenue Code of 1997, as amended, is
28 hereby amended to read as follows:

29
30 SEC. 149. Automobiles. - There shall be levied, assessed and collected an ad
31 valorem tax on automobiles based on the manufacturer's or importer's selling

1 price, net of excise and value-added tax, in accordance with the following
2 schedule:

3 xxx xxx xxx

4
5 Provided, That hybrid vehicles shall be subject to fifty percent (50%) of the
6 applicable excise tax rates on automobiles under this Section: Provided[,]
7 further, That purely electric vehicles [and pick-ups] shall be exempt from excise
8 tax on automobiles.

9 As used in this Section-

10 (a) x x x

11 (b) Trucks/cargo van shall mean a motor vehicle of any configuration that is
12 exclusively designed for the carriage of goods and with any number of wheels
13 and axles[: Provided, that pick-ups shall not be considered as trucks].

14 xxx xxx xxx

15 **SEC. 30.** Section 174 of the National Internal Revenue Code of 1997, as amended, is
16 hereby amended to read as follows:

17
18 SEC. 174. Stamp Tax on Original Issue of Shares of Stock. – On every original
19 issue, whether on organization, reorganization or for any lawful purpose, of
20 shares of stock by any association, company, or corporation, **INCLUDING**
21 **SHARES OF STOCK OR UNITS OF PARTICIPATION IN A COLLECTIVE**
22 **INVESTMENT SCHEME**, there shall be collected a documentary stamp tax of
23 [Two pesos (P2.00) on each Two hundred pesos (P200), or fractional part
24 thereof, of the par value,] **SEVENTY-FIVE PERCENT OF ONE PERCENT**
25 **(75% OF 1%) OF THE PAR VALUE** of such shares of stock: Provided, That
26 in the case of the original issue of shares of stock without par value, the amount
27 of the documentary stamp tax herein prescribed shall be based upon the actual
28 consideration for the issuance of such shares of stock: Provided[,]
29 further, That in the case of stock dividends, on the actual value represented by each share[.]:
30 **PROVIDED FINALLY, THAT IN THE CASE OF COLLECTIVE**
31 **INVESTMENT SCHEMES WITHOUT PAR VALUE, THE DOCUMENTARY**

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

3
4 **SEC. 31.** Section 175 of the National Internal Revenue Code of 1997, as amended, is
5 hereby repealed.

6
7 **SEC. 32.** Section 176 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9
10 SEC. 176. Stamp Tax on Bonds, Debentures, **AND** [Certificate]
11 **CERTIFICATES** of Stock or Indebtedness Issued in Foreign Countries. – [On
12 all] **A DOCUMENTARY STAMP TAX OF SEVENTY-FIVE PERCENT OF**
13 **ONE PERCENT (75% OF 1%) OF THE VALUE OF THE TRANSACTION**
14 **SHALL BE COLLECTED FROM A PERSON SELLING OR TRANSFERRING**
15 bonds, debentures, certificates of stock, or certificates of indebtedness issued
16 in any foreign country[, there shall be collected from the person selling or
17 transferring the same in the Philippines, such tax as is required by law on similar
18 instruments when issued, sold or transferred in the Philippines].”

19
20 **SEC. 33.** Section 177 of the National Internal Revenue Code of 1997, as amended, is
21 hereby repealed.

22
23 **SEC. 34.** Section 178 of the National Internal Revenue Code of 1997, as amended, is
24 hereby repealed.

25
26 **SEC. 35.** Section 179 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28
29 SEC. 179. Stamp Tax on All Debt Instruments. – On every original issue of debt
30 instruments, there shall be collected a documentary stamp tax of [One peso
31 and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional
32 part thereof,] **SEVENTY-FIVE PERCENT OF ONE PERCENT (75% OF**

1 **1%**) of the issue price of any such debt instruments: Provided, That for such
2 debt instruments with terms of less than one (1) year, the documentary
3 stamp tax to be collected shall be of a proportional amount in accordance
4 with the ratio of its term in number of days to three hundred sixty-five (365)
5 days: Provided[,] further, That only one documentary stamp tax shall be
6 imposed on either loan agreement, or promissory notes issued to secure such
7 loan.

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

20 **SEC. 36.** Section 180 of the National Internal Revenue Code of 1997, as amended, is
21 hereby repealed.

22
23 **SEC. 37.** Section 181 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and Others.– Upon
26 any acceptance or payment of any bill of exchange or order for the payment of
27 money purporting to be drawn in a foreign country but payable in the
28 Philippines, there shall be collected a documentary stamp tax OF **THIRTY**
29 **PERCENT OF ONE PERCENT (30% OF 1%)** [Sixty centavos (P0.60) on
30 each Two hundred pesos (P200), or fractional part thereof,] of the face value
31 of any such bill of exchange, or order, or the Philippine equivalent of such value,
32 if expressed in foreign currency.

1
2 **SEC. 38.** Section 182 of the National Internal Revenue Code of 1997, as amended, is
3 hereby amended to read as follows:

4
5 SEC. 182. Stamp Tax on Foreign Bills of Exchange and Letters of Credit. – On
6 all foreign bills of exchange and [letter] **LETTERS** of credit (including orders,
7 by telegraph or otherwise, for the payment of money issued by express or
8 steamship companies or by any person or persons) drawn in but payable out
9 of the Philippines in a set of three (3) or more according to the custom of
10 merchants and bankers, there shall be collected a documentary stamp tax **OF**
11 **THIRTY PERCENT OF ONE PERCENT** (30% OF 1%) [Sixty centavos (P0.60)
12 on each Two hundred pesos (P200), or fractional part thereof,] of the face
13 value of any such bill of exchange or letter of credit, or the Philippine equivalent
14 of such face value, if expressed in foreign currency[.]: **PROVIDED, THAT A**
15 **LETTER OF CREDIT ON WHICH THE DOCUMENTARY STAMP TAX**
16 **IMPOSED UNDER THIS SECTION IS PAID UPON OPENING SHALL NOT**
17 **BE SUBJECT AGAIN TO THE TAX IMPOSED BY SECTION 195 UPON**
18 **AVAILMENT OF THE TRUST RECEIPT LINE WHERE THE PROPERTY**
19 **SUBJECT OF THE LETTER OF CREDIT IS MADE A SECURITY FOR**
20 **PAYMENT.**

21
22 **SEC. 39.** Section 183 of the National Internal Revenue Code of 1997, as amended, is
23 hereby amended to read as follows:

24
25 SEC. 183. Stamp Tax on Life AND HEALTH Insurance Policies[.], **ON**
26 **ANNUITIES, AND HEALTH MAINTENANCE ORGANIZATION**
27 **PRODUCTS.** – On all policies of insurance or other instruments by whatever
28 name the same may be called, whereby any insurance, **POLICY ON**
29 **ANNUITY, OR HEALTH MAINTENANCE ORGANIZATION PRODUCT** shall
30 be made or renewed upon any life or lives **AND HEALTH OF PERSONS**, there
31 shall be collected a one-time documentary stamp tax at the following rates:
32

1	If the amount of insurance does not exceed P100,000 - Exempt	
2		
3	If the amount of insurance exceeds P100,000	- P20.00
4	but does not exceed P300,000	
5		
6	If the amount of insurance exceeds P300,000	- P50.00
7	but does not exceed P500,000	
8		
9	If the amount of insurance exceeds P500,000	- P100.00
10	but does not exceed P750,000	
11		
12	If the amount of insurance exceeds P750,000	- P150.00
13	but does not exceed P1,000,000	
14		
15	If the amount of insurance exceeds P1,000,000	- P200.00
16		

17 **SEC. 40.** Section 184 of the National Internal Revenue Code of 1997, as amended, is
 18 hereby amended to read as follows:

19

20 SEC. 184. Stamp Tax on Policies of Insurance Upon Property. – On all policies
 21 of insurance or other instruments by whatever name the same may be called,
 22 [by which insurance shall be] made or renewed upon property of any
 23 description, including rents or profits, against peril by sea or on inland waters,
 24 or by fire or lightning, there shall be collected a documentary stamp tax of
 25 [Fifty centavos (P0.50) on each Four pesos (P4.00), or fractional part thereof,]
 26 **TWELVE AND ONE-HALF PERCENT (12.5%)** of the amount of premium
 27 charged: Provided, however, That no documentary stamp tax shall be collected
 28 on reinsurance contracts or on any instrument by which cession or acceptance
 29 of insurance risks under any reinsurance agreement is effected or recorded:
 30 **PROVIDED FURTHER, THAT SUCH TAX RATE SHALL BE IMPOSED**
 31 **ACCORDING TO THE FOLLOWING SCHEDULE:**
 32

1	EFFECTIVITY	DOCUMENTARY STAMP TAX RATE ON
2		PROPERTY INSURANCE POLICIES
3	JANUARY 1, 2023	ELEVEN AND ONE-HALF PERCENT (11.5%)
4	JANUARY 1, 2024	TEN AND ONE-HALF PERCENT (10.5%)
5	JANUARY 1, 2025	NINE AND ONE-HALF PERCENT (9.5%)
6	JANUARY 1, 2026	EIGHT AND ONE-HALF PERCENT (8.5%)
7	JANUARY 1, 2027	SEVEN AND ONE-HALF PERCENT (7.5%)

8

9 **SEC. 41.** Section 185 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11

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

30

1 **EFFECTIVITY** **DOCUMENTARY STAMP TAX RATE ON**
2 **FIDELITY BONDS AND OTHER INSURANCE**
3 **POLICIES**

4

5 JANUARY 1, 2023	ELEVEN AND ONE-HALF PERCENT (11.5%)
6 JANUARY 1, 2024	TEN AND ONE-HALF PERCENT (10.5%)
7 JANUARY 1, 2025	NINE AND ONE-HALF PERCENT (9.5%)
8 JANUARY 1, 2026	EIGHT AND ONE-HALF PERCENT (8.5%)
9 JANUARY 1, 2027	SEVEN AND ONE-HALF PERCENT (7.5%)

10

11 **SEC. 42.** Section 186 of the National Internal Revenue Code of 1997, as amended, is
12 hereby amended to read as follows:

13

14 SEC. 186. Stamp Tax on [Policies of Annuities, and] Pre-Need Plans. – [On all
15 policies of annuities, or other instruments by whatever name the same may be
16 called, whereby an annuity may be made, transferred or redeemed, there shall
17 be collected a documentary stamp tax of One peso (P1.00) on each Two
18 hundred pesos (P200), or fractional part thereof, of the premium or installment
19 payment on contract price collected.] On pre-need plans, [the documentary
20 stamp tax shall be Forty centavos (P0.40) on each Two hundred pesos (P200),
21 or fractional part thereof, of the premium or contribution collected.] **THERE**
22 **SHALL BE COLLECTED A DOCUMENTARY STAMP TAX OF TWENTY**
23 **PERCENT OF ONE PERCENT (20% OF 1%) OF THE PREMIUM OR**
24 **INSTALLMENT PAYMENT ON CONTRACT PRICE, OR CONTRIBUTION**
25 **CHARGED.**

26 **SEC. 43.** Section 187 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28

29 SEC. 187. Stamp Tax on Indemnity Bonds. – On all bonds for indemnifying any
30 person, firm or corporation who shall become bound or engaged as surety for
31 the payment of any sum of money or for the due execution or performance of
32 the duties of any office or position or to account for money received by virtue

1 thereof, and on all other bonds of any description, except such as may be
2 required in legal proceedings, or are otherwise provided for herein, there shall
3 be collected a documentary stamp tax of [Thirty centavos (P0.30) on each
4 Four pesos (P4.00), or fractional part thereof,] **SEVEN AND ONE-HALF**
5 **PERCENT (7.5%)** of the premium charged.

6 **SEC. 44.** Section 188 of the National Internal Revenue Code of 1997, as amended is
7 hereby repealed.

8
9 **SEC. 45.** Section 190 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11 SEC. 190. Stamp Tax on Jai-Alai, Horse Racing Tickets, Lotto or Other
12 Authorized Numbers Games. - On each jai-alai, horse race ticket, [lotto], or
13 other authorized number games, there shall be collected a documentary stamp
14 tax of Twenty [centavos (P0.20): Provided, That if the cost of the ticket
15 exceeds One peso (P1.00), an additional tax of Twenty centavos (P0.20) on
16 every One peso (P1.00), or fractional part thereof, shall be collected]
17 **PERCENT (20%) OF THE COST OF THE TICKET: PROVIDED, THAT ON**
18 **EACH PCSO LOTTERY TICKET, THERE SHALL BE COLLECTED A**
19 **DOCUMENTARY STAMP TAX OF TEN PERCENT (10%) OF THE COST OF**
20 **THE TICKET.**

21
22 **SEC. 46.** Section 192 of the National Internal Revenue Code of 1997, as amended is
23 hereby repealed.

24
25 **SEC. 47.** Section 193 of the National Internal Revenue Code of 1997, as amended is
26 hereby repealed.

27
28 **SEC. 48.** Section 195 of the National Internal Revenue Code of 1997, as amended, is
29 hereby amended to read as follows:

30
31 SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust. – On every
32 mortgage or pledge of lands, estate, or property, real or personal, heritable or

1 movable, whatsoever, where the same shall be made as a security for the
2 payment of any definite and certain sum of money lent at the time or previously
3 due and owing or forborne to be paid, being payable, and on any conveyance
4 of land, estate, or property whatsoever, in trust or to be sold, or otherwise
5 converted into money which shall be and intended only as security, either by
6 express stipulation or otherwise, there shall be collected a documentary stamp
7 tax [at the following rates:] **OF THIRTY PERCENT OF ONE PERCENT**
8 **(0.30%) OF THE AMOUNT SECURED.**

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

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

13 xxx xxx xxx”
14

15 **SEC. 49.** Section 198 of the National Internal Revenue Code of 1997, as amended, is
16 hereby amended to read as follows:

17
18 SEC. 198. Stamp Tax on [Assignments and] Renewals of Certain Instruments.
19 – Upon each and every [assignment or transfer of any mortgage, lease or policy
20 of insurance, or the] renewal or continuance of any agreement, contract,
21 charter, or any evidence of obligation or indebtedness **SUBJECT TO**
22 **DOCUMENTARY STAMP TAX UNDER THIS TITLE by THE EXTENSION**
23 **OF THE TERM OR MATURITY** [altering or otherwise,] **OR ALTERATION OF**
24 **SUCH AGREEMENT, CONTRACT OR CHARTER**, there shall be levied,
25 collected and paid a documentary stamp tax, at the same rate as that imposed
26 on the original instrument.
27

28 **SEC. 50.** Section 199 of the National Internal Revenue Code of 1997, as amended, is
29 hereby amended to read as follows:
30

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

4 (a) x x x

5
6 xxx xxx xxx

7 (e) Sale, barter, [or] exchange, **REDEMPTION OR OTHER DISPOSITION**
8 **of shares of stock, OR UNITS OF PARTICIPATION IN A COLLECTIVE**
9 **INVESTMENT SCHEME OR OTHER CIS SECURITIES**, listed and traded
10 through the local stock exchange. **THE ORIGINAL ISSUANCE OF SHARES**
11 **OR UNITS OF PARTICIPATION IN A CIS SHALL NOT BE COVERED BY**
12 **THIS EXEMPTION.**

13 xxx xxx xxx

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

17
18 **SEC. 51.** Section 204 of the National Internal Revenue Code of 1997, as amended, is
19 hereby amended to read as follows:

20
21 SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or
22 Credit Taxes. – The Commissioner may –

23 (A) Compromise the payment of any internal revenue tax, when:

24 xxx xxx xxx

25 Where the basic tax involved exceeds [One million pesos (P1,000,000)]
26 **FIFTEEN MILLION PESOS (P15,000,000)** or where the settlement offered
27 is less than the prescribed minimum rates, the compromise shall be subject to
28 the approval of the Evaluation Board which shall be composed of the
29 Commissioner and the four (4) Deputy Commissioners.”

30 xxx xxx xxx

1 **SEC. 52.** Section 222 of the National Internal Revenue Code of 1997, as amended, is
2 hereby amended to read as follows:

3

4 SEC. 222. Exceptions as to Period of Limitation of Assessment and Collection of
5 Taxes. –

6 (a) x x x

7 (b) If before the expiration of the time prescribed in Section 203 for the
8 assessment of the tax, [both the Commissioner and] the taxpayer [have
9 agreed] **APPLIES WITH THE COMMISSIONER** in writing [to its] **FOR**
10 assessment [after such time], the tax may be assessed within the period
11 [agreed upon] **SPECIFIED IN THE APPLICATION WHICH SHALL NOT**
12 **EXCEED SIX (6) MONTHS AT ANY GIVEN TIME.** [The] **SUCH** period [so
13 agreed upon] may be extended by subsequent written [agreement]
14 **APPLICATION** made before the expiration of the period previously [agreed
15 upon] **APPLIED FOR.**

16 xxx xxx xxx

17

18 **SEC. 53.** Section 237 of the National Internal Revenue Code of 1997, as amended, is
19 hereby further amended to read as follows:

20

21 SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. –

22 (A) Issuance. – x x x

23 Within five (5) years from the effectivity of this Act and upon the establishment
24 of a system capable of storing and processing the required data, the Bureau
25 shall require taxpayers engaged in the export of goods and services, taxpayers
26 engaged in e-commerce, and taxpayers under the jurisdiction of the Large
27 Taxpayers Service to issue **AND TRANSMIT** electronic receipts or sales or
28 commercial invoices [in lieu of manual receipts or sales or commercial invoices]
29 **THROUGH DESIGNATED ELECTRONIC CHANNELS WITH A PUBLIC**
30 **CERTIFICATION SYSTEM ACCREDITED BY THE BUREAU,** subject to
31 rules and regulations to be issued by the Secretary of Finance upon
32 recommendation of the Commissioner [and after a] **FOLLOWING A** public

1 hearing [shall have been] held for this purpose: Provided, That taxpayers not
2 covered by the mandate of this provision may issue electronic receipts or, sales
3 or commercial invoices, in lieu of manual receipts, and sales and commercial
4 invoices[.]: **PROVIDED FURTHER, THAT SUBJECT TO THE RULES AND**
5 **REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE, UPON**
6 **THE RECOMMENDATION OF THE COMMISSIONER, THE BUREAU MAY**
7 **REQUIRE ANY TAXPAYER TO COMPLY WITH THE PROVISIONS OF**
8 **THIS SECTION.**

9 **A PUBLIC CERTIFICATION SYSTEM SHALL REFER TO A DIGITAL**
10 **PERSONAL AUTHENTICATION PROGRAM WITH ABILITY TO VERIFY**
11 **THE IDENTITY OF THE ISSUING TAXPAYER AND ATTEST TO THE**
12 **AUTHENTICITY OF THE INFORMATION IN THE ELECTRONIC**
13 **RECEIPTS OR SALES OR COMMERCIAL INVOICES. THIS**
14 **MAY INCLUDE THE USE OF DIGITAL SIGNATURE ISSUED BY**
15 **CERTIFICATION AUTHORITY AS ACCREDITED BY THE BUREAU OF**
16 **INTERNAL REVENUE.**

17 **A DESIGNATED ELECTRONIC CHANNEL SHALL REFER TO ANY**
18 **MEDIUM OR PORTAL IDENTIFIED BY THE BUREAU WITH AN ABILITY**
19 **TO RECEIVE THE TRANSACTION DATA OF THE ELECTRONIC**
20 **RECEIPTS OR SALES OR COMMERCIAL INVOICES FOR ASSIGNMENT**
21 **OF AN APPROVED ELECTRONIC TAX TRANSACTION NUMBER.**

22 **AN APPROVED TAX TRANSACTION NUMBER SHALL REFER TO THE**
23 **UNIQUE ASSIGNED SERVICE NUMBERS AND/OR LETTERS LINKED TO**
24 **A VALIDATED SALES TRANSACTION REPORTED THROUGH THE**
25 **DESIGNATED ELECTRONIC CHANNEL.**

26 The original of each receipt or invoice shall be issued to the purchaser,
27 customer or client at the time the transaction is effected, who, if engaged in
28 business or in the exercise of profession, shall keep and preserve the same in
29 his place of business for a period of three (3) years from the close of the taxable
30 year in which such invoice or receipt was issued, while the duplicate shall be
31 kept and preserved by the issuer, also in his place of business, for a like period:
32 Provided, That in case of electronic receipts or sales or commercial invoices,

1 the digital records of the same [shall be kept by the purchaser, customer or
2 client and the issuer for the same period above stated] **BEARING THE**
3 **APPROVED ELECTRONIC TAX TRANSACTION NUMBER SHALL BE**
4 **SUFFICIENT COMPLIANCE.**

5 The Commissioner may, in meritorious cases, exempt any person subject to
6 internal revenue tax from compliance with the provisions of this Section.

7
8 **SEC. 54.** Section 237-A of the National Internal Revenue Code of 1997, as amended,
9 is hereby amended to read as follows:

10
11 SEC. 237-A. Electronic Sales Reporting System. – Within five (5) years from the
12 effectivity of this Act and upon the establishment of a system capable of storing
13 and processing the required data, the Bureau shall require taxpayers engaged
14 in the export of goods and services, **AND TAXPAYERS ENGAGED IN E-**
15 **COMMERCE** and taxpayers under the jurisdiction of the Large Taxpayers
16 Service to [electronically report their sales data to the Bureau through the use
17 of electronic point of sales systems,] **USE A SYSTEM CAPABLE OF ISSUING**
18 **ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL INVOICES,**
19 **COLLECT TRANSACTION RECORDS, AND TRANSMIT THE SAME**
20 **THROUGH THE DESIGNATED ELECTRONIC CHANNELS OF THE**
21 **BUREAU IN THE STANDARD FORMAT REQUIRED** subject to rules and
22 regulations to be issued by the Secretary of Finance as recommended by
23 the Commissioner of Internal Revenue: Provided, That the **POINT OF SALE**
24 machines, **VALUE-ADDED NETWORK TERMINALS,** fiscal devices, and
25 fiscal memory devices **WITH CAPACITY TO MAKE SUCH TRANSMISSION**
26 shall be at the expense of the taxpayers[.]: **PROVIDED FURTHER, THAT**
27 **SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED BY THE**
28 **SECRETARY OF FINANCE, THE COMMISSIONER MAY REQUIRE ANY**
29 **TAXPAYER TO COMPLY WITH THE PROVISIONS OF THIS SECTION.**

30
31 **IN YEAR ONE (1) TO YEAR FOUR (4) OF THE IMPLEMENTATION**
32 **PERIOD OF THIS ACT, A TAXPAYER WHO ADOPTS THE REQUIRED**

1 **SYSTEM SHALL BE GRANTED A TAX CREDIT OF 0.1% OF THE**
2 **PURCHASE VALUE, NET OF VALUE-ADDED TAX, FOR EVERY**
3 **ELECTRONIC RECEIPT OR SALE OR COMMERCIAL INVOICE**
4 **TRANSMITTED THROUGH THE DESIGNATED ELECTRONIC CHANNELS**
5 **OF THE BUREAU AND ISSUED AN ELECTRONIC TAX TRANSACTION**
6 **NUMBER.**

7 **IN SUPPORT OF THE ELECTRONIC SALES REPORTING SYSTEM, THE**
8 **BUREAU OF INTERNAL REVENUE MAY GRANT TAX INCENTIVES FOR**
9 **ELECTRONICALLY TRACEABLE PAYMENTS IN THE FORM OF**
10 **ALLOWABLE DEDUCTIBLE EXPENSE OF UP TO TEN PERCENT (10%)**
11 **OF THE ELECTRONICALLY TRACEABLE PAYMENTS MADE BY THE**
12 **TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ELECTRONICALLY**
13 **TRACEABLE PAYMENTS DEDUCTIBLE EXPENSE PER TAXPAYER MAY**
14 **BE SET BY THE COMMISSIONER WITH THE APPROVAL OF THE**
15 **SECRETARY OF FINANCE.**

16 **ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT CARD,**
17 **DEBIT CARD, OR OTHER METHODS OF PAYMENT THAT CAN VERIFY**
18 **THE IDENTITY OF PAYOR.**

19 **THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND INVOICE**
20 **LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR SALES OR**
21 **COMMERCIAL INVOICES TRANSMITTED THROUGH THE DESIGNATED**
22 **ELECTRONIC CHANNELS OF THE BUREAU AND ISSUE A**
23 **CORRESPONDING ELECTRONIC TAX TRANSACTION NUMBER.**

24 The data processing of sales and purchase data shall comply with the provisions
25 of Republic Act No. 10173, otherwise known as the 'Data Privacy Act' and
26 Section 270 of the NIRC, as amended, on unlawful divulgence of taxpayer
27 information and such other laws relating to the confidentiality of information.

28 xxx xxx xxx

29
30 **SEC. 55.** Section 255 of the National Internal Revenue Code of 1997, as amended, is
31 hereby amended to read as follows:

1 "SEC. 255. Failure to File Return, Supply Correct and Accurate Information,
2 Pay Tax, Withhold and Remit Tax and Refund Excess Taxes Withheld on
3 Compensation. – Any person required under this Code or by rules and
4 regulations promulgated thereunder to pay any tax, make a return, keep any
5 record, or supply correct and accurate information, who willfully fails to pay
6 such tax, make such return, keep such record, or supply such correct and
7 accurate information, or withhold or remit taxes withheld, or refund excess
8 taxes withheld on compensation, at the time or times required by law or rules
9 and regulations shall, in addition to other penalties provided by law, upon
10 conviction thereof, be punished by a fine of not less than [Ten thousand pesos
11 (P10,000)] **FORTY THOUSAND PESOS (P40,000)** and [suffer] imprisonment
12 of not less than one (1) year but not more than ten (10) years.

13 Any person who attempts to make it appear for any reason that [he] **THE TAX**
14 **PAYER** or another has in fact filed a return or statement, or actually files a
15 return or statement and subsequently withdraws the same return or statement
16 after securing the official receiving seal or stamp of receipt of an internal
17 revenue office wherein the same was actually filed shall, upon conviction
18 therefor, be punished by a fine of not less than [Ten thousand pesos (P10,000)]
19 but not more than Twenty thousand pesos (P20,000)] **FORTY THOUSAND**
20 **PESOS (P40,000) BUT NOT MORE THAN EIGHTY THOUSAND PESOS**
21 **(P80,000)** and [suffer] imprisonment of not less than one (1) year but not
22 more than three (3) years.

23
24 **SEC. 56.** Section 256 of the National Internal Revenue Code of 1997, as amended, is
25 hereby amended to read as follows:

26 "SEC. 256. Penal Liability of Corporations. – Any corporation, association or
27 general co-partnership liable for any of the acts or omissions penalized under
28 this Code, in addition to the penalties imposed herein upon the responsible
29 corporate officers, partners, or employees shall, upon conviction for each act
30 or omission, be punished by a fine of not less than [Fifty thousand pesos
31 (P50,000) but not more than One hundred thousand pesos (P100,000)] **TWO**

1 **HUNDRED THOUSAND PESOS (P200,000) BUT NOT MORE THAN TWO**
2 **MILLION EIGHT HUNDRED THOUSAND PESOS (P2,800,000).**

3
4 **SEC. 57.** Section 257 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6
7 "SEC. 257. Penal Liability for Making False Entries, Records or Reports, or Using
8 Falsified or Fake Accountable Forms. –

9 (A) Any financial officer or independent Certified Public Accountant engaged to
10 examine and audit books of accounts of taxpayers under Section 232(A) and
11 any person under his direction who:

12 xxx xxx xxx

13 (B) Any person who:

14 (1) Not being an independent Certified Public Accountant according to Section
15 232(B) or a financial officer, examines and audits books of accounts of
16 taxpayers; or

17 xxx xxx xxx

18 (8) Willfully attempts in any manner to evade or defeat any tax imposed under
19 this Code, or knowingly uses fake or falsified revenue official receipts, Letters
20 of Authority, certificates authorizing registration, Tax Credit Certificates, Tax
21 Debit Memoranda and other accountable forms shall, upon conviction for each
22 act or omission, be punished by a fine of not less than [Fifty thousand pesos
23 (P50,000) but not more than One hundred thousand pesos (P100,000)] **ONE**
24 **HUNDRED THIRTY THOUSAND PESOS (P130,000) BUT NOT MORE**
25 **THAN TWO HUNDRED SEVENTY THOUSAND PESOS (P270,000)** and
26 [suffer] imprisonment of not less than two (2) years but not more than six (6)
27 years.

28 If the offender is a Certified Public Accountant, [his] **THE OFFENDER'S**
29 [certificate as a Certified Public Accountant] **LICENSE TO PRACTICE THE**
30 **ACCOUNTING PROFESSION AND CERTIFICATE OF REGISTRATION**
31 shall be automatically revoked or cancelled upon conviction.

1 In the case of foreigners, conviction under this Code shall result in [his] **THEIR**
2 immediate deportation after serving sentence, without further proceedings for
3 deportation.

4
5 **SEC. 58.** Section 258 of the National Internal Revenue Code of 1997, as amended, is
6 hereby amended to read as follows:

7
8 "SEC. 258. Unlawful Pursuit of Business. – Any person who carries on any
9 business for which an annual registration fee is imposed without paying the tax
10 as required by law shall, upon conviction for each act or omission, be punished
11 by a fine of not less than [Five thousand pesos (P5,000) but not more than
12 Twenty thousand pesos (P20,000)] **FIFTY THOUSAND PESOS (P50,000)**
13 **BUT NOT MORE THAN THREE HUNDRED THOUSAND PESOS**
14 **(P300,000)** and [suffer] imprisonment of not less than six (6) months but not
15 more than two (2) years: Provided, That in the case of a person engaged in
16 the business of distilling, rectifying, repacking, compounding or manufacturing
17 any article subject to excise tax, [he] shall, upon conviction for each act or
18 omission, be punished by a fine of not less than [Thirty thousand pesos
19 (P30,000) but not more than Fifty thousand pesos (P50,000)] **THREE**
20 **HUNDRED THOUSAND PESOS (P300,000) BUT NOT MORE THAN**
21 **SEVEN HUNDRED THOUSAND PESOS (P700,000)** and [suffer]
22 imprisonment of not less than two (2) years but not more than four (4) years.

23
24 **SEC. 59.** Section 261 of the National Internal Revenue Code of 1997, as amended, is
25 hereby amended to read as follows:

26
27 SEC. 261. Unlawful Use of Denatured Alcohol. – Any person who for the
28 purpose of manufacturing any beverage, uses denatured alcohol or alcohol
29 specially denatured to be used for motive power or withdrawn under bond for
30 industrial uses or alcohol knowingly misrepresented to be denatured to be unfit
31 for oral intake or who knowingly sells or offers for sale any beverage made in
32 whole or in part from such alcohol or who uses such alcohol for the manufacture

1 of liquid medicinal preparations taken internally, or knowingly sells or offers for
2 sale such preparations containing as an ingredient such alcohol, shall, upon
3 conviction for each act or omission be punished by a fine of not less than
4 [Twenty thousand pesos (P20,000) but not more than One hundred thousand
5 pesos (P100,000)] **FIVE HUNDRED SIXTY THOUSAND PESOS**
6 **(P560,000) BUT NOT MORE THAN TWO MILLION EIGHT HUNDRED**
7 **THOUSAND (P2,800,000)** and [suffer] imprisonment for a term of not less
8 than six (6) years and one (1) day but not more than twelve (12) years.”

9 xxx xxx xxx

10
11 **SEC. 60.** Section 263 of the National Internal Revenue Code of 1997, as amended, is
12 hereby amended to read as follows:

13
14 “SEC. 263. Unlawful Possession or Removal of Articles Subject to Excise Tax
15 without Payment of the Tax. – Any person who owns and/or is found in
16 possession of imported articles subject to excise tax, the tax on which has not
17 been paid in accordance with law, or any person who owns and/or is found in
18 possession of imported tax-exempt articles other than those to whom they are
19 legally issued shall be punished by:

20 (a) x x x

21 xxx xxx xxx

22 **(E) A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED**
23 **THOUSAND PESOS (P1,500,000) BUT NOT MORE THAN FIFTEEN**
24 **MILLION PESOS (P15,000,000), AND IMPRISONMENT OF NOT LESS**
25 **THAN SIX (6) YEARS AND ONE (1) DAY BUT NOT MORE THAN TWELVE**
26 **(12) YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED IN THE**
27 **MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION AND**
28 **TARIFF ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES IS**
29 **MORE THAN FIVE MILLION PESOS (P5,000,000) BUT NOT MORE**
30 **THAN FIFTY MILLION PESOS (P50,000,000);**

31 **(F) A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS**
32 **(P15,000,000) BUT NOT MORE THAN FIFTY MILLION PESOS**

1 (P50,000,000), AND IMPRISONMENT OF NOT LESS THAN TWELVE
2 (12) YEARS AND ONE (1) DAY BUT NOT MORE THAN TWENTY (20)
3 YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED IN THE
4 MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION AND
5 TARIFF ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES IS
6 MORE THAN FIFTY MILLION PESOS (P50,000,000) BUT NOT MORE
7 THAN TWO HUNDRED MILLION PESOS (P200,000,000); OR
8 (G) A FINE OF NOT LESS THAN FIFTY MILLION PESOS (P50,000,000)
9 AND IMPRISONMENT OF TWENTY (20) YEARS AND ONE (1) DAY BUT
10 NOT MORE THAN THIRTY (30) YEARS, IF THE APPRAISED VALUE OF
11 THE GOODS UNLAWFULLY IMPORTED TO BE DETERMINED IN THE
12 MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION AND
13 TARIFF ACT, INCLUDING DUTIES AND TAXES, EXCEEDS TWO
14 HUNDRED MILLION PESOS (P200,000,000) OR IF THE AGGREGATE
15 AMOUNT OF THE APPRAISED VALUE OF THE GOODS WHICH ARE THE
16 SUBJECT OF UNLAWFUL IMPORTATION COMMITTED IN MORE THAN
17 ONE INSTANCE, INCLUDING DUTIES AND TAXES, EXCEEDS TWO
18 HUNDRED MILLION PESOS (P200,000,000).

19 xxx xxx xxx

20
21 **SEC. 61.** Section 264 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

23
24 "SEC. 264. Failure or Refusal to Issue Receipts or Sales or Commercial Invoices,
25 Violations Related to the Printing of such Receipts or Invoices and Other
26 Violations. –

27 (a) Any person who, being required under Section 237 to issue receipts or
28 sales or commercial invoices, fails or refuses to issue such receipts or invoices,
29 issues receipts or invoices that do not truly reflect and/or contain all the
30 information required to be shown therein, or uses multiple or double receipts
31 or invoices, shall, upon conviction for each act or omission, be punished by a
32 fine of not less than [One thousand pesos (P1,000) but not more than Fifty

1 thousand pesos (P50,000)] **THIRTY THOUSAND PESOS (P30,000) BUT**
2 **NOT MORE THAN ONE MILLION FOUR HUNDRED THOUSAND PESOS**
3 **(P1,400,000)** and [suffer] imprisonment of not less than two (2) years but
4 not more than four (4) years.

5 xxx xxx xxx

6
7 **SEC. 62.** Section 266 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9
10 "SEC. 266. Failure to Obey Summons. – Any person who, **AFTER HAVING**
11 **BEEN** [being] duly summoned to appear to testify, or to appear and produce
12 books of accounts, records, memoranda or other papers, or to furnish
13 information as required under the pertinent provisions of this Code, neglects to
14 appear or to produce such books of accounts, records, memoranda or other
15 papers, or to furnish such information, shall, upon conviction, be punished by
16 a fine of not less than [Five thousand pesos (P5,000)] **ONE HUNDRED**
17 **THOUSAND PESOS (P100,000)** but not more than [Ten thousand pesos
18 (P10,000)] **THREE HUNDRED THOUSAND PESOS (P300,000)** and [suffer]
19 imprisonment of not less than one (1) year but not more than two (2) years.

20
21 **SEC. 63.** A new section, Section 270-A is hereby inserted in the NIRC, as amended,
22 and shall read as follows:

23
24 **SEC. 270-A. OFFENSES RELATING TO EXCHANGES OF INFORMATION.**
25 **– VIOLATIONS OF THE PROVISIONS OF SECTION 6(F)(3) SHALL BE**
26 **PUNISHABLE AS FOLLOWS:**

27 **(A) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR**
28 **OFFICER-IN-CHARGE OF ANY REPORTING FINANCIAL INSTITUTION**
29 **WHO FAILS TO SUPPLY FINANCIAL ACCOUNT INFORMATION WHEN**
30 **REQUIRED OR REQUESTED UNDER THIS ACT AND ITS RULES AND**
31 **REGULATIONS SHALL BE SUBJECT TO A FINE OF NOT LESS THAN ONE**
32 **HUNDRED THOUSAND PESOS (P100,000.00), BUT NOT MORE THAN**

1 FIVE HUNDRED THOUSAND PESOS (P500,000.00), OR SUFFER
2 IMPRISONMENT OF NOT LESS THAN SIX (6) MONTHS BUT NOT MORE
3 THAN FOUR (4) YEARS, OR BOTH;

4 (B) NOTWITHSTANDING SECTION 253(D) OF THIS CODE, ANY
5 FINANCIAL INSTITUTION COVERED UNDER THE RULES AND
6 REGULATIONS MADE UNDER THIS ACT WHICH FAILS TO:

7 (1) REPORT THE INFORMATION AS AND WHEN REQUIRED UNDER
8 THE RULES AND REGULATIONS MADE UNDER THIS ACT;

9 (2) COMPLY WITH ANY OF THE DUE DILIGENCE OBLIGATIONS AS
10 PRESCRIBED UNDER THE RULES AND REGULATIONS MADE UNDER
11 THIS ACT; AND

12 (3) FILE AND KEEP THE RECORDS REQUIRED WITHIN THE PURVIEW
13 OF THIS ACT OR THE RULES AND REGULATIONS MADE UNDER THIS
14 ACT SHALL BE PUNISHED, PER OMISSION, BY A FINE OF NOT LESS
15 THAN FIFTY THOUSAND PESOS (P50,000) BUT NOT MORE THAN ONE
16 HUNDRED THOUSAND PESOS (P100,000).

17 (C) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR
18 OFFICER-IN-CHARGE OF A REPORTING FINANCIAL INSTITUTION
19 WHO FAILS TO FILE AND KEEP THE RECORDS REQUIRED WITHIN
20 THE PURVIEW OF THIS ACT, SHALL BE SUBJECT TO A FINE NOT LESS
21 THAN ONE HUNDRED THOUSAND PESOS (PHP100,000), BUT NOT
22 MORE THAN FIVE HUNDRED THOUSAND PESOS (PHP500,000), OR
23 SUFFER IMPRISONMENT OF NOT LESS THAN SIX (6) MONTHS BUT
24 NOT MORE THAN ONE (1) YEAR, OR BOTH;

25 (D) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR
26 OFFICER-IN-CHARGE OF A REPORTING FINANCIAL INSTITUTION
27 WHO SHALL BE NON-COMPLIANT WITH ANY OF THE DUE DILIGENCE
28 OBLIGATIONS SHALL BE SUBJECT TO A FINE NOT LESS THAN ONE
29 HUNDRED THOUSAND PESOS (PHP100,000), BUT NOT MORE THAN
30 FIVE HUNDRED THOUSAND PESOS (PHP500,000), OR SUFFER
31 IMPRISONMENT OF NOT LESS THAN SIX (6) MONTHS BUT NOT MORE
32 THAN ONE (1) YEAR, OR BOTH; AND

1 (E) ANY PERSON WHO MAKES A FALSE STATEMENT OR OMISSION IN
2 RESPECT OF ANY INFORMATION REQUIRED TO BE REPORTED OR
3 FURNISHED TO A FINANCIAL INSTITUTION FOR THE PURPOSES OF
4 THE DUE DILIGENCE PROCEDURES UNDER THE RULES AND
5 REGULATIONS MADE UNDER THIS ACT, SHALL BE SUBJECT TO A FINE
6 OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (PHP100,000)
7 BUT NOT MORE THAN FIVE HUNDRED THOUSAND PHILIPPINE PESOS
8 (P500,000) FOR EACH SUCH FAILURE, OR SUFFER IMPRISONMENT
9 OF SIX (6) MONTHS TO FOUR (4) YEARS IMPRISONMENT, OR BOTH.

10
11 IF A PERSON OR FINANCIAL INSTITUTION ENTERS INTO ANY
12 ARRANGEMENT OR TAKES ANY ACTION, THE MAIN PURPOSE, OR ONE
13 OF THE MAIN PURPOSES OF WHICH IS TO AVOID ANY OBLIGATION
14 UNDER, OR TO CIRCUMVENT THE APPLICATION OF SECTION 6(F)(3),
15 THE COMMISSIONER SHALL NOTIFY SUCH PERSON OR FINANCIAL
16 INSTITUTION THAT THE ACCOUNTS COVERED BY SUCH
17 ARRANGEMENT OR ACTION FALLS UNDER SECTION 6(F)(3) AS IF THE
18 ARRANGEMENTS HAD NOT BEEN ENTERED INTO OR THE ACTION HAD
19 NOT BEEN TAKEN, AND DIRECT THE REPORTING THEREOF.

20
21 **SEC. 64.** Section 275 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

23 SEC. 275. Violation of Other Provisions of this Code or Rules and Regulations
24 in General. – Any person who violates any provision of this Code or any rule or
25 regulation promulgated by the Department of Finance, for which no specific
26 penalty is provided by law, shall, upon conviction for each act or omission, be
27 punished by a fine of not more than [One thousand pesos (P1,000)] **THIRTY**
28 **THOUSAND PESOS** (P30,000) or [suffer] imprisonment of not more than [six
29 (6) months,] **TWO (2) YEARS**, or both.

30
31 **SEC. 65.** Implementing Rules and Regulations. – The Department of Finance, in
32 consultation with the Securities and Exchange Commission, Bangko Sentral ng

1 Pilipinas, Insurance Commission, the Bureau of the Treasury, and the Bureau of
2 Internal Revenue, shall issue rules and regulations for the effective implementation of
3 this Act.

4
5 **SEC. 66.** Separability Clause. – If, for any reason any article or provision of this Act,
6 or any portion thereof, or application of such article, provision, or portion thereof to
7 any person, group, or circumstance is declared invalid or unconstitutional, the
8 remainder of this Act shall not be affected by such decision or declaration.

9
10 **SEC. 67.** Repealing Clause. – The following laws or provisions of laws are hereby
11 repealed or modified accordingly and the persons and/or transactions affected herein
12 are hereby made subject to applicable taxes on interest income, dividends, and capital
13 gains, gross receipts tax, premium tax, and documentary stamp tax under the National
14 Internal Revenue Code of 1997, as amended:

15 (a) Section 9, insofar as the tax exemption on the issuance of bonds and
16 securities is concerned, of Presidential Decree No. 1648, known as
17 “Reorganizing the National Development Company and Establishing a Revised
18 Charter Therefor”;

19 (b) Sections 6, 7, and 8, insofar as the tax exemptions on interest income,
20 capital gains, and documentary stamp tax and on the issuance of bonds are
21 concerned, of Executive Order No. 603, entitled “Creating a Light Rail Transit
22 Authority, Vesting the Same with Authority to Construct and Operate the Light
23 Rail Transit (LRT) Project and Providing Funds Therefor”;

24 (c) Section 14, insofar as tax exemption on interest income, capital gains, and
25 documentary stamp tax is concerned, of Republic Act No. 7354, entitled “An
26 Act Creating the Philippine Postal Corporation, Defining Its Powers, Functions
27 and Responsibilities, Providing for Regulation of the Industry and for Other
28 Purposes Connected Therewith”;

29 (d) Section 12, insofar as the tax exemptions on interest income, capital gains,
30 and documentary stamp tax and on the issuance of bonds are concerned, of
31 Republic Act No. 4850, entitled “An Act Creating the Laguna Lake Development

1 Authority, Prescribing its Powers, Functions and Duties, Providing Funds
2 Therefor, and for Other Purposes”;

3 (e) Number 8, insofar as tax exemption on interest income, capital gains, and
4 documentary stamp tax is concerned, of Presidential Decree No. 37, entitled
5 “Creating the Nayong Pilipino Foundation”;

6 (f) Section 12, insofar as tax exemption on interest income, capital gains, and
7 documentary stamp tax is concerned, of Presidential Decree No. 205, entitled
8 “Creating and Establishing the Development Academy of the Philippines,
9 Defining its Powers, Functions, and Responsibilities, and for Other Purposes”;

10 (g) Article 202, insofar as tax exemption on interest income, capital gains,
11 documentary stamp tax, and premium tax is concerned, of Presidential Decree
12 No. 442 as amended by Presidential Decree No. 626, entitled “Labor Code of
13 the Philippines”;

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

21 (i) Section 2(g), insofar as the tax exemptions on interest income and on the
22 issuance of bonds are concerned, of Republic Act No. 85, as amended by
23 Republic Act No. 2081, entitled “An Act Creating the Rehabilitation Finance
24 Corporation”;

25 (j) Sections 76, 77 and 98, insofar as tax exemption on interest income,
26 dividends, capital gains, and documentary stamp tax on bonds is concerned, of
27 Republic Act No. 3844 otherwise known as “The Agricultural Land Reform
28 Code”;

29 (k) Section 37, insofar as the tax exemption on interest income, capital gains,
30 gross receipts tax, and documentary stamp tax is concerned, of Republic Act
31 No. 6848 or The Charter of The Al-Amanah Islamic Investment Bank of the
32 Philippines”;

1 (l) Sections 19, insofar as the tax exemptions on interest income and issuance
2 of bonds are concerned, of Republic Act No. 3591, as amended by Republic Act
3 No. 9576 or entitled as "An Act Increasing the Maximum Deposit Insurance
4 Coverage, and in Connection Therewith, to Strengthen the Regulatory and
5 Administrative Authority, and Financial Capability of the Philippine Deposit
6 Insurance Corporation (PDIC), Amending for this Purpose Republic Act
7 Numbered Three Thousand Five Hundred Ninety-One, as amended, otherwise
8 known as The PDIC Charter, and for Other Purposes";

9 (m) Section 12, insofar as tax exemption on interest income, capital gains, and
10 documentary stamp tax and the issuance of bonds are concerned, of Executive
11 Order No. 1037, entitled "An Act Creating the Philippine Retirement Park
12 System, Providing Funds Therefor and for Other Purposes";

13 (n) Sections 5 and 19, insofar as the tax exemptions on the issuance of bonds,
14 interest income and documentary stamp tax are concerned, of Republic Act No.
15 8763 or Home Guaranty Corporation Act of 2000;

16 (o) Sections 19 and 25, insofar as tax exemption on documentary stamp tax is
17 concerned, of Republic Act No. 7279 otherwise known as "The Urban
18 Development and Housing Act of 1992";

19 (p) Section 8(a), insofar as tax exemption on interest income, capital gains,
20 and documentary stamp tax of bonds is concerned, as provided under Section
21 1 of Republic Act No. 6395 or An Act Revising the Charter of the National Power
22 Corporation;

23 (q) Sections 9 and 15, insofar as the tax exemptions on the issuance of bonds,
24 interest income, capital gains, and documentary stamp tax are concerned, of
25 PD No. 334, entitled "Creating the Philippine National Oil Company, Defining its
26 Powers and Functions, Providing Funds Therefore, and for Other Purposes";

27 (r) Section 16, insofar as tax exemption on interest income, capital gains, and
28 documentary stamp tax is concerned, of Presidential Decree No. 1467, entitled
29 "An Act Creating the Philippine Crop Insurance Corporation, Prescribing Its
30 Powers and Activities, Providing or Its Capitalization and for the Required
31 Government Premium Subsidy, and for Other Purposes";

1 (s) Section 3, insofar as the tax exemption on interest income, capital gains,
2 and documentary stamp tax of bonds is concerned, of Republic Act No. 3601,
3 entitled "An Act Granting the National Irrigation Administration";

4 (t) Section 6 (a, xviii(2)), in so far as tax exemption on interest income and
5 documentary stamp tax is concerned, of Presidential Decree No.1485, as
6 amended by Presidential Decree No. 1770, entitled "Reconstituting the National
7 Grains Authority to the National Food Authority, Broadening its Functions and
8 Powers and for Other Purposes";

9 (u) Section 5(e), insofar as tax exemption on interest income, capital gains,
10 and documentary stamp tax on bonds is concerned, of Republic Act No. 6260,
11 entitled "An Act Instituting a Coconut Investment Fund and Creating a Coconut
12 Investment Company for the Administration Thereof";

13 (v) Section 7, insofar as tax exemption on documentary stamp tax and premium
14 tax is concerned, of Republic Act No. 7111, entitled "An Act Establishing The
15 Overseas Workers' Investment Fund to Provide Incentives to Overseas
16 Workers, Reduce the Foreign Debt Burden and for Other Purposes";

17 (w) Section 56, insofar as tax exemption on interest income, capital gains, and
18 documentary stamp tax is concerned, of Republic Act No. 10801, entitled "An
19 Act Governing the Operations and Administration of the Overseas Workers
20 Welfare Administration";

21 (x) Section 5, insofar as tax exemption on interest income is concerned, of
22 Republic Act No. 8367, entitled "An Act Providing for the Regulation of the
23 Organization and Operation of Non-Stock Savings and Loan Associations";

24 (y) Section 28, insofar as tax exemption on capital gains on shares of stock and
25 documentary stamp tax is concerned, of Republic Act No. 9267 or The
26 Securitization Act of 2004";

27 (z) Section 15, insofar as tax exemption on capital gains and documentary
28 stamp tax is concerned, of Republic Act No. 9182, as amended by Republic Act
29 No. 9343, entitled "An Act Granting Tax Exemptions and Fee Privileges to
30 Special Purpose Vehicles which Acquire or Invest in Non-Performing Assets,
31 Setting the Regulatory Framework Therefor, and for Other Purposes";

1 (aa) Section 23, insofar as no deduction from gross income shall be allowed in
2 respect of any interest if the indebtedness is incurred to finance petroleum
3 exploration is concerned, of Presidential Decree No. 87, entitled "Amending
4 Presidential Decree No. 8 issued on October 2, 1972, and Promulgating an
5 Amended Act to Promote the Discovery and Production of Indigenous
6 Petroleum and Appropriate Funds Therefor";

7 (cc) Section 6, insofar as tax exemption on interest income, dividends and
8 capital gains are concerned, of Republic Act No. 6426 or the Foreign Currency
9 Deposit Act of the Philippines, as amended;

10 (bb) Section 32, insofar as the tax exemptions on capital gains, interest income
11 and DST and issuance of bonds are concerned, of Republic Act No. 6424 or the
12 Philippine Export Credit Insurance and Guarantee Corporation Act;

13 (dd) Section 16(b), insofar as tax exemption on interest income, dividends and
14 capital gains are concerned, of Republic Act No. 9497, entitled "An Act Creating
15 the Civil Aviation Authority of the Philippines, Authorizing the Appropriation of
16 Funds Therefor, and For Other Purposes";

17 (ee) Section 21, insofar as tax exemption on interest income, dividends and
18 capital gains are concerned, of Republic Act No. 7356, entitled "An Act Creating
19 the National Commission for Culture and the Arts, Establishing National
20 Endowment Fund for Culture and the Arts, and For Other Purposes";

21 (ff) Section 23 (a), insofar as tax exemption on interest income, dividends and
22 capital gains are concerned, of Republic Act No. 10086, entitled "An Act
23 Strengthening Peoples' Nationalism through Philippine History by Changing the
24 Nomenclature of the National Historical Institute into the National
25 Historical Commission of the Philippines, Strengthening Its Powers and
26 Functions, and For Other Purposes";

27 (gg) Section 11, insofar as tax exemption on interest income, dividends and
28 capital gains are concerned, of Presidential Decree No. 1201, series of 1977,
29 entitled "Creating the Philippine Institute for Development Studies";

30 (hh) Section 11, insofar as tax exemption on interest income, dividends and
31 capital gains are concerned, of Republic Act No. 2640, as amended by Batas
32 Pambansa Bilang 35, entitled "An Act to Create A Public Corporation to be

1 Known as the Veterans Federation of the Philippines, Defining its Powers, and
2 for Other Purposes”; and

3 (ii) Section 12, insofar as tax exemption on interest income, dividends and
4 capital gains are concerned, of Republic Act No. 4356, as amended by Republic
5 Act No. 6366, entitled “An Act Creating the Philippine National Railways,
6 Prescribing Its Powers, Functions and Duties, and Providing for the Necessary
7 Funds for Its Operation”.

8 **SEC. 68.** Effectivity - This Act shall take effect on January 1, 2023, following its
9 complete publication in the Official Gazette or in at least one (1) newspaper of general
10 circulation.

Approved,