

SENATE

OCT 15 2009

COMMITTEE REPORT NO. 724

Submitted by the Committee on Ways and Means on OCT 15 2009.

Re: S.B. No. 3502

Recommending its approval in substitution of H.B. No. 6017 taking into consideration S.B. Nos. 596, 2117 and 3181.

Sponsor: ^A Senator Lacson

MR. PRESIDENT:

The Committee on Ways and Means to which were referred House Bill No. 6017, introduced by Representatives Vinzons-Chato and Javier, entitled :

**AN ACT
GRANTING TAX RELIEF TO THE LIFE INSURANCE INDUSTRY BY
ABOLISHING THE DOCUMENTARY STAMP TAX AND PREMIUM TAX
ON LIFE INSURANCE, REPEALING FOR THIS PURPOSE SECTIONS
123 AND 183 AND AMENDING FURTHER SECTION 199 OF THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

Senate Bill No. 596, introduced by Senator Jinggoy Ejercito Estrada, entitled:

**AN ACT
REDUCING THE TAX INSURANCE PREMIUM UNDER CERTAIN
CONDITIONS, AMENDING FOR THIS PURPOSE SECTION 123 OF
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

Senate Bill No. 2117, introduced by Senator Legarda, entitled:

**AN ACT
REDUCING THE TAX INSURANCE PREMIUM UNDER CERTAIN
CONDITIONS, AMENDING FOR THIS PURPOSE SECTION 123 OF
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

and Senate Bill No. 3181, introduced by Senator Angara, entitled:

**AN ACT
GRANTING TAX RELIEF TO THE LIFE INSURANCE INDUSTRY BY
ABOLISHING THE DOCUMENTARY STAMP TAX AND PREMIUM TAX
ON LIFE INSURANCE, REPEALING FOR THIS PURPOSE SECTIONS
123 AND 183 AND AMENDING FURTHER SECTION 199 OF THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

has considered the same and has the honor to report the bills back to the Senate with the recommendation that the attached S.B. No. 3502 prepared by the Committee, entitled:


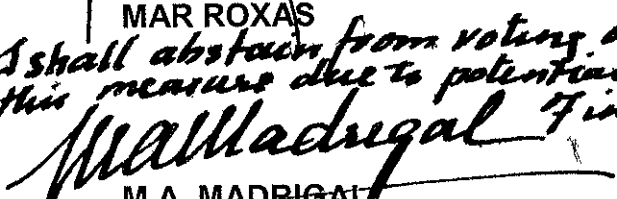
**AN ACT
REDUCING THE TAX INSURANCE PREMIUM UNDER CERTAIN
CONDITIONS, AMENDING FOR THIS PURPOSE SECTION 123 OF
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

be approved in substitution of House Bill No. 6017, taking into consideration S.B. Nos. 596, 2117 and 3181, with Senators Estrada, Legarda, Angara and Lacson as authors thereof.

Respectfully submitted:



PANFILO M. LACSON
Chairman
Committee on Ways and Means

Members:


MAR ROXAS
I shall abstain from voting on this measure due to potential conflict of interest.

M.A. MADRIGAL


LOREN B. LEGARDA


RICHARD J. GORDON


FRANCIS "CHIZ" G. ESCUDERO

BENIGNO S. AQUINO III


GREGORIO B. HONASAN II

RODOLFO G. BIAZON


MANUEL M. LAPID


EDGARDO J. ANGARA



FRANCIS N. PANGILINAN


ALLAN COMPAÑERO S. CAYETANO


JOKER P. ARROYO

MANNY VILLAR

Ex-Officio Members:

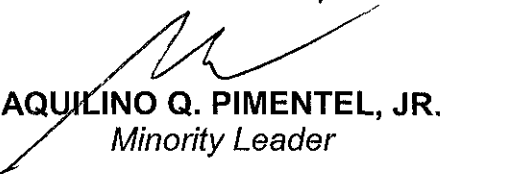


JINGGOY E. ESTRADA
President Pro-Tempore



JUAN MIGUEL F. ZUBIRI
Majority Leader

with objections:



AQUILINO Q. PIMENTEL, JR.
Minority Leader

HON. JUAN PONCE ENRILE
Senate President
Pasay City

SENATE
S. No. 3502

9 OCT 15 1991

(In substitution of H. No. 6017, taking into consideration S. Nos. 596, 2117 and 3181)

Prepared by the Committee with Senators Estrada, Legarda, Angara and Lacson
as authors thereof

AN ACT
REDUCING THE TAX INSURANCE PREMIUM UNDER CERTAIN CONDITIONS,
AMENDING FOR THIS PURPOSE SECTION 123 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.** Section 123 of the National Internal Revenue Code of 1997, as amended,
2 is hereby further amended to read as follows:

3 "SEC. 123. *Tax on Life Insurance Premiums.* – There shall be
4 collected from every person, company or corporation (except purely
5 cooperative companies or associations) doing life insurance business of
6 any sort in the Philippines a tax of [five percent (5%)] **TWO PERCENT**
7 **(2%)** of the total premium collected, whether such premiums are paid in
8 money, notes, credits or any substitute for money; but premiums refunded
9 within six (6) months after payment on account of rejection of risk or
10 returned for other reason to a person insured shall not be included in the
11 taxable receipts; nor shall any tax be paid upon reinsurance by a company
12 that has already paid the tax; nor upon premiums collected or received by
13 any branch of a domestic corporation, firm or association doing business
14 outside the Philippines on account of any life insurance of the insured who
15 is a nonresident, if any tax on such premium is imposed by the foreign
16 country where the branch is established nor upon premiums collected or
17 received on account of any reinsurance, if the insured, in case of personal
18 insurance, resides outside the Philippines, if any tax on such premiums is
19 imposed by the foreign country where the original insurance has been
20 issued or perfected; nor upon that portion of the premiums collected or

21 received by the insurance companies on variable contracts [as defined in
22 Section 232(2) of Presidential Decree No. 612], in excess of the amounts
23 necessary to insure the lives of the variable contract owners.

24 "Cooperative companies or associations' are such as are
25 conducted by the members thereof with the money collected from among
26 themselves and solely for their own protection and not for profit."

27 **SEC. 2.** The new rate of two percent (2%) shall apply only to insurance policies
28 that will be issued after the effectivity of this Act. Premiums that shall be paid and
29 collected from previously issued policies by insurance companies before the effectivity
30 of this Act shall continue to be imposed a tax of five percent (5%) on total premium
31 collected.

32 **SEC. 3. Rules and Regulations.** – The Secretary of Finance, upon
33 recommendation of the Commissioner of Internal Revenue, shall promulgate the
34 necessary rules and regulations for the effective implementation of the provisions of this
35 Act.

36 **SEC. 4. Separability Clause.** – If any provision of this Act is held unconstitutional
37 or invalid, all other provisions not affected thereby shall remain valid.

38 **SEC. 5. Repealing Clause.** – All laws, decrees, executive orders, rules and
39 regulations or parts thereof, which are inconsistent with this Act, are hereby repealed,
40 amended or modified accordingly.

41 **SEC. 6. Effectivity.** – This Act shall take effect fifteen days following the
42 completion of its publication in the Official Gazette or in a newspaper of general
43 circulation in the Philippines.

44 *Approved,*