

SENATE  
S. No. 3502

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(In substitution of H. No. 6017, taking into consideration S. Nos. 596, 2117 and 3181)

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Prepared by the Committee with Senators Estrada, Legarda, Angara and Lacson  
as authors thereof

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**AN ACT**  
**REDUCING THE TAX INSURANCE PREMIUM UNDER CERTAIN CONDITIONS,**  
**AMENDING FOR THIS PURPOSE SECTION 123 OF THE NATIONAL INTERNAL**  
**REVENUE CODE, AS AMENDED**

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

1 **SECTION 1.** Section 123 of the National Internal Revenue Code of 1997, as amended,  
2 is hereby further amended to read as follows:

3           “SEC. 123. *Tax on Life Insurance Premiums.* – There shall be  
4 collected from every person, company or corporation (except purely  
5 cooperative companies or associations) doing life insurance business of  
6 any sort in the Philippines a tax of [five percent (5%)] **TWO PERCENT**  
7 **(2%)** of the total premium collected, whether such premiums are paid in  
8 money, notes, credits or any substitute for money; but premiums refunded  
9 within six (6) months after payment on account of rejection of risk or  
10 returned for other reason to a person insured shall not be included in the  
11 taxable receipts; nor shall any tax be paid upon reinsurance by a company  
12 that has already paid the tax; nor upon premiums collected or received by  
13 any branch of a domestic corporation, firm or association doing business  
14 outside the Philippines on account of any life insurance of the insured who  
15 is a nonresident, if any tax on such premium is imposed by the foreign  
16 country where the branch is established nor upon premiums collected or  
17 received on account of any reinsurance, if the insured, in case of personal  
18 insurance, resides outside the Philippines, if any tax on such premiums is  
19 imposed by the foreign country where the original insurance has been  
20 issued or perfected; nor upon that portion of the premiums collected or

21 received by the insurance companies on variable contracts [as defined in  
22 Section 232(2) of Presidential Decree No. 612], in excess of the amounts  
23 necessary to insure the lives of the variable contract owners.

24 "Cooperative companies or associations' are such as are  
25 conducted by the members thereof with the money collected from among  
26 themselves and solely for their own protection and not for profit."

27 **SEC. 2.** The new rate of two percent (2%) shall apply only to insurance policies  
28 that will be issued after the effectivity of this Act. Premiums that shall be paid and  
29 collected from previously issued policies by insurance companies before the effectivity  
30 of this Act shall continue to be imposed a tax of five percent (5%) on total premium  
31 collected.

32 **SEC. 3. Rules and Regulations.** – The Secretary of Finance, upon  
33 recommendation of the Commissioner of Internal Revenue, shall promulgate the  
34 necessary rules and regulations for the effective implementation of the provisions of this  
35 Act.

36 **SEC. 4. Separability Clause.** – If any provision of this Act is held unconstitutional  
37 or invalid, all other provisions not affected thereby shall remain valid.

38 **SEC. 5. Repealing Clause.** – All laws, decrees, executive orders, rules and  
39 regulations or parts thereof, which are inconsistent with this Act, are hereby repealed,  
40 amended or modified accordingly.

41 **SEC. 6. Effectivity.** – This Act shall take effect fifteen days following the  
42 completion of its publication in the Official Gazette or in a newspaper of general  
43 circulation in the Philippines.

44 *Approved,*