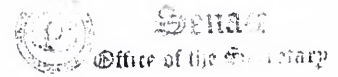


NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'22 JUL 25 P1:56

SENATE

S. No. 843

RECEIVED BY

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Introduced by **SENATOR RAMON BONG REVILLA, JR.**

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**AN ACT  
EXEMPTING BOOKS, NEWSPAPERS, MAGAZINES, JOURNALS, REVIEWS,  
BULLETINS AND OTHER EDUCATIONAL OR LEARNING MATERIALS MADE  
OR PUBLISHED IN DIGITAL OR ELECTRONIC FORMAT FROM VALUE-  
ADDED TAX, AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

**EXPLANATORY NOTE**

The onslaught of the COVID-19 pandemic intensified the use of the internet and electronic devices by different sectors of the society, especially those in the academe. The educational system in our country adopted new learning modalities which led to the utilization of electronic materials such as digital books, e-books and other references in digital format. These electronic or digital materials prove to be useful to the educators and students alike. Given their accessibility and convenience, they will definitely be a mainstay in the educational landscape. However, these materials are currently much more expensive than the printed ones because they are not exempt from the coverage of the value-added tax (VAT). This is because at the time when the National Internal Revenue Code of 1997 was enacted into law, these digital and electronic materials were not yet widely used.

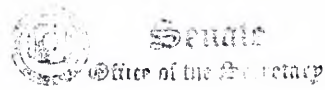
Section 109 (1) of the National Internal Revenue Code of 1997 exempts from VAT the sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin. This measure seeks to include the VAT-exemption to

similar materials made or published in digital or electronic format by amending the said law. In effect, said reference materials, whether in soft or hard format, will be similarly affordable to educators, learners, researchers and other interested citizens.

This measure was filed by Senator Ralph G. Recto in the 18<sup>th</sup> Congress.

In view of the aforementioned, the immediate passage of this bill is highly recommended.

  
**RAMON BONG REVILLA, JR.**



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TAX, AMENDING FOR THE PURPOSE SECTION 109 (1) OF 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. A new subparagraph is hereby inserted after subparagraphs (AA) of  
2 Section 109 (1) of the National Internal Revenue Code of 1997, as amended, to read  
3 as follows:

4 "Sec. 109. *Exempt Transactions.* -

5 "(1) Subject to the provisions of Subsection (2) hereof,  
6 the following transactions shall be exempt from the value-  
7 added tax:

8 "(A) x x x;

9 "x x x

10 "(BB) SALE OF BOOKS, NEWSPAPERS,  
11 MAGAZINES, JOURNALS, REVIEWS, BULLETINS AND  
12 OTHER EDUCATIONAL OR LEARNING MATERIALS  
13 MADE OR PUBLISHED IN DIGITAL OR ELECTRONIC  
14 FORMAT; AND,

15 "x x x."

1           Sec. 2. Subparagraph (BB) of Section 109 (1) of the same Code is amended to  
2 read as subparagraph (CC).

3           Sec. 3. *Implementing Rules and Regulations.* – the Secretary of Finance, shall,  
4 upon the recommendation of the Commissioner of Internal Revenue, promulgate not  
5 later than thirty (30) days upon the effectivity of this Act the necessary rules and  
6 regulations for its effective implementation.

7           Sec. 4. *Separability Clause.* – If any provision or part hereof is held invalid or  
8 unconstitutional, the remainder of the law or the provision or part not otherwise  
9 affected shall remain valid and subsisting.

10          Sec. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or  
11 parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

12          Sec. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
13 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

*Approved,*