

**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)**



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SENATE

S. NO. 2415

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(In substitution of Senate Bill Nos. 2023 and 2148, taking into consideration House Bill No. 7292)

Prepared by the Committee on Ways and Means with Senators Gatchalian, Estrada, and Villanueva as authors

**AN ACT
CREATING A VAT REFUND MECHANISM FOR NON-RESIDENT TOURISTS,
ADDING A NEW SECTION 112-A TO THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED, FOR THE PURPOSE**

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

1 **SECTION 1.** A new section designated as Section 112-A under Chapter I, Title
2 IV of the National Internal Revenue Code, as amended, is hereby inserted to read as
3 follows:

4 **"SEC. 112-A. VAT REFUND FOR TOURISTS. –**

5 **(A) A TOURIST SHALL BE ELIGIBLE FOR A VALUE-ADDED**
6 **TAX (VAT) REFUND ON LOCALLY PURCHASED GOODS IF THE**
7 **FOLLOWING REQUISITES ARE PRESENT:**

8 **(1) THE GOODS ARE PURCHASED IN PERSON BY THE**
9 **TOURIST IN DULY ACCREDITED STORES;**

1 **(2) SUCH GOODS ARE TAKEN OUT ALONG WITH THE**
2 **TOURIST WITHIN SIXTY (60) DAYS FROM THE DATE OF**
3 **PURCHASE; AND**

4 **(3) THE VALUE OF GOODS PURCHASED PER TRANSACTION**
5 **IS EQUIVALENT TO AT LEAST THREE THOUSAND PESOS**
6 **(PHP3,000.00): *PROVIDED*, THAT SUCH THRESHOLD**
7 **MAY BE ADJUSTED BY THE SECRETARY OF FINANCE,**
8 **UPON RECOMMENDATION OF THE COMMISSIONER OF**
9 **INTERNAL REVENUE, TAKING INTO CONSIDERATION**
10 **THE CONSUMER PRICE INDEX (CPI) AS PUBLISHED BY**
11 **THE PHILIPPINE STATISTICS AUTHORITY (PSA).**

12 **(B) THE DEPARTMENT OF FINANCE SHALL ENGAGE THE**
13 **SERVICES OF ONE OR MORE REPUTABLE AND**
14 **INTERNATIONALLY RECOGNIZED VAT REFUND OPERATORS**
15 **THAT SHALL PROVIDE END-TO-END SOLUTIONS TO THE**
16 **GOVERNMENT FOR THE ESTABLISHMENT AND OPERATION OF A**
17 **VAT REFUND SYSTEM FOR TOURISTS.**

18 **(C) THE REFUND UNDER THIS ACT MAY BE MADE EITHER**
19 **ELECTRONICALLY OR IN CASH.**

20 **(D) THE AMOUNT NECESSARY FOR THE VAT REFUND**
21 **SYSTEM FOR TOURISTS UNDER THIS ACT SHALL BE CHARGED**
22 **AGAINST THE SPECIAL ACCOUNT IN THE GENERAL FUND AS**
23 **PROVIDED UNDER SECTION 106 OF THIS CODE.**

1 **FOR PURPOSES OF THIS SECTION, THE TERM 'TOURIST'**
2 **MEANS A FOREIGN PASSPORT HOLDER WHO IS A NON-**
3 **RESIDENT ALIEN INDIVIDUAL.**

4 SEC. 2. ***Implementing Rules and Regulations.*** – Within ninety (90)
5 calendar days from the effectivity of this Act, the Secretary of Finance shall, after due
6 consultation with the Department of Trade and Industry, Department of
7 Transportation, Department of Tourism, National Economic and Development
8 Authority, Bureau of Internal Revenue, and Bureau of Customs, promulgate the
9 necessary rules and regulations to faithfully implement the intent and provisions of
10 this Act.

11 SEC. 3. ***Separability Clause.*** – If any provision of this Act is declared
12 unconstitutional, the remaining parts or provisions not affected thereby shall remain
13 in full force and effect.

14 SEC. 4. ***Repealing Clause.*** – All laws, decrees, executive orders, implementing
15 rules and regulations, issuances, or any part thereof inconsistent with the provisions
16 of this Act are deemed repealed, amended, or modified accordingly.

17 SEC. 5. ***Effectivity.*** – This Act shall take effect fifteen (15) days following its
18 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,