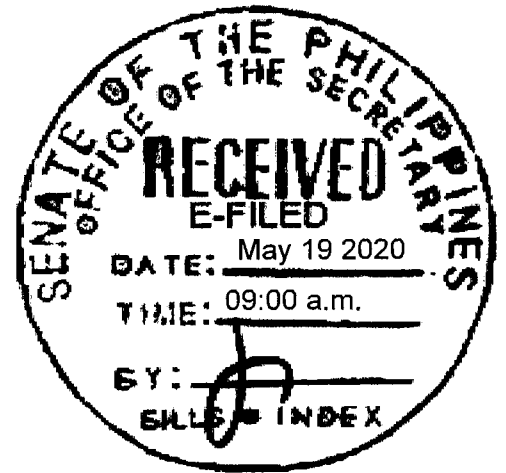


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

P.S. Res. No. 410

Introduced by SENATOR RAMON BONG REVILLA, JR.

RESOLUTION

URGING THE SENATE COMMITTEE ON WAYS AND MEANS AND THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE POSSIBILITY OF IMPOSING AND COLLECTING TAXES FROM MULTINATIONAL ONLINE STREAMING SERVICES AND THE DIGITAL ECONOMY IN GENERAL

1 **Whereas**, the novel Coronavirus (Covid-19) pandemic and the imposition of
2 community quarantine measures across the country have accelerated the country's
3 shift towards digitalization and further growth of the digital economy;
4

5 **Whereas**, the use of technology-based services such as online streaming and
6 online markets is expected to soar with the continued implementation of quarantine
7 measures and amid the New Normal characterized by physical distancing and
8 prohibition of mass gatherings;
9

10 **Whereas**, the Philippine digital economy is expected to grow by 257.14
11 percent from \$7 billion to \$25 billion by 2025, equivalent to 5.3 percent of country's
12 gross domestic product (GDP)¹;
13

14 **Whereas**, according to the Digital 2019 report of social media management
15 firm Hootsuite and creative agency We Are Social, Filipinos typically spend around ten

¹ "PHL digital economy seen at \$25 billion in 2025." <https://businessmirror.com.ph/2019/11/12/phl-digital-economy-seen-at-25-billion-in-2025/> Accessed on May 16, 2020

1 hours and 2 minutes of their time using the internet, exceeding the global average
2 online time of six hours and 42 minutes daily²;

3
4 **Whereas**, the same report states that Filipinos spend around four hours and
5 12 minutes on various social media platforms every day, nearly double the global daily
6 average of two hours and 16 minutes³;

7
8 **Whereas**, Filipinos spend at least 3.3 hours daily watching online content on
9 mobile devices⁴;

10
11 **Whereas**, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum
12 Circular No. 55-2013 reminding the taxpayers' obligations in relation to online business
13 transactions including online shopping or online retailing, online intermediary service,
14 online advertisement/classified ads, and online auction;

15
16 **Whereas**, some multinational companies do not need to establish physical
17 presence in our country in order to proceed with their business as technological
18 advancements made it possible for them to offer their services into our country
19 through various online platforms, even without local distributors;

20
21 **Whereas**, different countries such as Norway, Australia, Japan, France, South
22 Korea, United Kingdom, Singapore, Malaysia, among others have adopted and passed
23 their respective versions of digital service tax laws which enable them to collect taxes
24 from local consumption and use of digital content and services from foreign providers;

25
26 **Whereas**, there are also multilateral efforts at unifying tax rules, such as the
27 one led by the Organization for Economic Co-operation and Development (OECD), to

² "At 10 hrs, 2 mins a day, Filipinos spend most time online." <https://business.inquirer.net/264438/at-10-hrs-2-mins-a-day-filipinos-spend-most-time-online> Accessed on May 16, 2020.

³ Ibid.

⁴ "Cheapest Netflix in the Philippines to launch on mobile for P149." <https://news.abs-cbn.com/business/03/12/20/cheapest-netflix-in-the-philippines-to-launch-on-mobile-for-p149> Accessed on May 16, 2020.

1 address overlaps with individual state measures and avoid double taxation,
2 considering the borderless nature of such transactions;

3
4 **Whereas**, there is a need to embrace the digital revolution of our time, and to
5 comprehensively review and update our existing tax laws regarding digital economy;

6
7 **Whereas**, there is a need to implement a fair and just taxation scheme,
8 capture transactions of multinational companies related to the digital economy into
9 our tax base, and plug the leakages in our tax laws;

10
11 **NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, to
12 urge the Senate Committee on Ways and Means and the appropriate Senate
13 Committees to conduct an inquiry, in aid of legislation, into the possibility of imposing
14 and collecting taxes from multinational online streaming services and the digital
15 economy in general.

16
17 *Adopted,*


RAMON BONG REVILLA, JR.