

THIRTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*

SENATE  
OFFICE OF THE SECRETARY

'04 JUN 30 P5:36

RECEIVED BY: *Osmeña*

SENATE

S. No. 444

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Introduced by Senator S. R. Osmeña III

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**EXPLANATORY NOTE**

Insurance premiums among most of the member countries of the ASEAN are exempt from taxes. The reason for this is that insurance premiums constitute an important segment of national savings which fund investments in productive economic undertakings. Imposing a tax would be a disincentive to savings mobilization through insurance premiums.

In particular, life insurance policies are exempt from documentary stamp tax in Thailand and Brunei. Singapore imposes a documentary stamp tax of only \$1 per policy regardless of the sum insured, Malaysia of only RM10 per policy and Indonesia of only RP1000 per policy.

This bill proposes to delete premium and documentary stamp taxes on life insurance policies and annuities. It is clear that the revenues foregone on these items are more than offset by subsequent tax revenues that would be generated in relation to incremental economic undertakings launched by the expansion of national savings.

In view of the foregoing, the immediate approval of this bill is earnestly requested.

*S. Osmeña III*  
SERGIO OSMEÑA III  
Senator

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AN ACT  
ABOLISHING THE PREMIUM TAX AND DOCUMENTARY STAMP TAX ON  
LIFE INSURANCE POLICIES AND ANNUITIES, REPEALING FOR THE  
PURPOSE SECTIONS 121 AND 183, AND AMENDING SECTION 186, 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. Sections 121 on tax on insurance premium, and 183 on  
2 stamp tax on life insurance policies of the National Internal Revenue Code, as  
3 amended, are hereby repealed.

4 SEC. 2. Section 186 of the same Code is hereby amended to read as  
5 follows:

6 "SEC. 186. Stamp tax on [policies of annuities and] pre-need  
7 plans. – [On all policies of annuities, or other instruments by whatever  
8 name the same may be called whereby an annuity may be made,  
9 transferred, or redeemed, there shall be collected a documentary stamp  
10 tax of one peso and fifty centavos (P1.50) on each two hundred pesos or  
11 fractional part thereof of the capital of the annuity, or should this be  
12 unknown, then on each two hundred pesos, or fractional part thereof, of  
13 thirty-three and one-third times the annual income.] On pre-need plans,  
14 the documentary stamp tax shall be Fifty centavos (P0.50) on each Five

1            hundred pesos (P500.00), or fractional part thereof, of the value or amount  
2            of the plan.”

3            SEC. 3. This Act shall take effect after fifteen (15) days following its  
4            publication in at least two (2) national newspapers of general circulation.

          Approved,