



HOUSE OF REPRESENTATIVES

H. No. 6022

BY REPRESENTATIVES MANDANAS, TREÑAS, AGGABAO, UNGAB,
RODRIGUEZ (R.), APACIBLE, GONZALEZ, VILLAFUERTE, MERCADO (R.),
MIRAFLORES, PANOTES AND ALBANO, PER COMMITTEE REPORT
No. 2016

AN ACT RATIONALIZING THE TAXES ON INTERNATIONAL AIR
CARRIERS OPERATING IN THE PHILIPPINES, AMENDING FOR
THE PURPOSE SECTIONS 28(A)(3)(a), 108(B)(6) AND 118, ALL
UNDER 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. Section 28(A)(3)(a) of the National Internal Revenue Code
2 of 1997, as amended, is hereby further amended to read as follows:
3 “SEC. 28. *Rates of Income Tax on Foreign Corporations.* –
4 “(A) *Tax on Resident Foreign Corporations.* –
5 “(1) x x x
6 “(2) x x x
7 “(3) *International Carrier.* – An international carrier
8 doing business in the Philippines shall pay a tax of two and
9 one-half percent (2½%) on its ‘Gross Philippine Billings’ as
10 defined hereunder:

1 “(a) *International Air Carrier.* – ‘Gross Philippine
2 Billings’ refers to the amount of gross revenue derived from
3 carriage of persons, excess baggage, cargo and mail originating
4 from the Philippines in a continuous and uninterrupted flight,
5 irrespective of the place of sale or issue and the place of payment
6 of the ticket or passage document: *Provided,* That tickets
7 revalidated, exchanged and/or indorsed to another international
8 airline form part of the Gross Philippine Billings if the passenger
9 boards a plane in a port or point in the Philippines: *Provided,*
10 *further,* That for a flight which originates from the Philippines,
11 but transshipment of passenger takes place at any port outside the
12 Philippines on another airline, only the aliquot portion of the cost
13 of the ticket corresponding to the leg flown from the Philippines
14 to the point of transshipment shall form part of Gross Philippine
15 Billings.

16 “**PROVIDED, THAT INTERNATIONAL AIR CARRIERS**
17 **DOING BUSINESS IN THE PHILIPPINES SHALL NOT BE LIABLE TO**
18 **PAY THE GROSS PHILIPPINE BILLINGS HEREIN PROVIDED**
19 **PURSUANT TO THE PRINCIPLE OF RECIPROCITY: *PROVIDED,***
20 ***FURTHER,* THAT THE GRANT OF RECIPROCAL EXEMPTIONS TO**
21 **INTERNATIONAL AIR CARRIERS SHALL ENTER INTO FORCE**
22 **THIRTY (30) DAYS FROM THE EXCHANGE OF DIPLOMATIC**
23 **NOTES BETWEEN THE PHILIPPINES AND THE FOREIGN**
24 **JURISDICTION CONCERNED: *PROVIDED, FINALLY,* THAT SAID**
25 **DIPLOMATIC NOTES SHALL CONSTITUTE THE AGREEMENT**
26 **BETWEEN THE TWO (2) COUNTRIES.**

27 “(b) x x x.”

1 “Disbursements from the Fund shall be made solely for
2 the protection, maintenance, administration, and management of
3 the System, and duly approved projects endorsed by the PAMBs,
4 in the amounts authorized by the DENR IN ACCORDANCE WITH
5 EXISTING ACCOUNTING, BUDGETING AND AUDITING RULES
6 AND REGULATIONS: *PROVIDED, FURTHER, THAT THE FUND*
7 *SHALL NOT BE USED TO COVER PERSONAL SERVICES*
8 *EXPENDITURES.”*

9 SEC. 2. *Separability Clause.* – If any part of this Act is declared
10 invalid or unconstitutional, such declaration shall not affect the other parts of
11 this Act.

12 SEC. 3. *Repealing Clause.* – All laws, acts, presidential decrees,
13 executive orders, administrative orders, rules and regulations inconsistent
14 herewith or contrary to the provisions of this Act are deemed amended,
15 modified or repealed accordingly.

16 SEC. 4. *Effectivity Clause.* – This Act shall take effect fifteen (15)
17 days after its publication in the *Official Gazette* or in two (2) newspapers of
18 general circulation.

 Approved,

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