

14th Congress of the)
Republic of the Philippines)
3rd Regular Session)

OFFICE OF THE SECRETARY

10 JAN -4 AM 1:36

SENATE
S. B. No. 3562

RECEIVED BY: 

Introduced by Senator Aquilino Q. Pimentel, Jr.

Explanatory Note

This bill seeks to provide an exemption from the imposition of value added tax (VAT) on donated imported goods for humanitarian, relief and similar purposes.

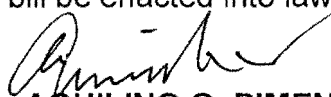
The law, under Section 107 of the National Internal Revenue Code, prescribes that every importation shall be subject to Value Added Tax.

However, this provision hinders the receipt of goods for humanitarian and relief purposes, because of the VAT tax imposed.

It is thus proposed that donated items or goods from foreign donors which are for non-profit, charitable, humanitarian, relief purposes for the benefit of the poor and the needy, should be exempt from payment of the Value Added Tax.

If such goods are exempt from VAT, it will facilitate the entry and the distribution of donations for the benefit of the less fortunate.

It is earnestly requested that this bill be enacted into law.


AQUILINO Q. PIMENTEL, JR.

14th Congress of the)
Republic of the Philippines)
3rd Regular Session)

OFFICE OF THE SECRETARY

SENATE
S. B. No. 3562

10 JAN -4 AM 36

RECEIVED BY: *[Signature]*

Introduced by Senator Aquilino Q. Pimentel, Jr.

An Act amending Section 107 (A) of the National Internal Revenue Code Seeking to exempt from the imposition of Value Added Tax on donated importations of items or goods, which are for non-profit, charitable, humanitarian, relief purposes.

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

Section 1. Section 107 (A) of the National Internal Revenue Code is hereby amended to read as follows:

SEC. 107. Value-Added Tax on Importation of Goods. –

(A) In General. - There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to ten percent (10%) based on the total value used by the Bureau of Customs in determining tariff and customs duties plus customs duties, excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: Provided, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any. **PROVIDED THAT DONATED ITEMS OR GOODS FROM DONORS ABROAD WHICH ARE FOR NON-PROFIT, CHARITABLE, HUMANITARIAN, RELIEF PURPOSES SHALL BE EXEMPT FROM VALUE ADDED TAX UNDER THIS PROVISION. PROVIDED FURTHER, THAT THOSE SUBJECT OF EXEMPTION OF IMPORT DUTIES UNDER THE TARIFF AND CUSTOMS CODE SHALL LIKEWISE BE EXEMPT FROM THE PAYMENT OF THE VALUE ADDED TAX. PROVIDED FURTHER, THAT THOSE DONATIONS OF FOOD, MEDICINE AND EQUIPMENT FOR USE IN THE GOVERNMENT RELIEF AND REHABILITATION PROGRAMS FOR CALAMITY AFFECTED AREAS AS MANDATED IN PRESIDENTIAL MEMORANDUM ORDER NO. 36 SERIES OF 1992, WHICH HAVE BEEN APPROVED FOR EXEMPTION FROM IMPORT DUTIES, SHALL LIKEWISE BE EXEMPT FROM THE VALUE ADDED TAX.**

Section 2. Within sixty-days from the enactment of this law, the Secretary of Finance shall promulgate the implementing rules of this law.

Section 3. Should any of the provisions above be held unconstitutional, then the remaining provisions shall remain effective.

Section 4. This Act shall take effect upon its approval.

Approved.