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SENATE  
P.S.R. No. **928**

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION  
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,  
IN AID OF LEGISLATION, ON VAT REFUND FOR GOODS PURCHASED BY  
FOREIGN AND BALIKBAYAN TOURISTS FROM RETAIL STORES IN THE  
PHILIPPINES

WHEREAS, the Constitution, Art. II, Sec. 20, provides that "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, under the National Internal Revenue Code of the Philippines (NIRC), any person who, in the course of trade or business, sells, barter, exchanges, leases goods or properties, renders services, and any person who imports goods shall be subject to the value-added tax (VAT);

WHEREAS, the NIRC also states that the VAT is an indirect tax, and the amount of tax may be shifted or passed on to the buyer, transferee, or lessee of the goods, properties, or services;

WHEREAS, the VAT is a tax on consumption, and is levied on the sales of goods and services at each stage of the production and distribution process;

WHEREAS, the burden of the VAT is borne by the final consumers of VAT-able goods or services, although the producers and suppliers of these goods and services are the one who are required to file their VAT returns to the Bureau of Internal Revenue (BIR);

WHEREAS, at present, a VAT equivalent to 12 percent is imposed on the gross selling price of VAT-able goods (or gross receipts in the case of VAT-able services);

WHEREAS, countries such as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, the United Kingdom, Canada, Croatia, Czech Republic, Estonia, Hungary, Iceland, Japan, Liechtenstein, Luxembourg, Norway, Slovenia, South Africa, South Korea, Turkey, Switzerland, Singapore, and Thailand all refund VAT in varying degrees to tourists for goods purchased;

WHEREAS, the principle behind giving VAT refunds is that governments do not charge VAT on exports of goods to other countries; this principle has been extended to include purchases made by foreign visitors when they take goods back to their country;

WHEREAS, a similar incentive should be offered in the Philippines to boost tourism in the country and stimulate the economy;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to direct the proper Senate committee to conduct and inquiry, in aid of legislation, on VAT refund for goods purchased by foreign and balikbayan tourists from retail stores in the Philippines.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO

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