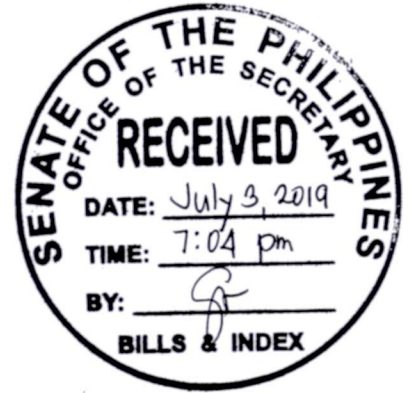


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. NO. 220

Introduced by SENATOR IMEE R. MARCOS

AN ACT
RATIONALIZING THE EARMARKING OF VALUE-ADDED TAXATION
TO ADDRESS INTER-GENERATIONAL POVERTY, AMENDING FOR
THE PURPOSE SECTION 288 OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Philippines Value Added Tax (VAT) is a broad, far-reaching, revenue measure that has been refined, over time, through legislation, to meet the needs of Filipinos and national development. In this regard, this measure is another step forward in rationalizing the VAT and providing for vital and immediate social welfare goals.

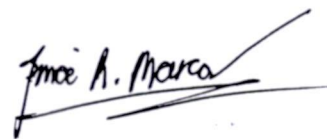
This measure earmarks VAT proceeds for food vouchers, and welfare related programs and projects needed to address inter-generational poverty. This bill will ensure that the poorest of the poor are uplifted through health care, educational opportunities, agricultural modernization, disaster risk reduction, and environmental care, the next step forward in eradicating poverty, and assuring resiliency of our poorest communities.

Further, this bill arrests the possible reduction of the share of local government units from VAT proceeds. Under Section 288 of Republic Act No. 8424 or the

National Internal Revenue Code, Fifty Percent (50%) of incremental VAT proceeds goes to LGUs for specifically provided purposes. This would be a lot less than the VAT proceeds from the 'just share' of local government units under Section 6, Article X of the 1987 Constitution, which the Supreme Court Ruling clarified to be based on all national taxes and not only on national internal revenue taxes, as provided in Section 284 of the Local Government Code.

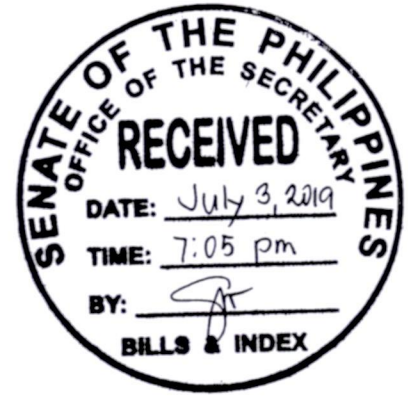
In line with this, this measure requires that Sixty Percent (60%) of all revenue proceeds from VAT, equivalent to the share of the national government, be reallocated to activities that will arrest intergenerational poverty nationwide.

In view of the foregoing, the immediate passage of this measure is earnestly sought.

A handwritten signature in black ink, appearing to read "Imee R. Marcos", with a long horizontal stroke extending to the right.

IMEE R. MARCOS

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



SENATE

S. B. NO. 220

Introduced by SENATOR IMEE R. MARCOS

AN ACT

**RATIONALIZING THE EARMARKING OF VALUE-ADDED TAXATION TO
ADDRESS INTER-GENERATIONAL POVERTY, AMENDING FOR THE
PURPOSE SECTION 288 OF THE NATIONAL INTERNAL REVENUE
CODE, AS AMENDED, AND FOR OTHER PURPOSES**

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

- 1 Section. 1. Declaration of Policy. It is hereby declared the policy of the State:
2
3 a) To ensure a progressive tax system geared towards uplifting the poor
4 through sustainable development programs;
5
6 b) To guarantee Local Government Units are provided with a just share
7 based on all national taxation that funds local economic development
8 and poverty alleviation; and
9
10 c) To promote sustainable intergenerational poverty alleviation and pro-
11 poor productivity enhancing programs.
12

1 Sec. 2. Sec. 288 of the NIRC, as amended, is hereby further amended to read
2 as follows:

3 "Sec. 288. Disposition of Incremental Revenues. -

4 (A) x x x

5 (B) x x x

6 (C) x x x

7 (D) ~~[Incremental]~~ **TOTAL** Revenues from the Value-Added Tax. ~~[Fifty~~
8 ~~percent (50%) of the Local Government unit's share from the]~~ **THE**
9 **TOTAL** revenue from the Value-Added Tax shall be allocated and used
10 exclusively for the following purposes:

11
12 (1) ~~[Fifteen percent (15%)]~~ **TEN PERCENT (10%)** for public
13 elementary and secondary education to finance the **ACQUISITION**
14 **AND IMPROVEMENT OF SITES**, construction of buildings,
15 purchases of school furniture and in-service teacher trainings;

16
17 (2) Ten percent (10%) for health insurance premiums of enrolled
18 indigents as a counterpart contribution ~~[of the local government]~~ to
19 sustain the universal coverage of the National Health Insurance
20 Program;

21
22 (3) ~~[Fifteen percent (15%)]~~ **TEN PERCENT (10%)** for environmental
23 conservation to fully implement a comprehensive national
24 reforestation program; ~~[and]~~

25
26 **(4)** Ten percent (10%) for agricultural modernization to finance the
27 construction of farm-to-market roads and irrigation facilities,
28 **COMMUNAL IRRIGATION SYSTEMS; POST-HARVEST**
29 **FACILITIES; SEED AND ORGANIC FERTILIZER SUBSIDIES;**
30 **LIVESTOCK DISPERSAL PROGRAM; AND ESTABLISHMENT OF**
31 **MARICULTURE AND AQUACULTURE PARKS [-];**

1 **(5) TEN PERCENT (10%) FOR FOOD VOUCHERS FOR THE**
2 **FIRST TO SEVENTH INCOME DECILES OF THE NATIONAL**
3 **HOUSEHOLD TARGETING SYSTEM FOR POVERTY**
4 **REDUCTION (NHTS-PR); AND**

5
6 **(6) TEN PERCENT (10%) FOR SOCIAL MITIGATING**
7 **MEASURES AND INVESTMENTS IN SOCIAL PROTECTION,**
8 **EMPLOYMENT, AND HOUSING THAT PRIORITIZE THE POOR**
9 **AND NEAR-POOR HOUSEHOLDS, AS IDENTIFIED UNDER THE**
10 **NHTS-PR.**

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

15
16 Sec. 4. *Repealing Clause.* – Any law, presidential decree or issuance, executive
17 order, letter of instruction, administrative order, rule or regulation contrary to
18 or inconsistent with the provisions of this Act is hereby repealed, modified, or
19 amended accordingly.

20
21 Sec. 5. *Effectivity Clause.* -- This Act shall take effect on January 1, 2020
22 following its complete publication in the *Official Gazette* or in at least one (1)
23 newspaper of general circulation.

Approved,