

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



Senate
Office of the Secretary

13 JUL -8 A8 :39

SENATE

S.B. No. **538**

RECEIVED BY: *ju*

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

This bill seeks to provide an exemption from the imposition of the Value Added Tax (VAT) on donated imported goods for humanitarian, relief and similar purposes.

The law, under Section 107 of the National Internal Revenue Code, prescribes that every importation shall be subject to Value Added Tax. However, this provision lessens or even hinders the receipt of goods used for humanitarian and relief purposes.

It is thus proposed that donated items or goods from foreign donors which are exclusively for non-profit, charitable, humanitarian, relief purposes benefiting the poor and the needy, should be exempt from payment of the Value Added Tax.

If such goods are exempt from VAT, it will facilitate the entry and the distribution of donations for the benefit of the less fortunate.

With these in mind, passage of this measure is earnestly requested.


LOREN LEGARDA
Senator



73 JUL -8 A8:39

SENATE
S.B. No. **538**

RECEIVED BY: *ji*

Introduced by Senator Loren Legarda

AN ACT
AMENDING SECTION 107(A) OF THE NATIONAL INTERNAL
REVENUE CODE SEEKING TO EXEMPT FROM THE IMPOSITION OF
VALUE ADDED TAX DONATED IMPORTATIONS OF ITEMS OR
GOODS, WHICH ARE FOR NON-PROFIT, CHARITABLE,
HUMANITARIAN, AND RELIEF PURPOSES

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

1 **Section 1.** Section 107 (A) of the National Internal Revenue Code is hereby
2 amended to read as follows:

3
4 SEC. 107. *Value-Added Tax on Importation of Goods.*

5
6 (A) *In General.* - There shall be levied, assessed and collected on every
7 importation of goods a value-added tax equivalent to twelve percent
8 (12%) based on the total value used by the Bureau of Customs in
9 determining tariff and customs duties plus customs duties, excise taxes, if
10 any, and other charges, such tax to be paid by the importer prior to the
11 release of such goods from customs custody: Provided, That where the
12 customs duties are determined on the basis of the quantity or volume of
13 the goods, the value-added tax shall be based on the landed cost plus
14 excise taxes, if any. **PROVIDED, THAT DONATED ITEMS OR**
15 **GOODS FROM DONORS ABROAD WHICH ARE EXCLUSIVELY**
16 **FOR NON-PROFIT, CHARITABLE, HUMANITARIAN, AND RELIEF**
17 **PURPOSES SHALL BE EXEMPT FROM VALUE ADDED TAX UNDER**
18 **THIS PROVISION: PROVIDED FURTHER, THAT THOSE SUBJECT**
19 **TO THE EXEMPTION OF IMPORT DUTIES UNDER THE TARIFF**
20 **AND CUSTOMS CODE SHALL LIKEWISE BE EXEMPT FROM THE**
21 **PAYMENT OF THE VALUE ADDED TAX: PROVIDED FURTHER,**

1 THAT THOSE DONATIONS OF FOOD, MEDICINE AND
2 EQUIPMENT FOR GOVERNMENT RELIEF AND REHABILITATION
3 PROGRAMS IN CALAMITY AFFECTED AREAS AS MANDATED IN
4 PRESIDENTIAL MEMORANDUM ORDER NO. 36 SERIES OF 1992,
5 WHICH HAVE BEEN APPROVED FOR EXEMPTION FROM IMPORT
6 DUTIES, SHALL LIKEWISE BE EXEMPT FROM THE VALUE ADDED
7 TAX.

8
9 **Section 2.** The Secretary of Finance shall promulgate the implementing rules
10 and regulations for this Act, within six (6) months after its enactment.

11
12 **Section 3.** If any part or provision of this Act is declared unconstitutional, the
13 remaining provisions hereof not affected thereby shall continue to have the force
14 and effect of law.

15
16 **Section 4.** This Act shall take effect after its publication in at least two (2)
17 newspapers of general circulation.

18
19 Approved,