



HOUSE OF REPRESENTATIVES

H. No. 4339

BY REPRESENTATIVES SALCEDA, SUANSING (M.A.), VILLAFUERTE (L.R.), VILLAFUERTE (M.L.), HORIBATA, ENCISO, COLADA, TY, HARESCO, LAGON (S.), BRIONES, RECTO, DIONISIO, SUANSING (H.), LUISTRO, DAGOOC, MARINO, PALMA, AMATONG, ORDANES, CAGAS, VERGARA, ATAYDE, BASCUG, BARZAGA, TEVES (J.), RODRIGUEZ (R.), SUAN, DELOS SANTOS, REYES, TAMBUNTING, FUENTEBELLA, QUIMBO, KHO (R.), ZAMORA (M.C.), PADIERNOS, MAGSINO, ROBES, ALVAREZ (J.), GUTIERREZ, YAP (ERIC), SINGSON-MEEHAN, SALO, SORIANO, GORRICETA, RILLO, PUMAREN, CUARESMA, SALIMBANGON, TARRIELA, CUA, CAOAGDAN, NOEL, DEFENSOR, LACSON-NOEL, DALIPE, MARCOS, PRIMICIAS-AGABAS, BOLILIA, ACIDRE, GONZALEZ (S.), BARONDA, SUAREZ, ALBANO, NOLASCO, GARIN, GONZALES (N.), ABANTE, VELOSO-TUAZON, OAMINAL, COJUANGCO (J.), GOMEZ, BONGALON, DY (F.), ORTEGA, ADIONG, ADVINCULA, KHONGHUN, PANALIGAN, SANTOS, TEODORO, NOGRALES (M.I.), REVILLA (B.), TOLENTINO, ZAMORA (Y.M.), DOMINGO, GULLAS, DIONISIO, ARBISON, VARGAS, ROQUE, ZAMORA (A.M.), ESCUDERO, TAN (K.M.), ACHARON, FORTES, SAULOG, YU (J.V.), LIBANAN, DAZA, HERRERA, DE JESUS, HATAMAN, TAN (S.J.), ONGCHUAN, ABALOS, TAN (R.M.), BORDADO, ROMUALDO, TAN-TAMBU, DALIPE AND ROMUALDEZ (F.M.), PER COMMITTEE REPORT NO. 27

AN ACT

AMENDING SECTIONS 6, 22, 24, 25, 27, 28, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 109, 112, 121, 122, 123, 127, 149, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 190, 195, 198, 199, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275; INSERTING NEW SECTION 270-A; AND REPEALING SECTIONS 175, 177, 178, 180, 188, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS 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 **SEC. 1. Declaration of Policy.** – The financial sector plays a significant role in the
2 long-term growth of the national economy. A key policy consideration is to allow the capital
3 market to develop as efficiently as possible, with the least intervention. The optimal taxation
4 of capital markets, and the products and transactions that come with them, is an essential
5 element in developing the capital market. Towards this end, the State recognizes the necessity
6 of a simpler, fairer, more efficient, and more regionally competitive tax system for passive
7 income and financial intermediation to encourage savings, develop, as well as deepen the
8 capital markets.

9 In the same vein, the State recognizes tax administration as a driver of economic
10 growth, and the equitable taxation of similar products an essential aspect of the progressivity
11 of taxation. By making tax compliance easier and more equitable, progressivity is ensured,
12 the tax effort is improved, discretion is eliminated, and thus trust in the taxation system is
13 built and enhanced. Accordingly, the State adopts the following policies:

- 14 (a) The State shall promote and develop a tax system that provides neutrality in the
15 tax treatment across financial institutions and financial instruments.
- 16 (b) The State shall endeavor to simplify an otherwise complex tax system for easy
17 compliance.
- 18 (c) The State shall ensure that the taxation of passive income and financial
19 transactions is equitable across all stakeholders and discourages arbitrage
20 opportunities.
- 21 (d) The State shall promote capital market development and tax competitiveness
22 within the context of globalization, increased capital mobility, and financial
23 inclusion.
- 24 (e) The State shall endeavor to reform tax administration to improve its efficiency and
25 effectiveness and encourage proper and easy compliance by adopting international
26 best practices in taxation, modernizing processes, and correcting revenue eroding
27 provisions in the National Internal Revenue Code of 1997, as amended.

28 **SEC. 2.** Section 6 of the NIRC, as amended, is hereby further amended to read as
29 follows:

30 “*SEC. 6. Power of the Commissioner to Make Assessments and Prescribe*
31 *Additional Requirements for Tax Administration and Enforcement.* –

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“(A) x x x
“x x x

“(F) *Authority of the Commissioner to Inquire into AND RECEIVE INFORMATION ON [Bank Deposit Accounts] FINANCIAL ACCOUNTS [and Other Related Information] Held by Financial Institutions.* – Notwithstanding any contrary provision of Republic Act No. 1405, **OTHERWISE KNOWN AS THE ‘BANK SECRECY LAW’**, Republic Act No. 6426, otherwise known as the ‘Foreign Currency Deposit Act of the Philippines’, and other general or special laws, the Commissioner is hereby authorized to inquire into **AND RECEIVE INFORMATION ON FINANCIAL ACCOUNTS INCLUDING** [the] bank deposits [and other related information] held by financial institutions of:

“(1) x x x
“x x x

“(3) A specific taxpayer or taxpayers, **UPON AN OBLIGATION TO EXCHANGE TAX INFORMATION WITH A FOREIGN TAX AUTHORITY, WHETHER ON REQUEST OR AUTOMATIC**, [subject of a request for the supply of tax information from a foreign tax authority] pursuant to an international convention or agreement on tax matters to which the Philippines is a signatory or a party of: *Provided*, That the information obtained from [the banks and other] financial institutions may be used by the Bureau of Internal Revenue for tax assessment, verification, audit and enforcement purposes.

“[In case of request from a foreign tax authority for tax information held by banks and financial institutions, the] **THE** exchange of information **WITH A FOREIGN TAX AUTHORITY, WHETHER DONE AUTOMATICALLY OR ON THE BASIS OF A REQUEST**, shall be done in a secure manner to ensure confidentiality thereof under such rules and regulations [as may be] promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

“**IN CASE THE EXCHANGE OF INFORMATION IS UPON REQUEST FROM A FOREIGN TAX AUTHORITY**, the Commissioner shall provide the tax information obtained from [banks and] financial institutions pursuant to a convention or agreement [upon request of the foreign tax authority when such requesting foreign tax authority has provided] **AND UPON PROVISION BY SUCH FOREIGN TAX AUTHORITY OF** the following information to demonstrate the foreseeable relevance of the information to the request:

- 1 “(a) x x x;
2 “(b) x x x;
3 “(c) x x x;
4 “(d) x x x;
5 “(e) x x x;
6 “(f) x x x;
7 “(g) x x x.

8 “The Commissioner shall forward the information as promptly as possible
9 to the requesting foreign tax authority. To ensure a prompt response, the
10 Commissioner shall confirm receipt of a request in writing to the requesting tax
11 authority and shall notify the latter of deficiencies in the request, if any, within
12 sixty (60) days from the receipt of the request.

13 “If the Commissioner is unable to obtain and provide the information
14 within ninety (90) days from the receipt of the request, due to obstacles
15 encountered in furnishing the information or when the [bank or] financial
16 institution refuses to furnish the information, [he] **THE COMMISSIONER** shall
17 immediately inform the requesting tax authority of the same, explaining the
18 nature of the obstacles encountered or the reasons of refusal.

19 **“IN CASE OF AUTOMATIC EXCHANGE OF INFORMATION, EVERY**
20 **REPORTING FINANCIAL INSTITUTION SHALL IDENTIFY REPORTABLE**
21 **FINANCIAL ACCOUNTS, ESTABLISH, MAINTAIN AND DOCUMENT THE**
22 **PROCEDURES IT UTILIZED TO IDENTIFY THE SAME, KEEP RECORDS OF THE**
23 **STEPS UNDERTAKEN AND ANY EVIDENCE RELIED UPON FOR THE**
24 **PERFORMANCE OF THE DUE DILIGENCE PROCEDURES, PURSUANT TO THE**
25 **RULES AND REGULATIONS PROMULGATED BY THE SECRETARY OF**
26 **FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER, AND IN LINE**
27 **WITH THE ‘COMMON REPORTING STANDARD’ AND ITS COMMENTARY**
28 **PUBLISHED BY THE ORGANISATION FOR ECONOMIC CO-OPERATION AND**
29 **DEVELOPMENT ON 15 JULY 2014, AS AMENDED.**

30 **“ALL RECORDS REQUIRED UNDER THIS SECTION OR ITS RULES AND**
31 **REGULATIONS SHALL BE RETAINED AND SAFELY STORED BY REPORTING**
32 **FINANCIAL INSTITUTIONS FOR TEN (10) YEARS FROM THE END OF THE**
33 **YEAR FOLLOWING THE CALENDAR YEAR TO WHICH THE RECORDS RELATE.**

1 **“FOR THIS PURPOSE, AUTOMATIC EXCHANGE OF INFORMATION**
2 **SHALL REFER TO THE SYSTEMATIC AND PERIODIC TRANSMISSION OF**
3 **INFORMATION CONCERNING VARIOUS CATEGORIES OF INCOME OF**
4 **NONRESIDENT TAXPAYERS TO THEIR COUNTRY OF RESIDENCE.**

5 **“The term ‘foreign tax authority’, as used herein, shall refer to the [tax]**
6 **COMPETENT authority [or tax administration] of the requesting State under the**
7 **tax treaty or convention to which the Philippines is a signatory or a party of.**

8 **“(4) ANY TAXPAYER UPON ORDER OF ANY COMPETENT COURT IN**
9 **CASES INVOLVING OFFENSES COVERED UNDER SECTION 254 OF THIS ACT,**
10 **AS AMENDED, SUBJECT TO RULES AND REGULATIONS PRESCRIBED BY THE**
11 **SECRETARY OF FINANCE UPON RECOMMENDATION OF THE**
12 **COMMISSIONER OF INTERNAL REVENUE.**

13 **“x x x.”**

14 **SEC. 3.** Section 22 of the National Internal Revenue Code of 1997, as amended, is
15 hereby further amended to read as follows:

16 **“SEC. 22. Definitions.** – When used in this Title:

17 **“(A) x x x**

18 **“xxx**

19 **“(E) The term ‘non-resident citizen’ means:**

20 **“(1) x x x**

21 **“x x x**

22 **“(3) A citizen of the Philippines who works and derives income from**
23 **abroad and whose employment thereat requires [him to be] BEING physically**
24 **present abroad [most of the time] FOR ONE HUNDRED EIGHTY-THREE (183)**
25 **DAYS OR MORE during the taxable year.**

26 **“(4) A citizen who has been previously considered as A nonresident citizen**
27 **and who arrives in the Philippines at any time during the taxable year to reside**
28 **permanently in the Philippines shall likewise be treated as a nonresident citizen**
29 **for [the taxable] SUCH year [in which he arrives] OF ARRIVAL in the Philippines**
30 **with respect to [his] income derived from sources abroad [until the date of his**
31 **arrival in the Philippines].**

32 **[(5)] A [The] taxpayer shall submit proof to the Commissioner to show**
33 **[his] THE intention of leaving the Philippines to reside permanently abroad or**

1 to return to and reside in the Philippines, as the case may be for purposes of this
2 Section.

3 "x x x

4 "(L) The term '*shares of stock*' shall [include] REFER TO shares of stock
5 of a corporation, warrants and/or options [to purchase shares of stock],
6 WHETHER TO BUY OR SELL SECURITIES, AND FUTURES CONTRACTS, LISTED
7 AND TRADED IN AN EXCHANGE OR AN ORGANIZED MARKETPLACE, as well
8 as units of participation in a partnership (except general professional
9 partnerships), joint stock companies, joint accounts, COLLECTIVE
10 INVESTMENT SCHEMES, joint ventures taxable as corporations, associations,
11 and recreation or amusement clubs (such as golf, polo or similar clubs), and
12 mutual fund certificates.

13 "(M) The term '*shareholder*' shall [include] REFER TO holders of a share/s
14 of stock, warrant/s and/or option/s [to purchase shares of stock of a corporation],
15 WHETHER TO BUY OR SELL SECURITIES AND FUTURES CONTRACTS, LISTED
16 AND TRADED IN AN EXCHANGE OR AN ORGANIZED MARKETPLACE, as well
17 as a holder of a unit of participation in a partnership (except general professional
18 partnerships), in a joint stock company, a joint account, A COLLECTIVE
19 INVESTMENT SCHEME, a taxable joint venture, a member of an association,
20 recreation or amusement club [(such as golf, polo, or similar clubs)], and a
21 holder of a mutual fund certificate, a member in an association, joint-stock
22 company, or insurance company.

23 "x x x

24 "(T) The term '*securities*' [means shares of stock in a corporation and
25 rights to subscribe for or to receive such shares. The term includes bonds,
26 debentures, notes or certificates, or other evidence of indebtedness, issued by
27 any corporation, including those issued by a government or political subdivision
28 thereof, with interest coupons or in registered form.] SHALL REFER TO SHARES,
29 PARTICIPATION OR INTERESTS IN A CORPORATION OR IN A COMMERCIAL
30 ENTERPRISE OR PROFIT-MAKING VENTURE EVIDENCED BY A CERTIFICATE,
31 CONTRACT, INSTRUMENTS, WHETHER WRITTEN OR ELECTRONIC IN
32 CHARACTER. THESE INCLUDE:

33 "(1) SHARES OF STOCK, BONDS, DEBENTURES, NOTES, EVIDENCES OF

1 INDEBTEDNESS, AND ASSET-BACKED SECURITIES;

2 “(2) INVESTMENT CONTRACTS, CERTIFICATES OF INTEREST, OR
3 PARTICIPATION IN A PROFIT-SHARING AGREEMENT SUCH AS COLLECTIVE
4 INVESTMENT SCHEMES, OR CERTIFICATE OF DEPOSIT FOR A FUTURE
5 SUBSCRIPTION;

6 “(3) FRACTIONAL UNDIVIDED INTERESTS IN OIL, GAS, OR OTHER
7 MINERAL RIGHTS;

8 “(4) CERTIFICATES OF ASSIGNMENTS, CERTIFICATES OF
9 PARTICIPATION, TRUST CERTIFICATES, VOTING TRUST CERTIFICATES, OR
10 SIMILAR INSTRUMENTS;

11 “(5) PROPRIETARY OR NON-PROPRIETARY MEMBERSHIP
12 CERTIFICATES IN CORPORATIONS; AND

13 “(6) OTHER INSTRUMENTS AS MAY BE DETERMINED BY THE
14 SECURITIES AND EXCHANGE COMMISSION.

15 “x x x

16 “(V) The term [*bank*] ‘**BANKS**’ [means every banking institution, as
17 defined in Section 2 of Republic Act No. 337, as amended, otherwise known as
18 the ‘*General Banking Act*.’ A bank may either be, a commercial bank, a thrift
19 bank, a development bank, a rural bank or specialized government bank] SHALL
20 REFER TO ENTITIES ENGAGED IN THE LENDING OF FUNDS OBTAINED IN THE
21 FORM OF DEPOSITS AS DEFINED AND CLASSIFIED IN SECTION 3 OF
22 REPUBLIC ACT NO. 8791, OTHERWISE KNOWN AS THE ‘*GENERAL BANKING*
23 *LAW OF 2000*.’

24 “(W) The term ‘*non-bank financial intermediary*’ [means a financial
25 intermediary, as defined in Section 2(D)(c) of Republic Act No. 337, as
26 amended, otherwise known as the ‘*General Banking Act*,’ authorized by the
27 Bangko Sentral ng Pilipinas (BSP) to perform quasi-banking activities] SHALL
28 REFER TO PERSONS OR ENTITIES ENGAGED IN THE BORROWING OF FUNDS,
29 FOR THE BORROWER'S OWN ACCOUNT, THROUGH THE ISSUANCE,
30 ENDORSEMENT, OR ACCEPTANCE OF DEBT INSTRUMENTS OF ANY KIND
31 OTHER THAN DEPOSITS, OR THROUGH THE ISSUANCE OF CERTIFICATES OF
32 PARTICIPATION, CERTIFICATES OF ASSIGNMENT, OR SIMILAR
33 INSTRUMENTS WITH RECOURSE, TRUST CERTIFICATES, OR OF
34 REPURCHASE AGREEMENTS FROM TWENTY (20) OR MORE LENDERS AT ANY

1 GIVEN TIME, FOR PURPOSES OF RELENDING OR PURCHASING OF
2 RECEIVABLES AND OTHER OBLIGATIONS, BUT DOES NOT INCLUDE
3 COMMERCIAL, INDUSTRIAL, AND OTHER NON-FINANCIAL COMPANIES
4 WHICH BORROW FUNDS THROUGH ANY OF THESE MEANS FOR THE LIMITED
5 PURPOSE OF FINANCING THEIR OWN NEEDS OR THE NEEDS OF THEIR
6 AGENTS OR DEALERS.

7 “(X) THE TERM ‘QUASI-BANK’ SHALL REFER TO A NON-BANK
8 FINANCIAL INSTITUTION AUTHORIZED BY THE BANGKO SENTRAL NG
9 PILIPINAS TO ENGAGE IN QUASI-BANKING FUNCTIONS AND TO BORROW
10 FUNDS FROM TWENTY (20) OR MORE OR MORE LENDERS THROUGH THE
11 ISSUANCE, ENDORSEMENT OR ASSIGNMENT WITH RECOURSE OR
12 ACCEPTANCE OF DEPOSIT SUBSTITUTES FOR PURPOSES OF RELENDING OR
13 PURCHASING OF RECEIVABLES AND OTHER OBLIGATIONS.

14 “[X] (Y) The term ‘*quasi-banking activities*’ [means] SHALL REFER TO
15 borrowing OF funds from twenty (20) or more [personal] INDIVIDUALS or
16 corporate lenders at any [one time] GIVEN TIME through the issuance,
17 endorsement, or acceptance of debt instruments of any kind other than deposits
18 for the borrower’s own account, or through the issuance of certificates of
19 assignment or similar instruments, with recourse, or of repurchase agreements
20 for purposes of relending or purchasing receivables and other similar
21 obligations: *Provided, however,* That commercial, industrial, and other non-
22 financial companies[,] which borrow funds through any of these means for the
23 limited purpose of financing their own needs or the needs of their agents or
24 dealers, shall not be considered as ENTITIES performing quasi-banking
25 functions.

26 “[Y] (Z) The term ‘*deposit substitutes*’ shall [mean] REFER TO an
27 alternative form of obtaining funds from the public [(the term ‘*public*’ means
28 borrowing from twenty (20) or more individual or corporate lenders at any one
29 time)] other than deposits, through the issuance, endorsement, or acceptance of
30 debt instruments for the borrower’s own account, for the purpose of relending
31 or purchasing of receivables and other obligations[, or financing their own needs
32 or the needs of their agent or dealer.]: *PROVIDED, THAT THE TERM ‘PUBLIC’*
33 *SHALL MEAN TWENTY (20) OR MORE INDIVIDUAL OR COPRORATE LENDERS*
34 *AT ANY ONE TIME.* These instruments may include, but need not be limited to

1 bankers' acceptances, promissory notes, repurchase agreements, [including]
2 EXCLUDING reverse repurchase agreements entered into by and between the
3 Bangko Sentral ng Pilipinas (BSP) and any authorized agent bank, certificates
4 of assignment or participation and similar instruments with recourse[.]:
5 **PROVIDED, FURTHER, THAT DEBT INSTRUMENTS ISSUED BY THE**
6 **GOVERNMENT AND ANY OF ITS AGENCIES AND INSTRUMENTALITIES,**
7 **INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS, SHALL BE DEEMED**
8 **ISSUED TO THE PUBLIC AND CONSIDERED DEPOSIT SUBSTITUTES:**
9 **PROVIDED, FURTHERMORE, THAT IF THE INTENTION IS FOR THE DEBT**
10 **INSTRUMENTS TO BE HELD BY TWENTY (20) OR MORE HOLDERS DURING**
11 **THE TERM OF THE DEBT INSTRUMENT OR IF THE TENOR AND**
12 **DENOMINATION ARE SUCH THAT THEY CAN BE HELD BY TWENTY (20) OR**
13 **MORE LENDERS, THEN THE INSTRUMENT SHALL BE CONSIDERED DEPOSIT**
14 **SUBSTITUTES: *Provided, however,*** That debt instruments issued for interbank
15 call loans with maturity of not more than five (5) days to cover deficiency in
16 reserves against deposit liabilities, including those between or among banks and
17 quasi-banks, shall not be considered as deposit substitute debt instruments.

18 “[Z)] (AA) The term ‘*ordinary income*’ xxx

19 “[AA)] (BB) The term ‘*rank and file employees*’ xxx

20 “[BB)](CC) The term ‘*mutual fund company*’ xxx

21 “[CC)] (DD) The term ‘*trade, business or profession*’ xxx

22 “[DD)] (EE) The term ‘*regional or area headquarters*’ xxx

23 “[EE)] (FF) The term ‘*regional operating headquarters*’ xxx

24 “[FF)] (GG) The term ‘*long-term deposit or investment certificate*’ xxx

25 “[GG)] (HH) The term ‘*statutory minimum wage*’ xxx

26 “[HH)] (II) The term ‘*minimum wage earner*’ xxx

27 “[II)] (JJ) The term ‘*offshore gaming licensee*’ xxx

28 “[JJ)] (KK) The term ‘*offshore gaming licensee-gaming agent*’ xxx

29 “[LL) THE TERM ‘**COLLECTIVE INVESTMENT SCHEMES**’ OR ‘**CIS**’
30 **SHALL REFER TO ANY ARRANGEMENT WHEREBY FUNDS ARE SOLICITED**
31 **FROM THE INVESTING PUBLIC AND POOLED TOGETHER FOR THE PURPOSE**
32 **OF INVESTING, RE-INVESTING, OR TRADING IN SECURITIES OR OTHER**
33 **ASSETS OR DIFFERENT CLASSES THEREOF AS ALLOWED UNDER THE LAW,**
34 **WHICH MAY EITHER HAVE A CORPORATE STRUCTURE, SUCH AS AN**

1 INVESTMENT COMPANY, OR A CONTRACTUAL STRUCTURE, SUCH AS A UNIT
2 INVESTMENT TRUST FUND OR SIMILAR SCHEME HELD BY A TRUST
3 CORPORATION OR A SEPARATE ACCOUNT FUND ESTABLISHED PURSUANT
4 TO A VARIABLE UNIT LINKED LIFE INSURANCE POLICY ISSUED BY AN
5 INSURANCE COMPANY, AND SUCH OTHER FORMS OF COLLECTIVE
6 INVESTMENT SCHEMES AS MAY BE DETERMINED BY THE BUREAU OF
7 INTERNAL REVENUE IN CONSULTATION WITH APPROPRIATE
8 GOVERNMENT REGULATORY AGENCIES SUCH AS THE BANGKO SENTRAL
9 NG PILIPINAS, THE SECURITIES AND EXCHANGE COMMISSION AND THE
10 INSURANCE COMMISSION. A CIS MAY EITHER BE OPEN-ENDED OR
11 CLOSED-ENDED, DEFINED AS FOLLOWS:

12 “*OPEN-ENDED CIS*’ SHALL REFER TO A CIS WHERE SECURITIES ARE
13 OFFERED AND ARE ALWAYS REDEEMABLE BY THE CIS; AND

14 “*CLOSED-ENDED CIS*’ SHALL REFER TO A CIS WHERE A FIXED
15 NUMBER OF SECURITIES ARE OFFERED IN AN INITIAL PUBLIC OFFERING
16 AND THEREAFTER MAY BE TRADED IN AN ORGANIZED MARKETPLACE AS
17 DETERMINED BY THE SECURITIES AND EXCHANGE COMMISSION, BUT MAY
18 NOT BE REDEEMED BY THE CIS. A CLOSED-ENDED CIS SHALL NOT BE
19 ALLOWED TO INCREASE ITS NUMBER OF SECURITIES.

20 “(MM) THE TERM ‘*ORGANIZED MARKETPLACE*’ SHALL REFER TO AN
21 EXCHANGE, AN OVER-THE-COUNTER MARKET, OR AN ALTERNATIVE
22 TRADING SYSTEM RECOGNIZED AS SUCH BY THE SECURITIES AND
23 EXCHANGE COMMISSION AS AN EXCHANGE UNDER REPUBLIC ACT NO.
24 8799, OTHERWISE KNOWN AS THE ‘*SECURITIES REGULATION CODE*’, AS
25 AMENDED, AND GOVERNED BY, AMONG OTHERS, TRANSPARENT AND
26 BINDING RULES AND MARKET CONVENTIONS ON MEMBERSHIP, TRADING,
27 PRICE TRANSPARENCY, TRADE REPORTING, MARKET MONITORING AND
28 ORDERLY CONDUCT OF THE MARKET WHICH ARE ENFORCEABLE ON THE
29 MEMBERS AND PARTICIPANTS.

30 “(NN) THE TERM ‘*HEALTH INSURANCE PRODUCTS*’ SHALL REFER TO
31 THOSE THAT ARE BEING OFFERED AND SOLD BY INSURANCE COMPANIES,
32 EITHER LIFE OR NON-LIFE, WHEREIN THERE IS A LIST OF COVERED

1 ILLNESSES OF WHICH THE COMPANIES ASSUME RISKS AND INDEMNIFY
2 LOSSES BROUGHT BY THE SAID COVERED ILLNESSES.

3 “(OO) THE TERM ‘HEALTH MAINTENANCE ORGANIZATION PRODUCTS’
4 SHALL REFER TO PRE-AGREED OR DESIGNATED HEALTH CARE SERVICES
5 TO THE ENROLLED MEMBERS FOR A FIXED PREPAID FEE FOR A SPECIFIED
6 PERIOD OF TIME THROUGH THE USE OF SELECTED NETWORK OF HEALTH
7 CARE PROVIDERS. HEALTH MAINTENANCE ORGANIZATION (HMO)
8 PRODUCTS PROVIDE A WIDE ARRAY OF MEDICAL, SURGICAL AND HOSPITAL
9 SERVICES THAT INCLUDE PREVENTIVE CARE AND WELLNESS PROGRAMS
10 AND GENERALLY HAVE NO CASH-OUT TRANSACTIONS.”

11 SEC. 4. Section 24 of the National Internal Revenue Code of 1997, as amended, is
12 hereby further amended to read as follows:

13 “SEC. 24. *Income Tax Rates.* –

14 “(A) *Rates of Income Tax on Individual Citizen and Individual Resident*
15 *Alien of the Philippines.* –

16 “X X X

17 “(B) [Rate] *RATES of Tax on Certain Passive Income:* –

18 “(1) *Interests[, Royalties, Prizes, and Other Winnings].* – A final tax
19 at the rate of twenty percent (20%) is hereby imposed upon the amount of
20 interest [from any currency bank deposit, and yield or any other monetary
21 benefit from deposit substitutes, and from trust funds and similar arrangements;
22 royalties, except on books, as well as other literary works and musical
23 compositions, which shall be imposed a final tax of ten percent (10%); prizes
24 (except prizes amounting to Ten thousand pesos (P10,000) or less which shall
25 be subject to tax under Subsection (A) of Section 24; and other winnings (except
26 winnings amounting to Ten thousand pesos (P10,000) or less from Philippine
27 Charity Sweepstakes and Lotto which shall be exempt), derived from sources
28 within the Philippines:] **YIELD, OR ANY OTHER MONETARY BENEFIT**
29 **EARNED OR RECEIVED FROM ANY CURRENCY BANK DEPOSIT,**
30 **DEPOSIT SUBSTITUTE, TRUST FUND, AND SIMILAR**
31 **ARRANGEMENTS.**

32 [Provided, however, That interest income received by an individual
33 taxpayer (except a non-resident individual) from a depository bank under the
34 expanded foreign currency deposit system shall be subject to a final income tax
35 at the rate of fifteen percent (15%) of such interest income: *Provided, further,*

1 That interest income from long-term deposit or investment in the form of
2 savings, common or individual trust funds, deposit substitutes, investment
3 management accounts and other investments evidenced by certificates in such
4 form prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from
5 the tax imposed under this Subsection: *Provided, finally*, That should the holder
6 of the certificate pre-terminate the deposit or investment before the fifth (5th)
7 year, a final tax shall be imposed on the entire income and shall be deducted and
8 withheld by the depository bank from the proceeds of the long-term deposit or
9 investment certificate based on the remaining maturity thereof.]

10 [Four (4) years to less than five (5) years – 5%;]

11 [Three (3) years to less than four (4) years – 12%; and]

12 [Less than three (3) years – 20%.]

13 “(2) *Cash and/or Property Dividends*. – A final tax at the rate of [ten
14 percent (10%)] **FIFTEEN PERCENT (15%)** shall be imposed upon the cash
15 and/or property dividends actually or constructively received by an individual
16 from a domestic corporation or from a joint stock company, insurance or mutual
17 fund companies, **AND ENTITIES ENGAGED IN COLLECTIVE INVESTMENT**
18 **SCHEMES**, [and regional operating headquarters of multinational companies], or
19 on the share of an individual in the distributable net income after tax of a
20 partnership, [(except a general professional partnership)] of which [he] **THE**
21 **INDIVIDUAL** is a partner, or on the share of an individual in the net income after
22 tax of an association, a joint account, or a joint venture or consortium taxable as
23 a corporation of which [he] **THE INDIVIDUAL** is a member or co-venturer:
24 **PROVIDED, HOWEVER, THAT THE APPLICABLE TAX RATE ON DIVIDENDS**
25 **SHALL APPLY ONLY ON INCOME EARNED ON OR AFTER JANUARY 1, 2023.**
26 **INCOME FORMING PART OF RETAINED EARNINGS AS OF DECEMBER 31,**
27 **2022, EVEN IF DECLARED OR DISTRIBUTED ON OR AFTER JANUARY 1, 2023,**
28 **SHALL BE SUBJECT TO TEN PERCENT (10%) TAX.**

29 “[C](3) *Capital Gains from THE Sale, EXCHANGE, BARTER, OR*
30 *DISPOSITION of Shares of Stock not Traded in the Stock Exchange OR*
31 *ORGANIZED MARKETPLACE*. – [The provisions of Section 39(B)
32 notwithstanding, a] A final tax at the rate of fifteen percent (15%) is hereby

1 imposed upon the net capital gains realized during the taxable year from the sale,
2 barter, exchange or other disposition of shares of stock in a domestic
3 corporation, except shares sold, or disposed of through A LOCAL [the] stock
4 exchange[.] OR AN ORGANIZED MARKETPLACE.

5 “[(D)](4) *Capital Gains from Sale of Real Property.* –

6 “[(1)] (a) *In General.* – [The provisions of Section 39(B)
7 notwithstanding, a] A final tax of six percent (6%) based on the gross selling
8 price or current fair market value as determined in accordance with Section 6(E)
9 of this Code, whichever is higher, is hereby imposed upon capital gains
10 presumed to have been realized from the sale, exchange, or other disposition of
11 real property located in the Philippines, classified as capital assets, including
12 *pacto de retro* sales and other forms of conditional sales, by individuals,
13 including estates and trusts: *Provided*, That the tax liability, if any, on gains from
14 sales or other dispositions of real property to the government or any of its
15 political subdivisions or agencies or to government-owned or controlled
16 corporations shall be determined either under Section 24(A) or under this
17 Subsection, at the option of the taxpayer.

18 [(2)] (b) *Exception.* – xxx

19 “(5) *ROYALTIES, PRIZES, AND OTHER WINNINGS.* – A FINAL TAX IS
20 HEREBY IMPOSED ON ROYALTIES EARNED AS PASSIVE INCOME, PRIZES,
21 AND OTHER WINNINGS, ACCORDING TO THE FOLLOWING SCHEDULE:

EFFECTIVITY	TAX RATE ON ROYALTIES, PRIZES, AND OTHER WINNINGS
JANUARY 1, 2023	NINETEEN PERCENT (19%)
JANUARY 1, 2024	EIGHTEEN PERCENT (18%)
JANUARY 1, 2025	SEVENTEEN PERCENT (17%)
JANUARY 1, 2026	SIXTEEN PERCENT (16%)
JANUARY 1, 2027	FIFTEEN PERCENT (15%)

22
23 “*PROVIDED*, THAT ROYALTIES FROM BOOKS, AS WELL AS OTHER
24 LITERARY WORKS AND MUSICAL COMPOSITIONS, SHALL BE SUBJECT TO A
25 FINAL TAX OF TEN PERCENT (10%) OF SUCH ROYALTIES: *PROVIDED*,
26 *FURTHER*, THAT PRIZES AMOUNTING TO TEN THOUSAND PESOS (P10,000)

1 **OR LESS SHALL BE SUBJECT TO TAX UNDER SECTION 24(A): PROVIDED,**
2 **FURTHERMORE, THAT PHILIPPINE CHARITY SWEEPSTAKES AND LOTTO**
3 **WINNINGS NOT EXCEEDING TEN THOUSAND PESOS (P10,000) SHALL BE**
4 **EXEMPT: PROVIDED, FINALLY, THAT PHILIPPINE CHARITY SWEEPSTAKES**
5 **AND LOTTO WINNINGS EXCEEDING TEN THOUSAND PESOS (P10,000) SHALL**
6 **BE SUBJECT TO A FINAL TAX OF TEN PERCENT (10%) OF SUCH WINNINGS.”**

7 **SEC. 5.** Section 25 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9 “*SEC. 25. Tax on Nonresident Alien Individual. –*

10 “*(A) Nonresident Alien Engaged in Trade or Business Within the*
11 *Philippines. – [(1) In General. –] A nonresident alien individual engaged in trade*
12 *or business in the Philippines shall be subject to [an] income tax UNDER*
13 **SECTION 24 OF THIS CODE**, *in the same manner as an individual citizen and a*
14 *resident alien individual,] on taxable income received from all sources within*
15 *the Philippines. A nonresident alien individual who shall come to the Philippines*
16 *and stay therein for an aggregate period of more than [one hundred eighty (180)]*
17 **ONE HUNDRED EIGHTY-THREE (183)** *days during any calendar year shall be*
18 *deemed a ‘nonresident alien doing business in the Philippines’ [.] , Section 22(G)*
19 *of this Code notwithstanding.*

20 **[(2) Cash and/or Property Dividends from a Domestic Corporation or**
21 **Joint Stock Company, or Insurance or Mutual Fund Company or Regional**
22 **Operating Headquarter or Multinational Company, or Share in the**
23 **Distributable Net Income of a Partnership (Except a General Professional**
24 **Partnership), Joint Account, Joint Venture Taxable as a Corporation or**
25 **Association, Interests, Royalties, Prizes, and Other Winnings. –** Cash and/or
26 property dividends from a domestic corporation, or from a joint stock company,
27 or from an insurance or mutual fund company or from a regional operating
28 headquarter of multinational company, or the share of a nonresident alien
29 individual in the distributable net income after tax of a partnership (except a
30 general professional partnership) of which he is a partner, or the share of a
31 nonresident alien individual in the net income after tax of an association, a joint
32 account, or a joint venture taxable as a corporation of which he is a member or
33 a co-venturer; interests; royalties (in any form); and prizes (except prizes
34 amounting to Ten thousand pesos (P10,000) or less which shall be subject to tax

1 under Subsection (B)(1) of Section 24); and other winnings (except winnings
2 amounting to Ten thousand pesos (P10,000) or less from Philippine Charity
3 Sweepstakes Office (PCSO) games which shall be exempt); shall be subject to
4 an income tax of twenty percent (20%) on the total amount thereof: *Provided,*
5 *however,* That royalties on books as well as other literary works, and royalties
6 on musical compositions shall be subject to a final tax of ten percent (10%) on
7 the total amount thereof: *Provided, further,* That cinematographic films and
8 similar works shall be subject to the tax provided under Section 28 of this Code:
9 *Provided, furthermore,* That interest income from long-term deposit or
10 investment in the form of savings, common or individual trust funds, deposit
11 substitutes, investment management accounts and other investments evidenced
12 by certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP)
13 shall be exempt from the tax imposed under this Subsection: *Provided, finally,*
14 That should the holder of the certificate pre-terminate the deposit or investment
15 before the fifth (5th) year, a final tax shall be imposed on the entire income and
16 shall be deducted and withheld by the depository bank from the proceeds of the
17 long-term deposit or investment certificate based on the remaining maturity
18 thereof:]

19 [Four (4) years to less than five (5) years – 5%;]

20 [Three (3) years to less than four (4) years – 12%; and]

21 [Less than three (3) years – 20%.]

22 [(3) *Capital Gains.* – Capital gains realized from sale, barter or exchange
23 of shares of stock in domestic corporations not traded through the local stock
24 exchange, and real properties shall be subject to the tax prescribed under
25 Subsections (C) and (D) of Section 24.]

26 “(B) *Nonresident Alien Individual Not Engaged in Trade or Business*
27 *Within the Philippines.* – There shall be levied, collected and paid for each
28 taxable year upon the entire income received from all sources within the
29 Philippines by every nonresident alien individual not engaged in trade or
30 business within the Philippines SUCH as [interest, cash and/or property
31 dividends,] rents, salaries, wages, premiums, annuities, compensation,
32 remuneration, emoluments, or other fixed or determinable annual or periodic or
33 casual gains, profits, and income, [and capital gains, [a FINAL tax equal to
34 twenty-five percent (25%) of such income. Capital gains realized by a

1 nonresident alien individual not engaged in trade or business in the Philippines
2 from the sale of [shares of stock in any domestic corporation and] real property
3 shall be subject to the income tax prescribed under Subsection[s (C) and (D)]
4 **(B) (4)** of Section 24.

5 **“INTEREST, DIVIDENDS AND CAPITAL GAINS ON SALE, BARTER**
6 **EXCHANGE OR OTHER DISPOSITION OF SHARES OF STOCK, SHALL BE**
7 **SUBJECT TO THE APPLICABLE TAXES PRESCRIBED UNDER SECTION 24(B),**
8 **OR TO THE PROVISIONS OF THE APPLICABLE TAX TREATY.”**

9 “x x x”

10 **SEC. 6.** Section 27 of the National Internal Revenue Code of 1997, as amended, is
11 hereby amended to read as follows:

12 *“SEC. 27. Rates of Income Tax on Domestic Corporations. –*

13 *“(A) In General. – x x x*

14 *“x x x*

15 *“(D) Rates of Tax on Certain Passive Incomes. –*

16 *[(1) Interest from Deposits and Yield or any other Monetary Benefit from*
17 *Deposit Substitutes and from Trust Funds and Similar Arrangements, and*
18 *Royalties. – A final tax at the rate of twenty percent (20%) is hereby imposed*
19 *upon the amount of interest on currency bank deposit and yield or any other*
20 *monetary benefit from deposit substitutes and from trust funds and similar*
21 *arrangements received by domestic corporations, and royalties, derived from*
22 *sources within the Philippines: Provided, however, That interest income derived*
23 *by a domestic corporation from a depository bank under the expanded foreign*
24 *currency deposit system shall be subject to a final income tax at the rate of fifteen*
25 *percent (15%) of such interest income.]*

26 *[(2) Capital Gains from the Sale of Shares of Stock Not Traded in the*
27 *Stock Exchange. – A final tax at the rate of fifteen percent (15%) shall be imposed*
28 *on net capital gains realized during the taxable year from the sale, exchange or*
29 *other disposition of shares of stock in a domestic corporation except shares sold*
30 *or disposed of through the stock exchange.]*

31 *[(3) Tax on Income Derived under the Expanded Foreign Currency*
32 *Deposit System. – Income derived by a depository bank under the expanded*
33 *foreign currency deposit system from foreign currency transactions with*
34 *nonresidents, offshore banking units in the Philippines, local commercial banks*

1 including branches of foreign banks that may be authorized by the Bangko Sentral
2 ng Pilipinas (BSP) to transact business with foreign currency deposit system shall
3 be exempt from all taxes, except net income from such transactions as may be
4 specified by the Secretary of Finance, upon recommendation by the Monetary
5 Board to be subject to the regular income tax payable by banks: *Provided,*
6 *however,* That interest income from foreign currency loans granted by such
7 depository banks under said expanded system to residents other than offshore
8 banking units in the Philippines or other depository banks under the expanded
9 system, shall be subject to a final tax at the rate of ten percent (10%).]

10 [Any income of nonresidents, whether individuals or corporations, from
11 transactions with depository banks under the expanded system shall be exempt
12 from income tax.]

13 “(1) **INTERESTS.** – A FINAL TAX OF TWENTY PERCENT (20%) IS
14 **HEREBY IMPOSED UPON THE AMOUNT OF INTEREST, YIELD, OR OTHER**
15 **MONETARY BENEFIT EARNED OR RECEIVED FROM ANY CURRENCY BANK**
16 **DEPOSIT, DEPOSIT SUBSTITUTE, TRUST FUND, AND SIMILAR**
17 **ARRANGEMENTS.**

18 “[~~(4)~~](2) *Intercorporate Dividends.* – x x x

19 “(3) **CAPITAL GAINS FROM THE SALE, EXCHANGE, BARTER OR**
20 **DISPOSITION OF SHARES OF STOCK NOT TRADED IN THE STOCK EXCHANGE**
21 **OR AN ORGANIZED MARKETPLACE.** – A FINAL TAX AT THE RATE OF FIFTEEN
22 **PERCENT (15%) IS HEREBY IMPOSED UPON THE NET CAPITAL GAINS**
23 **REALIZED DURING THE TAXABLE YEAR FROM THE SALE, BARTER,**
24 **EXCHANGE, OR OTHER MODES OF DISPOSITION OF SHARES OF STOCK OF A**
25 **DOMESTIC CORPORATION, EXCEPT SHARES SOLD, OR DISPOSED OF**
26 **THROUGH A LOCAL STOCK EXCHANGE OR AN ORGANIZED MARKETPLACE.**

27 “[~~(5)~~](4) *Capital Gains Realized from the Sale, Exchange or Disposition of*
28 *Lands and/or Buildings.* – A final tax of six percent (6%) is hereby imposed on
29 the gain presumed to have been realized on the sale, exchange or disposition of
30 lands and/or buildings which are not actually used in the business of a corporation
31 and are treated as capital assets, based on the gross selling price or fair market

1 value as determined in accordance with Section 6(E) of this Code, whichever is
2 higher, of such lands and/or buildings.

3 “[E)](5) **ROYALTIES. – A FINAL TAX IS HEREBY IMPOSED ON**
4 **ROYALTIES EARNED AS PASSIVE INCOME ACCORDING TO THE FOLLOWING**
5 **SCHEDULE:**

EFFECTIVITY	TAX RATE ON ROYALTIES
JANUARY 1, 2023	NINETEEN PERCENT (19%)
JANUARY 1, 2024	EIGHTEEN PERCENT (18%)
JANUARY 1, 2025	SEVENTEEN PERCENT (17%)
JANUARY 1, 2026	SIXTEEN PERCENT (16%)
JANUARY 1, 2027	FIFTEEN PERCENT (15%)

6
7 “(E) *Minimum Corporate Income Tax on Domestic Corporations.* –

8 “(1) *Imposition of Tax.* – x x x

9 “(2) *Carry forward of Excess Minimum Tax.* – x x x

10 “(3) *Relief from the Minimum Corporate Income Tax under Certain*
11 *Conditions.* – x x x

12 “(4) *Gross Income Defined.* – x x x

13 “x x x

14 “In the case of taxpayers engaged in the sale of service, ‘gross income’
15 means gross receipts less sales returns, allowances, discounts and cost of services.
16 ‘Cost of services’ shall mean all direct costs and expenses necessarily incurred to
17 provide the services required by the customers and clients including (A) salaries
18 and employee benefits of personnel, consultants and specialists directly rendering
19 the service and (B) cost of facilities directly utilized in providing the service such
20 as depreciation or rental of equipment used and cost of supplies: *Provided,*
21 *however,* That in the case of banks **AND OTHER FINANCIAL INTERMEDIARIES,**
22 ‘cost of services’ shall include interest expense.

23 “x x x”

24 **SEC. 7.** Section 28 of the National Internal Revenue Code of 1997, as amended, is
25 hereby amended to read as follows:

26 “SEC. 28. *Rates of Income Tax on Foreign Corporations.* – x x x

27 “(A) *Tax on Resident Foreign Corporations.* – x x x

28 “(1) *In General.* – x x x

1 "x x x

2 "INTEREST, INTERCORPORATE DIVIDENDS, CAPITAL GAINS ON SALE,
3 BARTER, EXCHANGE, OR OTHER DISPOSITION OF SHARES OF STOCK NOT
4 TRADED IN THE STOCK EXCHANGE OR AN ORGANIZED MARKET PLACE, AND
5 ROYALTIES SHALL BE SUBJECT TO THE APPLICABLE TAXES PRESCRIBED
6 UNDER SECTION 27(D) OF THIS CODE.

7 "(2) *Minimum Corporate Income Tax on Resident Foreign Corporations.* –

8 x x x

9 "(3) *International Carrier.* – x x x

10 "(4) *Tax on Branch Profits Remittances.* – Any profit remitted by a branch
11 to its head office shall be subject to a tax of fifteen percent (15%) which shall be
12 based on the total profits applied or earmarked for remittance without any
13 deduction for the tax component thereof [(except those activities which are
14 registered with the Philippine Economic Zone Authority)]. The tax shall be
15 collected and paid in the same manner as provided in Sections 57 and 58 of this
16 Code: *Provided,* That interests, dividends, rents, royalties, including
17 remuneration for technical services, salaries, wages, premiums, annuities,
18 emoluments or other fixed or determinable annual, periodic or casual gains,
19 profits, income and capital gains received by a foreign corporation during each
20 taxable year from all sources within the Philippines shall not be treated as branch
21 profits unless the same are effectively connected with the conduct of its trade or
22 business in the Philippines.

23 "(5) *Regional or Area Headquarters and Regional Operating Headquarters*
24 *of Multinational Companies.* – x x x

25 [(6) *Tax on Certain Incomes Received by a Resident Foreign Corporation.*

26 –]

27 [(a) *Interest from Deposits and Yield or any other Monetary Benefit from*
28 *Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties.* –
29 Interest from any currency bank deposit and yield or any other monetary benefit
30 from deposit substitutes and from trust funds and similar arrangements and
31 royalties derived from sources within the Philippines shall be subject to a final
32 income tax at the rate of twenty percent (20%) of such interest: *Provided, however,*
33 That interest income derived by a resident foreign corporation from a depository

1 bank under the expanded foreign currency deposit system shall be subject to a
2 final income tax at the rate of fifteen percent (15%) of such interest income.]

3 [(b) *Income Derived under the Expanded Foreign Currency Deposit System.*

4 – Income derived by a depository bank under the expanded foreign currency
5 deposit system from foreign currency transactions with nonresidents, offshore
6 banking units in the Philippines, local commercial banks including branches of
7 foreign banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP)
8 to transact business with foreign currency deposit system units, and other
9 depository banks under the expanded foreign currency deposit system shall be
10 exempt from all taxes, except net income from such transactions as may be
11 specified by the Secretary of Finance, upon recommendation by the Monetary
12 Board to be subject to the regular income tax payable by banks: *Provided,*
13 *however,* That interest income from foreign currency loans granted by such
14 depository banks under said expanded system to residents other than offshore
15 banking units in the Philippines or other depository banks under the expanded
16 system shall be subject to a final tax at the rate of ten percent (10%).]

17 [Any income of nonresidents, whether individuals or corporations, from
18 transactions with depository banks under the expanded system shall be exempt
19 from income tax.]

20 [(c) *Capital Gains from Sale of Shares of Stock Not Traded in the Stock*
21 *Exchange.* - A final tax at the rate of fifteen percent (15%) is hereby imposed
22 upon the net capital gains realized during the taxable year from the sale, barter,
23 exchange or other disposition of shares of stock in a domestic corporation except
24 shares sold or disposed of through the stock exchange.]

25 [(d) *Intercorporate Dividends.* – Dividends received by a resident foreign
26 corporation from a domestic corporation liable to tax under this Code shall not be
27 subject to tax under this Title.]

28 “[~~(7)~~](6) *Offshore Gaming Licensees.* – x x x

29 “(B) *Tax on Nonresident Foreign Corporation.* –

30 “(1) *In General.* – Except as otherwise provided in this Code, a foreign
31 corporation not engaged in trade or business in the Philippines, effective January
32 1, 2021, shall pay a tax equal to twenty-five percent (25%) of the gross income
33 received during each taxable year from all sources within the Philippines, such as
34 [interests, dividends,] rents, [royalties,] salaries, premiums, [(]except reinsurance

1 premiums)], annuities, emoluments or other fixed or determinable annual,
2 periodic or casual gains, profits and income, and capital gains, except capital
3 gains subject to tax under subparagraph 5(A)(c)].

4 “X X X

5 “(5) *Tax on Certain Incomes Received by a Nonresident Foreign*
6 *Corporation.* [(a) *Interest on Foreign Loans.* – A final withholding tax at the
7 rate of twenty percent (20%) is hereby imposed on the amount of interest on
8 foreign loans contracted on or after August 1, 1986;]

9 “(A) INTERESTS AND CAPITAL GAINS ON SALE, BARTER, EXCHANGE,
10 OR OTHER FORMS OF DISPOSITION OF SHARES OF STOCK NOT TRADED IN
11 THE STOCK EXCHANGE OR AN ORGANIZED MARKET PLACE, AND ON
12 ROYALTIES SHALL BE SUBJECT TO THE APPLICABLE TAXES UNDER SECTION
13 27(D) OF THIS CODE, OR TO THE PROVISIONS OF THE APPLICABLE TAX
14 TREATY.

15 “(b) *Intercorporate Dividends.* – A final withholding tax at the rate of
16 fifteen percent (15%) is hereby imposed on the amount of cash and/or property
17 dividends received from a domestic corporation, which shall be collected and paid
18 as provided in Section 57(A) of this Code, subject to the condition that the country
19 in which the nonresident foreign corporation is domiciled, shall allow a credit
20 against the tax due from the nonresident foreign corporation taxes deemed to have
21 been paid in the Philippines equivalent to fifteen percent (15%), which represents
22 the difference between the regular income tax and the fifteen percent (15%) tax
23 on dividends as provided in this subparagraph: *Provided, That* effective July 1,
24 2020, the credit against the tax due shall be equivalent to the difference between
25 the regular income tax rate provided in Section 28(B)(1) of this Code and the
26 fifteen percent (15%) tax on dividends;

27 [(c) *Capital Gains from Sale of Shares of Stock not Traded in the Stock*
28 *Exchange.* – A final tax at the rate of fifteen percent (15%) is hereby imposed
29 upon the net capital gains realized during the taxable year from the sale, barter,
30 exchange or other disposition of shares of stock in a domestic corporation, except
31 shares sold, or disposed of through the stock exchange.]”

32 SEC. 8. Section 32 of the National Internal Revenue Code of 1997, as amended, is
33 hereby amended to read as follows:

1 “**SEC. 32. Gross Income.** – x x x

2 “(B) **Exclusions from Gross Income.** – The following items shall not be
3 included in gross income and shall be exempt from taxation under this Title:

4 “x x x

5 “(7) **Miscellaneous Items.** –

6 “x x x

7 [(g) **Gains from the Sale of Bonds, Debentures or other Certificate of**
8 **Indebtedness.** – Gains realized from the same or exchange or retirement of bonds,
9 debentures or other certificate of indebtedness with a maturity of more than five
10 (5) years.]

11 “(G) **INTEREST INCOME, AND GAINS FROM THE SALE, TRANSFER, OR**
12 **DISPOSITION OF PROJECT.** – SPECIFIC BONDS THAT ARE ISSUED BY THE
13 **REPUBLIC OF THE PHILIPPINES OR ANY OF ITS INSTRUMENTALITIES TO**
14 **FINANCE CAPITAL EXPENDITURES OR PROGRAMS COVERED BY THE**
15 **PHILIPPINE DEVELOPMENT PLAN OR ITS EQUIVALENT AND OTHER**
16 **GOVERNMENT PROGRAMS CONSIDERED TO BE OF HIGH-LEVEL PRIORITY OF**
17 **THE COUNTRY, AS DETERMINED BY THE SECRETARY OF FINANCE.**

18 “(h) **Gains from Redemption of Shares OR UNITS OF PARTICIPATION in**
19 **[Mutual Fund.] COLLECTIVE INVESTMENT SCHEMES.** – Gains realized by the
20 investor upon redemption of shares of stock [in a mutual fund company] OR
21 UNITS OF PARTICIPATION IN A COLLECTIVE INVESTMENT SCHEME as defined
22 [in] UNDER Section 22 [BB] (LL) of this Code: **PROVIDED, THAT, PRIOR TO**
23 **SUCH REDEMPTION, FINAL TAXES ON SUCH GAINS HAVE BEEN PREVIOUSLY**
24 **WITHHELD AT THE LEVEL OF THE COLLECTIVE INVESTMENT SCHEME.**

25 “x x x.”

26 **SEC. 9.** Section 34 of the National Internal Revenue Code of 1997, as amended, is
27 hereby further amended to read as follows:

28 “**SEC. 34. Deductions from Gross Income.** – Except for taxpayers earning
29 compensation income arising from personal services rendered under an
30 employer-employee relationship where no deductions shall be allowed under this
31 Section, in computing taxable income subject to income tax under Sections

1 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the
2 following deductions from gross income:

3 “(A) *Expenses.* – x x x

4 “(1) *Ordinary and Necessary Trade, Business or Professional Expenses.*

5 –
6 “(a) *In General.* – x x x

7 “x x x

8 “(B) *Interest.* –

9 “(1) *In General.* – x x x

10 “(2) *Exceptions.* – x x x

11 “(a) If within the taxable year an individual taxpayer reporting income on
12 the cash basis incurs an indebtedness on which an interest is paid in advance
13 through discount or otherwise: *Provided*, That such interest shall be allowed as a
14 deduction in the year the indebtedness is paid: *Provided, further*, That if the
15 indebtedness is payable in periodic amortizations, the amount of interest which
16 corresponds to the amount of the principal amortized or paid during the year shall
17 be allowed as deduction in such taxable year; **OR**

18 “(b) If both the taxpayer and the person to whom the payment has been
19 made or is to be made are persons specified under Section 36(B)[; or].

20 [(c) If the indebtedness is incurred to finance petroleum exploration.]

21 “(3) ***Optional Treatment of Interest Expense RELATED TO ACQUISITION***
22 ***OF ASSET.*** – At the option of the taxpayer, interest **EXPENSE** incurred to acquire
23 property used in trade, business or exercise of a profession **THAT WILL BENEFIT**
24 **THE BUSINESS FOR MORE THAN ONE YEAR** may be allowed as a deduction
25 **FROM GROSS INCOME** or [treated as a capital expenditure] **BE CAPITALIZED**
26 **AND THEREAFTER AMORTIZED OR DEPRECIATED AS PART OF THE COST OF**
27 **THE ASSET.**

28 “x x x

29 “(E) *Bad Debts.* –

30 “(1) *In General.* – x x x

31 “(2) ***Securities Becoming Worthless.*** – If securities, as defined in Section
32 22(T), are ascertained to be worthless and charged off within the taxable year and
33 are capital assets, the loss resulting therefrom shall, [in the case of a taxpayer
34 other than a bank or trust company incorporated under the laws of the Philippines

1 a substantial part of whose business is the receipt of deposits, for the purpose of
2 this Title,] be considered as a loss from the sale or exchange OF CAPITAL ASSETS,
3 on the last day of such taxable year[, of capital assets]. SECURITIES HELD BY A
4 DEALER IN SECURITIES OR AN ENTITY LICENSED BY THE APPROPRIATE
5 GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL IN SECURITIES
6 INCLUDING BANKS AND OTHER FINANCIAL INTERMEDIARIES, SHALL BE
7 CONSIDERED ORDINARY ASSETS, AND SECURITIES HELD THAT ARE
8 ASCERTAINED TO BE WORTHLESS SHALL BE CONSIDERED ORDINARY LOSSES
9 THAT ARE ALLOWED AS DEDUCTION FROM TAXABLE INCOME.

10 "X X X

11 "(L) *Optional Standard Deduction (OSD)*. – In lieu of the deductions
12 allowed under the preceding Subsections, an individual subject to tax under
13 Section 24, other than a nonresident alien, [may elect a standard deduction in an
14 amount not exceeding forty percent (40%) of his gross sales or gross receipts, as
15 the case may be. In the case of a] AND A corporation CLASSIFIED AS A MICRO,
16 SMALL AND MEDIUM-SIZED ENTERPRISE UNDER REPUBLIC ACT NO. 6977,
17 AS AMENDED, OTHERWISE KNOWN AS THE 'MAGNA CARTA FOR SMALL
18 ENTERPRISES', AND subject to tax under Sections 27(A) and 28(A)(1), [it] may
19 elect a standard deduction in an amount not exceeding forty percent (40%) of its
20 gross income as defined in Section 32 of this Code. Unless the taxpayer signifies
21 in [his] THE TAX return [his] THE intention to elect the optional standard
22 deduction, [he] THE TAXPAYER shall be considered as having availed [himself]
23 of the deductions allowed in the preceding Subsections. Such election when made
24 in the return shall be irrevocable for the taxable year for which the return is made:
25 *Provided*, That an individual who is entitled to and claimed for the optional
26 standard deduction shall not be required to submit with [his] THE tax return such
27 financial statements otherwise required under this Code: [*Provided, further*, That
28 a general professional partnership and the partners comprising such partnership
29 may avail of the optional standard deduction only once, either by the general
30 professional partnership or the partners comprising the partnership:] *Provided*,
31 [*finally*,] *FURTHER*, That except when the Commissioner otherwise permits, the
32 said individual shall keep such records pertaining to [his] gross sales or gross
33 receipts, or the said corporation shall keep such records pertaining to [his] THE
34 gross income as defined in Section 32 of this Code during the taxable year, as

1 may be required by the rules and regulations promulgated by the Secretary of
2 Finance, upon recommendation of the Commissioner.

3 "X X X."

4 **SEC. 10.** Section 37 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6 "SEC. 37. *Special Provisions Regarding Income and Deductions of*
7 *Insurance Companies, Whether Domestic or Foreign.* –

8 "(A) *Special Deduction Allowed to Insurance Companies, PRE-NEED*
9 *COMPANIES, AND PENSION FUNDS.* – In the case of insurance companies,
10 **PRE-NEED COMPANIES, AND PENSION FUNDS**, whether domestic or foreign
11 doing business in the Philippines, the net additions, if any, required by law to be
12 made within the year to reserve funds and the sums other than dividends paid
13 within the year on policy and annuity contracts may be deducted from their gross
14 income. *Provided, however,* That the released reserve be treated as income for
15 the year of release.

16 "(B) *Mutual Insurance Companies.* – In the case of **MUTUAL LIFE**,
17 mutual fire and mutual employers' liability and mutual workmen's compensation
18 and mutual casualty insurance companies requiring their members to make
19 premium deposits to provide for losses and expenses, said companies shall not
20 **INCLUDE** [return] as income any portion of the premium deposits returned to their
21 policyholders, but shall **INCLUDE** [return] as taxable income all income received
22 by them from all other sources plus such portion of the premium deposits as are
23 retained by the companies for purposes other than the payment of losses and
24 expenses and reinsurance reserves.

25 "X X X."

26 **SEC. 11.** Section 38 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28 "SEC. 38. *Losses from Wash Sales of Stock or Securities.* –

29 (A) In the case of any loss claimed to have been sustained from any sale or
30 other disposition of shares of stock or securities where it appears that within a
31 period beginning thirty (30) days before the date of such sale or disposition and
32 ending thirty (30) days after such date, the taxpayer has acquired (by purchase or
33 by exchange upon which the entire amount of gain or loss was recognized by

1 law), or has entered into a [contact] CONTRACT or option so AS to acquire,
2 substantially identical stock or securities, then no deduction for the loss shall be
3 allowed under Section 34 unless the claim is made by a dealer in stock or
4 securities **OR BY ANY ENTITY OR FINANCIAL INTERMEDIARY DULY LICENSED**
5 **BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BUY AND**
6 **SELL IN SECURITIES EITHER FOR THE ENTITY’S OWN ACCOUNT OR FOR THE**
7 **ACCOUNT OF OTHERS** and with respect to a transaction made in the ordinary
8 course of the business of such dealer.

9 “X X X.”

10 **SEC. 12.** Section 39 of the National Internal Revenue Code of 1997, as amended, is
11 hereby amended to read as follows:

12 “SEC. 39. *Capital Gains and Losses.* –

13 “(A) *Definitions.* – As used in this Title –

14 “X X X

15 [(B) *Percentage Taken Into Account.* – In the case of a taxpayer, other than
16 a corporation, only the following percentages of the gain or loss recognized upon
17 the sale or exchange of a capital asset shall be taken into account in computing
18 net capital gain, net capital loss, and net income:]

19 [(1) One hundred percent (100%) if the capital asset has been held for not
20 more than twelve (12) months; and]

21 [(2) Fifty percent (50%) if the capital asset has been held for more than
22 twelve (12) months;]

23 [(C)](B) *Limitation on Capital Losses.* – Losses from sales or exchanges of
24 capital assets shall be allowed only to the extent of the gains from such sales or
25 exchanges. If a [bank or trust company incorporated under the laws of the
26 Philippines, a substantial part of whose business is the receipt of deposits,]
27 **DEALER IN SECURITIES OR OTHER ENTITIES OR FINANCIAL**
28 **INTERMEDIARIES DULY LICENSED BY THE APPROPRIATE GOVERNMENT**
29 **REGULATORY AGENCIES TO TRADE IN SECURITIES**, sells any bond, debenture,
30 note, or certificate or other evidence of indebtedness issued by any corporation
31 [(, including one issued by a government or political subdivision thereof)], with
32 interest coupons or in registered form, any loss resulting from such sale shall not

1 be subject to the foregoing limitation and shall not be included in determining the
2 applicability of such limitation to other losses.

3 [(D) *Net Capital Loss Carry-over.* – If any taxpayer, other than a
4 corporation, sustains in any taxable year a net capital loss, such loss (in an amount
5 not in excess of the net income for such year) shall be treated in the succeeding
6 taxable year as a loss from the sale or exchange of a capital asset held for not
7 more than twelve (12) months.]

8 [(E)](C) *Retirement of Bonds, Etc.* – x x x

9 [(F) *Gains or Losses from Short Sales, Etc.* – For purposes of this Title -]

10 [(1) Gains or losses from short sales of property shall be considered as gains
11 or losses from sales or exchanges of capital assets; and]

12 [(2) Gains or losses attributable to the failure to exercise privileges or
13 options to buy or sell property shall be considered as capital gains or losses.]”

14 **SEC. 13.** Section 42 of the National Internal Revenue Code of 1997, as amended, is
15 hereby amended to read as follows:

16 “SEC. 42. *Income from Sources Within the Philippines.* –

17 “(A) *Gross Income from Sources Within the Philippines.* – The following
18 items of gross income shall be treated as gross income from sources within the
19 Philippines:

20 “(1) *Interests.* – **Interests AND YIELD [derived from sources within the**
21 **Philippines, and interests on] FROM DEBT INSTRUMENTS, BANK DEPOSITS,**
22 **DEPOSIT SUBSTITUTES, TRUST FUNDS, AND SIMILAR ARRANGEMENTS SUCH**
23 **AS bonds, notes or other interest-bearing obligations of residents, corporate or**
24 **otherwise[.];, INCLUDING DEBT INSTRUMENTS OR DEBT SECURITIES ISSUED**
25 **BY THE GOVERNMENT OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES;**

26 “(2) *Dividends.* – The amount received as dividends:

27 “(a) From a domestic corporation; and

28 “(b) From a foreign corporation, [unless less than] **WITH AT LEAST** fifty
29 percent (50%) of the gross income of such foreign corporation for the three-year
30 period ending with the close of its taxable year preceding the declaration of such
31 dividends (or for such part of such period as the corporation has been in existence)
32 was derived from sources within the Philippines as determined under the
33 provisions of this Section; but only in an amount which bears the same ratio to
34 such dividends as the gross income of the corporation for such period derived

1 from sources within the Philippines bears [to] ON its gross income from all
2 sources.

3 "X X X."

4 **SEC. 14.** Section 51 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6 "SEC. 51. *Individual Return.* –

7 "(A) *Requirements.* – X X X

8 "(B) *Where to file.* – X X X

9 "(C) *When to File.* – X X X

10 "(1) X X X

11 "(2) Individuals subject to tax on capital gains:

12 "(a) From the sale or exchange of shares of stock not traded [thru]
13 **THROUGH** a [local] stock exchange **OR AN ORGANIZED MARKETPLACE** as
14 prescribed under [Section] **SECTIONS 24(C)(B) (3), AND 25(A) AND (B)**,
15 [shall file] a return **SHALL BE FILED** within thirty (30) days after each transaction
16 and a final consolidated return on or before April 15 of each year covering all
17 stock transactions of the preceding taxable year; and

18 "(b) From the sale or disposition of real property under Section 24(D) (B)
19 (4) shall file a return within thirty (30) days following each sale or other
20 disposition.

21 "X X X."

22 **SEC. 15.** Section 52 of the National Internal Revenue Code of 1997, as amended, is
23 hereby amended to read as follows:

24 "SEC. 52. *Corporation Returns.* –

25 "(A) *Requirements.* – X X X

26 "X X X

27 (D) *Return on Capital Gains Realized from Sale of Shares of Stock not*
28 *Traded in the [Local] Stock Exchange OR AN ORGANIZED MARKETPLACE.* –

29 Every corporation deriving capital gains from the sale or exchange of shares of
30 stock, not traded [thru] **THROUGH** a local stock exchange **OR AN ORGANIZED**
31 **MARKETPLACE** as prescribed under **SECTIONS 27(D)(3), 28(A)(1) AND**
32 **(B)(5)(A)** [Sections 24(C), 25(A)(3), 27(E)(2), 28(A)(8)(c) and 28(B)(5)(c),]
33 shall file a return within thirty (30) days after each transaction and a final
34 consolidated return of all transactions during the taxable year on or before the

1 fifteenth (15th) day of the fourth (4th) month following the close of the taxable
2 year.”

3 **SEC. 16.** Section 54 of the National Internal Revenue Code of 1997, as amended, is
4 hereby amended to read as follows:

5 “*SEC. 54. Returns of Receivers, Trustees, [in Bankruptcy] or Assignees. –*
6 [In cases wherein receivers] **RECEIVERS, ADMINISTRATORS**, trustees in A
7 **TRUST OR** bankruptcy, or **ANY OTHER PERSON ASSIGNED OR** [assignees are]
8 **IN CHARGE OF** operating the property or business of [a]**ANOTHER PERSON OR**
9 corporation, subject to the tax **UNDER THIS CODE** [imposed by this Title, such
10 receivers, trustees or assignees] shall **BE IMPOSED WITH THE OBLIGATION TO**
11 **FILE** [make] **THE** returns **AND PAY THE TAXES FOR SUCH PERSON OR**
12 **CORPORATION IN THE SAME MANNER REQUIRED UNDER THIS CODE.** [of net
13 income as and for such corporation, in the same manner and form as such
14 organization is hereinbefore required to make returns, and any] **ANY** tax due on
15 the income as returned by receivers, **ADMINISTRATORS**, trustees or assignees
16 shall be assessed and collected in the same manner as if assessed directly against
17 the [organizations] **PERSON, ESTATE OR ORGANIZATION** [of] whose
18 businesses or properties they have custody **OF** or control **OVER.**”

19 **SEC. 17.** Section 56 of the National Internal Revenue Code of 1997, as amended, is
20 hereby amended to read as follows:

21 “*SEC. 56. Payment and Assessment of Income Tax for Individuals and*
22 *Corporations. –*

23 “(A) *Payment of Tax. –*

24 “x x x

25 “(3) *Payment of Capital Gains Tax. –*

26 The total amount of tax imposed and prescribed under [Section]
27 **SECTIONS 24[(C)](B)(3), 24[(D)](B)(4), 25, 27[(E)(2)](D)(3), 27(D)(4),**
28 **28(A)[(8)(c)] and 28(B)(5)[(c)]** shall be paid on the date the return prescribed
29 therefor is filed by the person liable thereto: *Provided*, That if the seller submits
30 proof of [his] **THE** intention to avail [himself] of the benefit of exemption of
31 capital gains under existing special laws **OR TAX TREATY**, no such payments
32 shall be required: *Provided, further*, That in case of failure to qualify for
33 exemption under such special laws, **TAX TREATY** and implementing rules and

1 regulations, the tax due on the gains realized from the original transaction shall
2 immediately become due and payable, and subject to the penalties prescribed
3 under applicable provisions of this Code: *Provided, finally*, That if the seller,
4 having paid the tax, submits such proof of intent within six (6) months from the
5 registration of the document transferring the real property, [he] **THE SELLER**
6 shall be entitled to a refund of such tax upon verification of [his] compliance
7 with the requirements for such exemption.

8 "x x x."

9 **SEC. 18.** Section 57 of the National Internal Revenue Code of 1997, as amended,
10 is hereby amended to read as follows:

11 "SEC. 57. *Withholding of Tax at Source.* –

12 "(A) *Withholding of Final Tax on Certain Incomes.* – Subject to rules and
13 regulations the Secretary of Finance may promulgate, upon the
14 recommendation of the Commissioner, requiring the filing of income tax return
15 by certain income payees, the tax imposed or prescribed [by] **UNDER** Sections
16 [24(B)(1), 24(B)(2), 24(C), 24(D)(1); 25(A)(2), 25(A)(3), 25(B), 25(C), 25(D),
17 25(E); 27(D)(1), 27(D)(2), 27(D)(3), 27(D)(5); 28(A)(4), 28(A)(5),
18 28(A)(7)(a), 28(A)(7)(b), 28(A)(7)(c), 28(B)(1), 28(B)(2), 28(B)(3), 28(B)(4),
19 28(B)(5)(a), 28(B)(5)(b), 28(B)(5)(c)] **24(B), 24(C), 25(B), 27(D), AND**
20 **28(B)(5);** 33; and 282 of this Code on specified items of income **SUBJECT TO**
21 **FINAL TAX** shall be withheld by payor-corporation and/or person and paid in
22 the same manner and subject to the same conditions as provided in Section 58
23 of this Code.

24 "x x x."

25 **SEC. 19.** Section 73 of the National Internal Revenue Code of 1997, as amended, is
26 hereby amended to read as follows:

27 "SEC. 73. *Distribution of Dividends or Assets by Corporations.* –

28 "(A) *Definition of Dividends.* – The term 'dividends' when used in this
29 Title means any distribution made by a corporation to its shareholders out of its
30 earnings or profits and payable to its shareholders, whether in money or in other
31 property.

32 [Where a corporation distributes all of its assets in complete liquidation
33 or dissolution, the gain realized or loss sustained by the stockholder, whether individual
34 or corporate, is a taxable income or a deductible loss, as the case may be.]

1 “(B) *Stock Dividend.* – x x x

2 “(C) **LIQUIDATING DIVIDENDS.** – **LIQUIDATING DIVIDENDS ARE**
3 **DIVIDENDS REPRESENTING THE REMAINING GAINS REALIZED OR LOSS**
4 **SUSTAINED BY THE STOCKHOLDER IN A COMPLETE LIQUIDATION OR**
5 **DISSOLUTION BY A CORPORATION AND SHALL BE CONSIDERED AS**
6 **TAXABLE INCOME OR A DEDUCTIBLE LOSS, UNDER SECTIONS 24(A), 25(A),**
7 **25(B), 27(A), 28(A) AND 28(B), AS THE CASE MAY BE.**

8 [(C)](D) *Dividends Distributed are Deemed Made from Most Recently*
9 *Accumulated Profits.* – x x x

10 “x x x.”

11 **SEC. 20.** Section 108 of the National Internal Revenue Code of 1997, as amended, is
12 hereby further amended to read as follows:

13 “SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of*
14 *Properties.* –

15 “(A) *Rate and Base of Tax.* – x x x

16 “The phrase ‘*sale or exchange of services*’ means the performance of all
17 kinds of services in the Philippines for others for a fee, remuneration or
18 consideration, including those performed or rendered by construction and
19 service contractors; stock, real estate, commercial, customs and immigration
20 brokers; lessors of property, whether personal or real; warehousing services;
21 lessors or distributors of cinematographic films; persons engaged in milling
22 processing, manufacturing or repacking goods for others; proprietors, operators
23 or keepers of hotels, motels, resthouses, pension houses, inns, resorts;
24 proprietors or operators of restaurants, refreshment parlors, cafes and other
25 eating places, including clubs and caterers; dealers in securities; [lending
26 investors;] transportation contractors on their transport of goods or cargoes,
27 including persons who transport goods or cargoes for hire and other domestic
28 common carriers by land relative to their transport of goods or cargoes;
29 common carriers by air and sea relative to their transport of passengers, goods
30 or cargoes from one place in the Philippines to another place in the Philippines;
31 sales of electricity by generation companies, transmission by any entity, and
32 distribution companies, including electric cooperatives; services of franchise
33 grantees of electric utilities, telephone and telegraph, radio and television
34 broadcasting and all other franchise grantees except those under Section 119 of

1 this Code, and non-life insurance companies (except their crop insurances),
2 including surety, fidelity, indemnity, and bonding companies; and similar
3 services regardless of whether or not the performance thereof calls for the
4 exercise or use of the physical or mental faculties. The phrase 'sale or exchange
5 of services' shall likewise include:

6 "X X X."

7 SEC. 21. Section 109 of the National Internal Revenue Code of 1997, as amended, is
8 hereby further amended to read as follows:

9 "SEC. 109. *Exempt Transactions.* –

10 (1) Subject to the provisions of Subsection (2) hereof, the following
11 transactions shall be exempt from the value-added tax:

12 "(A) X X X

13 "X X X"

14 "(DD) PREMIUMS COLLECTED BY NON-LIFE REINSURANCE
15 COMPANIES ON TRANSACTIONS WHERE THE TAX ON THE DIRECT
16 PREMIUM HAS ALREADY BEEN PAID BY THE DIRECT INSURER: *PROVIDED,*
17 *THAT THE SECRETARY OF FINANCE, UPON THE RECOMMENDATIONS OF*
18 *THE COMMISSIONER OF INTERNAL REVENUE AND INSURANCE*
19 *COMMISSIONER, SHALL PROMULGATE THE RULES ON THE REQUIRED*
20 *REPORTS TO BE SUBMITTED TO THE BUREAU OF INTERNAL REVENUE.*
21 *ANY NON-PAYMENT OF THE TAX OR MISREPRESENTATION SHALL SUBJECT*
22 *THE DIRECT INSURER OR REINSURER TO PAY UNPAID TAXES AND*
23 *PENALTIES UNDER THIS CODE.*

24 "X X X."

25 SEC. 22. Section 112 of the National Internal Revenue Code of 1997, as amended, is
26 hereby further amended to read as follows:

27 "SEC. 112. *Refunds [or Tax Credits] of Input Tax.* –

28 "(A) *Zero-Rated or Effectively Zero-Rated Sales.* – Any VAT-registered
29 person, whose sales are zero-rated or effectively zero-rated may, within two (2)
30 years after the close of the taxable quarter when the sales were made, apply for
31 [the issuance of a tax credit certificate or] refund of creditable input tax due or
32 paid attributable to such sales, except transitional input tax, to the extent that
33 such input tax has not been applied against output tax: *Provided, however,* That

1 in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and [(b) and]
2 Section 108 (B)(1) and (2), the acceptable foreign currency exchange proceeds
3 thereof had been duly accounted for in accordance with the rules and
4 regulations of the Bangko Sentral ng Pilipinas (BSP): *Provided, further*, That
5 where the taxpayer is engaged in zero-rated or effectively zero-rated sale and
6 also in taxable or exempt sale of goods or properties or services, and the amount
7 of creditable input tax due or paid cannot be directly and entirely attributed to
8 any one of the transactions, it shall be allocated proportionately on the basis of
9 the volume of sales: *Provided, finally*, That for a person making sales that are
10 zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably
11 between his zero-rated and non-zero-rated sales.

12 “(B) *Cancellation of VAT Registration.* – A person whose registration has
13 been cancelled due to retirement from or cessation of business, or due to
14 changes in or cessation of status under Section 106(C) of this Code may, within
15 two (2) years from the date of cancellation, apply for [the issuance of a tax credit
16 certificate for any unused input tax which may be used in payment of his other
17 internal revenue taxes] **A REFUND OF SUCH UNUSED INPUT TAXES.**

18 “x x x.”

19 **SEC. 23.** Section 121 of the National Internal Revenue Code of 1997, as amended, is
20 hereby further amended to read as follows:

21 “**SEC. 121. *Tax on Banks and Non-Bank Financial Intermediaries***
22 ***Performing Quasi-Banking Functions.*** – There shall be collected a tax on
23 gross receipts derived from sources within the Philippines by all banks and non-
24 bank financial intermediaries **PERFORMING QUASI-BANKING FUNCTIONS AT**
25 **THE RATE OF FIVE PERCENT (5%) ON INCOME SUCH AS INTEREST,**
26 **COMMISSIONS, AND DISCOUNTS FROM LENDING ACTIVITIES AS WELL AS**
27 **INCOME FROM FINANCIAL LEASING, ROYALTIES, RENTALS OF PROPERTY,**
28 **REAL OR PERSONAL, PROFITS FROM SALE OR EXCHANGE INCLUDING**
29 **GAINS DERIVED FROM SALE OR TRANSFER OF REAL PROPERTIES, NET**
30 **TRADING GAINS WITHIN THE TAXABLE YEAR OF FOREIGN CURRENCY,**
31 **DEBT SECURITIES, DERIVATIVES, AND OTHER SIMILAR FINANCIAL**
32 **INSTRUMENTS, AND ALL OTHER ITEMS TREATED AS GROSS INCOME UNDER**
33 **SECTION 32 OF THIS CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND**

1 NET INCOME OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO
2 PERCENT (0%) TAX [in accordance with the following schedule]:

3 [(a) On interest, commissions and discounts from lending activities as
4 well as income from financial leasing, on the basis of remaining maturities of
5 instruments from which such receipts are derived:]

6 [Maturity period is five years or less.....5%]

7 [Maturity period is more than five years 1%]

8 [(b) On dividends and equity shares and net income of subsidiaries.. 0%]

9 [(c) On royalties, rentals of property, real or personal, profits, from
10 exchange and all other items treated as gross income under Section 32 of this
11 Code... 7%]

12 [(d) On net trading gains within the taxable year of foreign currency,
13 debt securities, derivatives, and other similar financial
14 instruments..... 7%]

15 “Provided, however, That in case the maturity period referred to in
16 paragraph (a) is shortened [thru] THROUGH pretermination, then the maturity
17 period shall be reckoned to end as of the date of pretermination for purposes
18 of classifying the transaction and the correct rate of tax shall be applied
19 accordingly.

20 “Provided, finally, That the generally accepted accounting principles [as
21 may be] prescribed by the Bangko Sentral ng Pilipinas for the bank or non-bank
22 financial intermediary performing quasi-banking functions shall [likewise] be
23 the basis for the calculation of gross receipts.

24 “X X X.”

25 SEC. 24. Section 122 of the National Internal Revenue Code of 1997, as amended, is
26 hereby amended to read as follows:

27 “SEC. 122. *Tax on Other Non-Bank Financial Intermediaries.* – There
28 shall be collected a tax of five percent (5%) on the gross receipts derived by
29 other non-bank financial intermediaries doing business in the Philippines, from
30 interest, commissions, discounts AND DISCOUNTS FROM LENDING
31 ACTIVITIES, AS WELL AS INCOME FROM FINANCIAL LEASING, ROYALTIES,
32 RENTALS OF PROPERTY, REAL OR PERSONAL, PROFITS FROM SALE OR
33 EXCHANGE INCLUDING GAINS DERIVED FROM SALE OR TRANSFER OF
34 REAL PROPERTIES, NET TRADING GAINS WITHIN THE TAXABLE YEAR OF

1 FOREIGN CURRENCY, DEBT SECURITIES, DERIVATIVES, AND OTHER
2 SIMILAR FINANCIAL INSTRUMENTS, UNDERWRITING FEES, SERVICE
3 INCOME, AND ALL OTHER ITEMS TREATED AS GROSS INCOME UNDER
4 SECTION 32 OF THIS CODE, EXCEPT DIVIDENDS AND EQUITY SHARES AND
5 NET INCOME OF SUBSIDIARIES WHICH SHALL BE SUBJECT TO ZERO
6 PERCENT (0%). [and all other items treated as gross income under this Code:
7 *Provided*, That interests, commissions and discounts from lending activities, as
8 well as income from financial leasing, shall be taxed on the basis of the
9 remaining maturities of the instruments from which such receipts are derived,
10 in accordance with the following schedule:]

11 [Maturity is five (5) years or less 5%]

12 [Maturity period is more than five (5) years 1%]

13 [Provided, however, That in case the maturity period is shortened thru
14 pretermination, then the maturity period shall be reckoned to end as of the date
15 of pretermination for purposes of classifying the transaction and the correct rate
16 of tax shall be applied accordingly.]

17 "FINANCIAL INTERMEDIARIES SUBJECT TO TAX UNDER THIS
18 SECTION SHALL INCLUDE FINANCING COMPANIES, FINANCE LEASING
19 COMPANIES, INVESTMENT HOUSES, PAWNSHOPS, FOREIGN EXCHANGE
20 DEALERS AND MONEY BROKERS, TRUST ENTITIES, CREDIT CARD
21 COMPANIES, LENDING INVESTORS, SAVINGS AND LOAN ASSOCIATIONS,
22 AND OTHER FINANCIAL INTERMEDIARIES EXCEPT BANKS AND NON-BANKS
23 PERFORMING QUASI-BANKING FUNCTIONS WHICH SHALL BE TAXED
24 UNDER SECTION 121 OF THIS CODE.

25 "COLLECTIVE INVESTMENT SCHEMES SUCH AS MUTUAL FUNDS, UNIT
26 LINKED INVESTMENT TRUST FUNDS, UNIT-LINKED VARIABLE INSURANCE,
27 AND OTHER COLLECTIVE INVESTMENT SCHEMES SHALL NOT BE SUBJECT
28 TO GROSS RECEIPTS TAX AND OTHER PERCENTAGE TAXES IMPOSED
29 UNDER TITLE V AND THE VALUE-ADDED TAX IMPOSED UNDER TITLE IV OF
30 THIS CODE. FOR PURPOSES OF THIS EXEMPTION, A CIS SHALL HAVE AT
31 LEAST TWO HUNDRED (200) OWNERS, INVESTORS OR PARTICIPANTS, AND
32 SHALL HAVE COMPLIED WITH THE MINIMUM PUBLIC OWNERSHIP
33 REQUIREMENT OF THE APPROPRIATE GOVERNMENT REGULATORY
34 AGENCIES.

1 “THE INCOME OF A PERSON OR COMPANY NOT LICENSED TO DO
2 FINANCIAL INTERMEDIATION BUT WHICH ENGAGES IN FINANCIAL
3 INTERMEDIATION SERVICES AS AN INCIDENT TO ITS MAIN BUSINESS
4 ACTIVITY, AND DERIVES INCOME THEREFROM, SHALL BE SUBJECT TO THE
5 TAX IMPOSED ON ITS PRINCIPAL ACTIVITY. TO BE CONSIDERED
6 INCIDENTAL, THE INCOME FROM INTERMEDIATION SERVICES SHALL NOT
7 EXCEED FIFTY PERCENT (50%) OF THE PERSON OR THE COMPANY’S
8 TOTAL ANNUAL INCOME. IF THE TOTAL INCOME RECEIVED FROM
9 FINANCIAL INTERMEDIATION IS MORE THAN FIFTY PERCENT (50%), AND
10 THE PERSON OR COMPANY HAS ENTERED INTO AT LEAST SIX (6)
11 TRANSACTIONS DURING THE YEAR, THE TOTAL INCOME FROM SUCH
12 FINANCIAL INTERMEDIATION SHALL BE SUBJECT TO TAX UNDER THIS
13 SUBSECTION.

14 *“Provided, finally,* That the generally accepted accounting principles as
15 may be prescribed by the Securities and Exchange Commission for other non-
16 bank financial intermediaries shall likewise be the basis for the calculation of
17 gross receipts.

18 “Nothing in this Code shall preclude the Commissioner from imposing
19 the same tax herein provided on persons OR ENTITIES performing similar
20 [financing] FINANCIAL INTERMEDIATION activities.”

21 **SEC. 25.** Section 123 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

23 “**SEC. 123. Tax on Life Insurance Premiums.** – There shall be collected
24 from every person, company or corporation, [(except purely cooperative
25 companies or associations)] doing life insurance business of any sort in the
26 Philippines, A PREMIUM TAX AT THE FOLLOWING RATES:

27 “(A) **FOR LIFE INSURANCE,** a tax of two percent (2%) of the total
28 premium collected, whether such premiums are paid in money, notes, credits or
29 any substitute for money; but premiums refunded within six (6) months after
30 payment on account of rejection of risk or returned for other reason to a person
31 insured shall not be included in the taxable receipts; nor shall any tax be paid
32 upon reinsurance by a company **IF THE TAX [that] has already BEEN paid [the**
33 **tax] ON THE DIRECT PREMIUM;** nor upon premiums collected or received by
34 any branch of a domestic corporation, firm or association doing business

1 outside the Philippines on account of any life insurance of the insured who is a
2 nonresident, if any tax on such premium is imposed by the foreign country
3 where the branch is established nor upon premiums collected or received on
4 account of any reinsurance, if the insured, in case of personal insurance, resides
5 outside the Philippines, if any tax on such premiums is imposed by the foreign
6 country where the original insurance has been issued or perfected; nor upon that
7 portion of the premiums collected or received by the insurance companies on
8 variable contracts [(as defined in Section 232(2) of Presidential Decree No.
9 612),] **AS DEFINED UNDER REPUBLIC ACT NO. 10607, OTHERWISE KNOWN**
10 **AS THE ‘INSURANCE CODE OF THE PHILIPPINES’, IN A CIS in excess of the**
11 **amounts necessary to insure the lives of the variable contract owners[.]:**
12 **PROVIDED, THAT THE CIS SHALL HAVE AT LEAST TWO HUNDRED (200)**
13 **OWNERS, INVESTORS OR PARTICIPANTS, AND THAT ANY MINIMUM PUBLIC**
14 **OWNERSHIP AS MAY BE REQUIRED BY APPROPRIATE GOVERNMENT**
15 **REGULATORY AGENCIES SHALL BE COMPLIED WITH.**

16 **“(B) PERSONS DOING BUSINESS SIMILAR OR AKIN TO LIFE AND**
17 **HEALTH INSURANCE SUCH AS PRE-NEED COMPANIES, PENSION FUND**
18 **COMPANIES, HEALTH MAINTENANCE ORGANIZATIONS AND OTHER**
19 **COMPANIES SIMILAR TO LIFE INSURANCE SHALL BE SUBJECT TO TAX**
20 **UNDER THIS SUBSECTION AT THE RATE OF TWO PERCENT (2%) OF THE**
21 **GROSS PREMIUM, PLAN PAYMENT, OR INSTALLMENT PAYMENTS**
22 **COLLECTED WITHOUT ANY DEDUCTION FOR THE AMOUNTS REQUIRED BY**
23 **THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BE**
24 **EARMARKED FOR THE BENEFIT OF THE INSURED, OR PLANHOLDER.**

25 **“NOTHING IN THIS CODE SHALL PRECLUDE THE COMMISSIONER**
26 **FROM IMPOSING THE SAME TAX HEREIN PROVIDED ON PERSONS**
27 **PERFORMING SIMILAR INSURANCE BUSINESS ACTIVITIES.**

28 **“LIFE REINSURANCE COMPANIES SHALL BE SUBJECT TO PREMIUM**
29 **TAX ON PREMIUMS COLLECTED UNDER SUBSECTION (A) HEREOF.**
30 **HOWEVER, PREMIUMS COLLECTED ON TRANSACTIONS WHERE THE TAX**
31 **ON THE DIRECT PREMIUM HAS ALREADY BEEN PAID BY THE DIRECT**
32 **INSURER SHALL BE EXCLUDED FROM THE GROSS PREMIUM SUBJECT TO**
33 **PREMIUM TAX.**

34 **“A VARIABLE INSURANCE CONTRACT WHERE AMOUNTS IN EXCESS**
35 **OF INSURANCE COSTS ARE COLLECTED AS PART OF THE PREMIUM AND**

1 WHERE UNITS OF PARTICIPATION IN A POOLED FUND ARE ISSUED TO THE
2 INSURED REPRESENTING THEIR RESPECTIVE SHARES IN THE POOLED FUND,
3 IS A CIS. THE AMOUNTS OF PREMIUM COLLECTED IN EXCESS OF THE
4 INSURANCE COST IS NOT SUBJECT TO PREMIUM TAX UNDER THIS SECTION
5 AND TO THE GROSS RECEIPTS TAX IMPOSED UNDER SECTIONS 121 AND
6 122, OR TO ANY PERCENTAGE TAX IMPOSED UNDER TITLE V AND TO
7 VALUE-ADDED TAX UNDER SECTION 105, TITLE IV OF THIS CODE.

8 "X X X."

9 SEC. 26. Section 127 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

11 "SEC. 127. *Tax on Sale, Barter or Exchange of Shares of Stock Listed and*
12 *Traded through the Local Stock Exchange [or through Initial Public*
13 *Offering]. –*

14 "(A) *Tax on Sale, Barter or Exchange of Shares of Stock Listed and*
15 *Traded through the Local Stock Exchange. – There shall be levied, assessed*
16 *and collected on every sale, barter, exchange, or other disposition of shares of*
17 *stock OF A DOMESTIC CORPORATION listed and traded through the local stock*
18 *exchange, OR LISTED AND TRADED IN BOTH A LOCAL AND FOREIGN STOCK*
19 *EXCHANGE, other than the sale by a dealer in securities, IN LIEU OF CAPITAL*
20 *GAINS TAX, a tax at the rate of six-tenths of one percent (6/10 of 1%) of the*
21 *gross selling price or gross value in money of the shares of stock sold, bartered,*
22 *exchanged or otherwise disposed which shall be paid by the seller or transferor:*
23 **PROVIDED, THAT THE TAX RATE SHALL BE IMPOSED ACCORDING TO THE**
24 **FOLLOWING SCHEDULE:**

EFFECTIVITY	FINAL TAX RATE
JANUARY 1, 2023	FIVE-TENTH OF ONE PERCENT (5/10 OF 1%)
JANUARY 1, 2024	FOUR-TENTH OF ONE PERCENT (4/10 OF 1%)
JANUARY 1, 2025	THREE-TENTH OF ONE PERCENT (3/10 OF 1%)
JANUARY 1, 2026	TWO-TENTH OF ONE PERCENT (2/10 OF 1%)

EFFECTIVITY	FINAL TAX RATE
JANUARY 1, 2027	ONE-TENTH OF ONE PERCENT (1/10 OF 1%)

1
2 “ANY GAIN REALIZED FROM THE SALE, EXCHANGE, BARTER, OR
3 DISPOSITION OF LISTED SHARES OF STOCK BY A DEALER IN SECURITIES
4 LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES
5 TO BUY AND SELL IN SECURITIES, FOR HIS OWN ACCOUNT IN THE
6 ORDINARY COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER
7 THIS SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY INCOME.

8 [(B) Tax on Shares of Stock Sold or Exchanged Through Initial Public
9 Offering.] – REPEALED in REPUBLIC ACT. 11494

10 [(C) *Return on Capital Gains Realized from Sale of Shares of Stocks.*
11 –]

12 [(1)](B) *Return on [Capital Gains Realized from] Sale of Shares of*
13 *Stock AND OTHER SECURITIES Listed and Traded in the Local Stock*
14 *Exchange.* – It shall be the duty of every stock broker who effected the sale
15 subject to the tax imposed herein to collect the tax and remit the same to the
16 Bureau of Internal Revenue within five (5) banking days from the date of
17 collection thereof and to submit on Mondays of each week to the secretary of
18 the stock exchange, of which he is a member, a true and complete return which
19 shall contain a declaration of all the transactions effected through him during
20 the preceding week and of taxes collected by him and turned over to the Bureau
21 of Internal Revenue: *PROVIDED, THAT FOR SALES OF SHARES OF STOCK OF*
22 *A DOMESTIC CORPORATION LISTED AND TRADED IN BOTH A LOCAL AND*
23 *FOREIGN STOCK EXCHANGE, THE COLLECTION AND REMITTANCE OF THE*
24 *ABOVE TAX SHALL BE IN ACCORDANCE WITH THE RULES PROMULGATED*
25 *BY THE SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF THE*
26 *COMMISSIONER OF INTERNAL REVENUE: PROVIDED, FURTHER, THAT THE*
27 *REMITTANCE OF THE SAID TAX SHALL BE WITHIN A PERIOD NOT*
28 *EXCEEDING TEN (10) DAYS.*

29 [(2) *Return on Public Offerings of Shares of Stock.* – In case of primary
30 offering, the corporate issuer shall file the return and pay the corresponding tax
31 within thirty (30) days from the date of listing of the shares of stock in the local

1 stock exchange. In the case of secondary offering, the provision of Subsection
2 (C)(1) of this Section shall apply as to the time and manner of the payment of
3 the tax.]

4 “(D) [*Common Provisions.* – any] ANY gain derived from the sale, barter,
5 exchange or other disposition of shares of stock under this Section shall be
6 exempt from the tax imposed in Sections [24(C), 27(D)(2), 28(A)(8)(c), and
7 28(B)(5)(c)]**24(B)(3), 27(D)(3), 28(A)(1) and 28(B)(5)(A)** of this Code and
8 from the regular individual or corporate income tax. Tax paid under this Section
9 shall not be deductible for income tax purposes.”

10 **SEC. 27.** Section 130 of the National Internal Revenue Code of 1997, as amended, is
11 hereby amended to read as follows:

12 “**SEC. 130. FILING OF RETURN AND PAYMENT OF EXCISE TAX ON DOMESTIC**
13 **PRODUCTS.** –

14 “(A) **PERSONS LIABLE TO FILE A RETURN, FILING OF RETURN ON REMOVAL**
15 **AND PAYMENT OF TAX:**

16 “(1) **PERSONS LIABLE TO FILE A RETURN.** X X X

17 “(2) **TIME FOR FILING OF RETURN AND PAYMENT OF THE TAX.** X X X

18 “(3) **PLACE FOR FILING OF THE RETURN AND PAYMENT OF THE TAX.** X X X

19 “(4) **EXCEPTIONS:**

20 “(a) X X X

21 “(b) X X X

22 “(B) **DETERMINATION OF GROSS SELLING PRICE OF GOODS SUBJECT TO**
23 **AD VALOREM TAX.** – UNLESS OTHERWISE PROVIDED, THE PRICE, EXCLUDING
24 THE VALUE-ADDED TAX, AT WHICH THE GOODS ARE SOLD AT WHOLESALE IN THE
25 PLACE OF PRODUCTION OR IMPORTATION OR THROUGH THEIR SALES AGENTS
26 TO THE PUBLIC SHALL CONSTITUTE THE GROSS SELLING PRICE. IF THE
27 MANUFACTURER OR IMPORTER ALSO SELLS OR ALLOWS SUCH GOODS TO BE
28 SOLD AT WHOLESALE IN ANOTHER ESTABLISHMENT OF WHICH HE IS THE
29 OWNER OR IN THE PROFITS OF WHICH HE HAS AN INTEREST, THE WHOLESALE
30 PRICE IS SUCH ESTABLISHMENT SHALL CONSTITUTE THE GROSS SELLING PRICE.
31 SHOULD SUCH PRICE BE LESS THAN THE COST OF MANUFACTURER OR
32 IMPORTATION PLUS EXPENSES INCURRED UNTIL THE GOODS ARE FINALLY SOLD,
33 THEN A PROPORTIONATE MARGIN OF PROFIT NOT LESS THAN TEN PERCENT

1 (10%) OF SUCH MANUFACTURING OR IMPORTATION COST AND EXPENSES, SHALL
2 BE ADDED TO CONSTITUTE THE GROSS SELLING PRICE.

3 SEC. 28. Section 149 of the National Internal Revenue Code of 1997, as amended, is
4 hereby amended to read as follows:

5 "SEC. 149. *Automobiles.* – There shall be levied, assessed and collected
6 an *ad valorem* tax on automobiles based on the manufacturer's or importer's
7 selling price, net of excise and value-added tax, in accordance with the
8 following schedule:

9 "x x x

10 "Provided, That hybrid vehicles shall be subject to fifty percent (50%) of
11 the applicable excise tax rates on automobiles under this Section: *Provided,*
12 *further,* That purely electric vehicles [and pick-ups] shall be exempt from excise
13 tax on automobiles.

14 "As used in this Section –

15 "(a) x x x

16 "(b) Trucks/cargo van shall mean a motor vehicle of any configuration
17 that is exclusively designed for the carriage of goods and with any number of
18 wheels and axles[; *Provided,* That pick-ups shall not be considered as trucks].

19 "x x x."

20 SEC. 29. Section 174 of the National Internal Revenue Code of 1997, as amended, is
21 hereby amended to read as follows:

22 "SEC. 174. *Stamp Tax on Original Issue of Shares of Stock.* – On every
23 original issue, whether on organization, reorganization or for any lawful
24 purpose, of shares of stock by any association, company, or corporation,
25 **INCLUDING SHARES OF STOCK OR UNITS OF PARTICIPATION IN A**
26 **COLLECTIVE INVESTMENT SCHEME,** there shall be collected a documentary
27 stamp tax of [Two pesos (P2.00) on each Two hundred pesos (P200), or
28 fractional part thereof, of the par value,] **SEVENTY-FIVE PERCENT OF ONE**
29 **PERCENT (75% OF 1%) OF THE PAR VALUE** of such shares of stock: *Provided,*
30 That in the case of the original issue of shares of stock without par value, the
31 amount of the documentary stamp tax herein prescribed shall be based upon the
32 actual consideration for the issuance of such shares of stock: *Provided, further,*
33 That in the case of stock dividends, on the actual value represented by each
34 share[.]: **PROVIDED, FINALLY, THAT IN THE CASE OF COLLECTIVE**

1 **INVESTMENT SCHEMES WITHOUT PAR VALUE, THE DOCUMENTARY STAMP**
2 **TAX SHALL BE BASED ON THE INITIAL NET ASSET VALUE PER UNIT.”**

3 **SEC. 30.** Section 175 of the National Internal Revenue Code of 1997, as amended, is
4 hereby repealed.

5 **SEC. 31.** Section 176 of the National Internal Revenue Code of 1997, as amended, is
6 hereby amended to read as follows:

7 “*SEC. 176. Stamp Tax on Bonds, Debentures, AND [Certificate]*
8 *CERTIFICATES of Stock or Indebtedness Issued in Foreign Countries. –*
9 **[On all] A DOCUMENTARY STAMP TAX OF SEVENTY-FIVE PERCENT OF ONE**
10 **PERCENT (75% OF 1%) OF THE VALUE OF THE TRANSACTION SHALL BE**
11 **COLLECTED FROM A PERSON SELLING OR TRANSFERRING** bonds, debentures,
12 certificates of stock, or certificates of indebtedness issued in any foreign
13 country[, there shall be collected from the person selling or transferring the
14 same in the Philippines, such tax as is required by law on similar instruments
15 when issued, sold or transferred in the Philippines].”

16 **SEC. 32.** Section 177 of the National Internal Revenue Code of 1997, as amended, is
17 hereby repealed.

18 **SEC. 33.** Section 178 of the National Internal Revenue Code of 1997, as amended, is
19 hereby repealed.

20 **SEC. 34.** Section 179 of the National Internal Revenue Code of 1997, as amended, is
21 hereby amended to read as follows:

22 “*SEC. 179. Stamp Tax on All Debt Instruments. –* On every original issue
23 of debt instruments, there shall be collected a documentary stamp tax of [One
24 peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or
25 fractional part thereof,] **SEVENTY-FIVE PERCENT OF ONE PERCENT (75% OF**
26 **1%)** of the issue price of any such debt instruments: *Provided,* That for such
27 debt instruments with terms of less than one (1) year, the documentary stamp
28 tax to be collected shall be of a proportional amount in accordance with the ratio
29 of its term in number of days to three hundred sixty-five (365) days: *Provided,*
30 *further,* That only one documentary stamp tax shall be imposed on either loan
31 agreement, or promissory notes issued to secure such loan.

32 “For purposes of this Section, the term ‘debt instrument’ shall mean [debt]
33 instruments representing borrowing and lending transactions including but not

1 limited to debentures, certificates of indebtedness, due bills, bonds, loan
2 agreements, including those signed abroad wherein the object of contract is
3 located or used in the Philippines, instruments and securities issued by the
4 government or any of its instrumentalities, deposit substitute debt instruments,
5 certificates or other evidences of deposits that are either drawing interest
6 significantly higher the regular savings deposit taking into consideration the
7 size of the deposit and the risks involved or drawing interest and having a
8 specific maturity date, [orders for payment of any sum of money otherwise than
9 at sight or on demand,] promissory notes, whether negotiable or non-negotiable,
10 except bank notes issued for circulation.”

11 **SEC. 35.** Section 180 of the National Internal Revenue Code of 1997, as amended, is
12 hereby repealed.

13 **SEC. 36.** Section 181 of the National Internal Revenue Code of 1997, as amended, is
14 hereby amended to read as follows:

15 “SEC. 181. *Stamp Tax Upon Acceptance of Bills of Exchange and*
16 *Others.* – Upon any acceptance or payment of any bill of exchange or order for
17 the payment of money purporting to be drawn in a foreign country but payable
18 in the Philippines, there shall be collected a documentary stamp tax **OF THIRTY**
19 **PERCENT OF ONE PERCENT (30% OF 1%)** [Sixty centavos (P0.60) on each
20 Two hundred pesos (P200), or fractional part thereof,] of the face value of any
21 such bill of exchange, or order, or the Philippine equivalent of such value, if
22 expressed in foreign currency.”

23 **SEC. 37.** Section 182 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 “SEC. 182. *Stamp Tax on Foreign Bills of Exchange and Letters of*
26 *Credit.* – On all foreign bills of exchange and [letter]LETTERS of credit
27 (including orders, by telegraph or otherwise, for the payment of money issued
28 by express or steamship companies or by any person or persons) drawn in but
29 payable out of the Philippines in a set of three (3) or more according to the
30 custom of merchants and bankers, there shall be collected a documentary stamp
31 tax **OF THIRTY PERCENT OF ONE PERCENT (30% OF 1%)** [Sixty centavos
32 (P0.60) on each Two hundred pesos (P200), or fractional part thereof,] of the
33 face value of any such bill of exchange or letter of credit, or the Philippine
34 equivalent of such face value, if expressed in foreign currency[.]: **PROVIDED,**

1 **THAT A LETTER OF CREDIT ON WHICH THE DOCUMENTARY STAMP TAX**
2 **IMPOSED UNDER THIS SECTION IS PAID UPON OPENING SHALL NOT BE**
3 **SUBJECT AGAIN TO THE TAX IMPOSED BY SECTION 195 UPON AVAILMENT**
4 **OF THE TRUST RECEIPT LINE WHERE THE PROPERTY SUBJECT OF THE**
5 **LETTER OF CREDIT IS MADE A SECURITY FOR PAYMENT.”**

6 **SEC. 38.** Section 183 of the National Internal Revenue Code of 1997, as amended,
7 is hereby amended to read as follows:

8 *“SEC. 183. Stamp Tax on Life AND HEALTH Insurance Policies[.], ON*
9 *ANNUITIES, AND HEALTH MAINTENANCE ORGANIZATION PRODUCTS. – On*
10 all policies of insurance or other instruments by whatever name the same may
11 be called, whereby any insurance, **POLICY ON ANNUITY, OR HEALTH**
12 **MAINTENANCE ORGANIZATION PRODUCT** shall be made or renewed upon
13 any life or lives **AND HEALTH OF PERSONS**, there shall be collected a one-time
14 documentary stamp tax at the following rates:

- 15 **“If the amount of insurance does not exceed P100,000 - Exempt**
- 16 **“If the amount of insurance exceeds P100,000**
but does not exceed P300,000 **- P20.00**
- 17 **“If the amount of insurance exceeds P300,000**
but does not exceed P500,000 **- P50.00**
- 18 **“If the amount of insurance exceeds P500,000**
19 but does not exceed P750,000 **- P100.00**
- 20 **“If the amount of insurance exceeds P750,000**
21 but does not exceed P1,000,000 **- P150.00**
- 22 **“If the amount of insurance exceeds P1,000,000 - P200.00**

23 **SEC. 39.** Section 184 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 *“SEC. 184. Stamp Tax on Policies of Insurance Upon Property. – On all*
26 policies of insurance or other instruments by whatever name the same may be
27 called, [by which insurance shall be] made or renewed upon property of any
28 description, including rents or profits, against peril by sea or on inland waters,
29 or by fire or lightning, there shall be collected a documentary stamp tax of [Fifty
30 centavos (P0.50) on each Four pesos (P4.00), or fractional part thereof,]
31 **TWELVE AND ONE-HALF PERCENT (12.5%)** of the amount of premium
32 charged: *Provided, however,* That no documentary stamp tax shall be collected

1 on reinsurance contracts or on any instrument by which cession or acceptance
 2 of insurance risks under any reinsurance agreement is effected or recorded:
 3 **PROVIDED, FURTHER, THAT SUCH TAX RATE SHALL BE IMPOSED**
 4 **ACCORDING TO THE FOLLOWING SCHEDULE:**

EFFECTIVITY	DOCUMENTARY STAMP TAX RATE ON PROPERTY INSURANCE POLICIES
JANUARY 1, 2023	ELEVEN AND ONE-HALF PERCENT (11.5%)
JANUARY 1, 2024	TEN AND ONE-HALF PERCENT (10.5%)
JANUARY 1, 2025	NINE AND ONE-HALF PERCENT (9.5%)
JANUARY 1, 2026	EIGHT AND ONE-HALF PERCENT (8.5%)
JANUARY 1, 2027	SEVEN AND ONE-HALF PERCENT (7.5%)

5
 6 **SEC. 40.** Section 185 of the National Internal Revenue Code of 1997, as amended, is
 7 hereby amended to read as follows:

8 “SEC. 185. *Stamp Tax on Fidelity Bonds and Other Insurance Policies.* –
 9 On all policies of insurance or bonds or obligations of the nature of indemnity
 10 for loss, damage or liability made or renewed by any person, association,
 11 company or corporation transacting the business of accident, fidelity,
 12 employer’s liability, plate, glass, steam boiler, burglar, elevator, automatic
 13 sprinkler, or other branch of insurance (except life, marine, inland, and fire
 14 insurance), and all bonds, undertakings, or recognizances, conditioned for the
 15 performance of the duties of any office or position, for the doing or not doing
 16 of anything therein specified, and on all obligations guaranteeing the validity or
 17 legality of any bond or other obligations issued by any province, city,
 18 municipality, or other public body or organization, and on all obligations
 19 guaranteeing the title to any real estate, or guaranteeing any mercantile credits,

1 which may be made or renewed by any such person, company or corporation,
 2 there shall be collected a documentary stamp tax of [Fifty centavos (P0.50) on
 3 each Four pesos (P4.00), or fractional part thereof,] **TWELVE AND ONE-HALF**
 4 **PERCENT (12.5%)** of the premium charged].: *PROVIDED, THAT SUCH TAX*
 5 **RATE SHALL BE IMPOSED ACCORDING TO THE FOLLOWING SCHEDULE:**

EFFECTIVITY	DOCUMENTARY STAMP TAX RATE ON FIDELITY BONDS AND OTHER INSURANCE POLICIES
JANUARY 1, 2023	ELEVEN AND ONE-HALF PERCENT (11.5%)
JANUARY 1, 2024	TEN AND ONE-HALF PERCENT (10.5%)
JANUARY 1, 2025	NINE AND ONE-HALF PERCENT (9.5%)
JANUARY 1, 2026	EIGHT AND ONE-HALF PERCENT (8.5%)
JANUARY 1, 2027	SEVEN AND ONE-HALF PERCENT (7.5%)

6
 7 **SEC. 41.** Section 186 of the National Internal Revenue Code of 1997, as amended, is
 8 hereby amended to read as follows:

9 “SEC. 186. *Stamp Tax on [Policies of Annuities, and] Pre-Need Plans.*
 10 – [On all policies of annuities, or other instruments by whatever name the same
 11 may be called, whereby an annuity may be made, transferred or redeemed, there
 12 shall be collected a documentary stamp tax of One peso (P1.00) on each Two
 13 hundred pesos (P200), or fractional part thereof, of the premium or installment
 14 payment on contract price collected.] On pre-need plans, [the documentary
 15 stamp tax shall be Forty centavos (P0.40) on each Two hundred pesos (P200),
 16 or fractional part thereof, of the premium or contribution collected.] **THERE**
 17 **SHALL BE COLLECTED A DOCUMENTARY STAMP TAX OF TWENTY PERCENT**
 18 **OF ONE PERCENT (20% OF 1%) OF THE PREMIUM OR INSTALLMENT**
 19 **PAYMENT ON CONTRACT PRICE, OR CONTRIBUTION CHARGED.”**

20 **SEC. 42.** Section 187 of the National Internal Revenue Code of 1997, as amended, is
 21 hereby amended to read as follows:

22 “SEC. 187. *Stamp Tax on Indemnity Bonds.* – On all bonds for
 23 indemnifying any person, firm or corporation who shall become bound or
 24 engaged as surety for the payment of any sum of money or for the due execution
 25 or performance of the duties of any office or position or to account for money

1 received by virtue thereof, and on all other bonds of any description, except
2 such as may be required in legal proceedings, or are otherwise provided for
3 herein, there shall be collected a documentary stamp tax of [Thirty centavos
4 (P0.30) on each Four pesos (P4.00), or fractional part thereof,] SEVEN AND
5 ONE-HALF PERCENT (7.5%) of the premium charged.”

6 **SEC. 43.** Section 188 of the National Internal Revenue Code of 1997, as amended is
7 hereby repealed.

8 **SEC. 44.** Section 190 of the National Internal Revenue Code of 1997, as amended, is
9 hereby amended to read as follows:

10 “SEC. 190. *Stamp Tax on Jai-alai, Horse Race Tickets, Lotto or Other*
11 *Authorized Numbers Games.* – On each jai-alai, horse race ticket, [lotto], or
12 other authorized numbers games, there shall be collected a documentary stamp
13 tax of Twenty [centavos (P0.20): *Provided*, That if the cost of the ticket exceed
14 One peso (P1.00), an additional tax of Twenty centavos (P0.20) on every One
15 peso (P1.00), or fractional part thereof, shall be collected] PERCENT (20%) OF
16 THE COST OF THE TICKET: *PROVIDED, THAT ON EACH PCSO LOTTERY*
17 *TICKET, THERE SHALL BE COLLECTED A DOCUMENTARY STAMP TAX OF*
18 *TEN PERCENT (10%) OF THE COST OF THE TICKET.*”

19 **SEC. 45.** Section 192 of the National Internal Revenue Code of 1997, as amended, is
20 hereby repealed.

21 **SEC. 46.** Section 193 of the National Internal Revenue Code of 1997, as amended, is
22 hereby repealed.

23 **SEC. 47.** Section 195 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 “SEC. 195. *Stamp Tax on Mortgages, Pledges and Deeds of Trust.* – On
26 every mortgage or pledge of lands, estate, or property, real or personal, heritable
27 or movable, whatsoever, where the same shall be made as a security for the
28 payment of any definite and certain sum of money lent at the time or previously
29 due and owing or forborne to be paid, being payable, and on any conveyance of
30 land, estate, or property whatsoever, in trust or to be sold, or otherwise
31 converted into money which shall be and intended only as security, either by
32 express stipulation or otherwise, there shall be collected a documentary stamp
33 tax [at the following rates:] OF THIRTY PERCENT OF ONE PERCENT (0.30%)
34 OF THE AMOUNT SECURED.

1 [(a) When the amount secured does not exceed Five thousand pesos
2 (P5,000), Forty pesos (P40.00).]

3 [(b) On each Five thousand pesos (P5,000), or fractional part thereof
4 in excess of Five thousand pesos (P5,000), an additional tax of Twenty pesos
5 (P20.00).]

6 "X X X."

7 **SEC. 48.** Section 198 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:

9 "SEC. 198. *Stamp Tax on [Assignments and] Renewals of Certain*
10 *Instruments.* – Upon each and every [assignment or transfer of any mortgage,
11 lease or policy of insurance, or the] renewal or continuance of any agreement,
12 contract, charter, or any evidence of obligation or indebtedness **SUBJECT TO**
13 **DOCUMENTARY STAMP TAX UNDER THIS TITLE** by **THE EXTENSION OF THE**
14 **TERM OR MATURITY [altering or otherwise,] OR ALTERATION OF SUCH**
15 **AGREEMENT, CONTRACT OR CHARTER,** there shall be levied, collected and
16 paid a documentary stamp tax, at the same rate as that imposed on the original
17 instrument."

18 **SEC. 49.** Section 199 of the National Internal Revenue Code of 1997, as amended, is
19 hereby amended to read as follows:

20 "SEC. 199. *Documents and Papers Not Subject to Stamp Tax.* – The
21 provisions of Section 173 to the contrary notwithstanding, the following
22 instruments, documents and papers shall be exempt from the documentary
23 stamp tax:

24 "(a) X X X

25 "X X X

26 "(e) Sale, barter, [or] exchange, **REDEMPTION OR OTHER DISPOSITION**
27 **of shares of stock, OR UNITS OF PARTICIPATION IN A COLLECTIVE**
28 **INVESTMENT SCHEME OR OTHER CIS SECURITIES,** listed and traded through
29 the local stock exchange. **THE ORIGINAL ISSUANCE OF SHARES OR UNITS OF**
30 **PARTICIPATION IN A CIS SHALL NOT BE COVERED BY THIS EXEMPTION.**

31 "X X X

1 “(n) Interbank call loans with maturity of not more than [seven (7)] **FIVE**
2 **(5)** days to cover deficiency in reserves against deposit liabilities, including
3 those between or among banks and quasi-banks.”

4 **SEC. 50.** Section 204 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6 “*SEC. 204. Authority of the Commissioner to Compromise, Abate and*
7 *Refund or Credit Taxes.* – The Commissioner may –

8 “(A) Compromise the payment of any internal revenue tax, when:

9 “x x x

10 “Where the basic tax involved exceeds [One million pesos (P1,000,000)]
11 **FIFTEEN MILLION PESOS (P15,000,000)** or where the settlement offered is less
12 than the prescribed minimum rates, the compromise shall be subject to the
13 approval of the Evaluation Board which shall be composed of the
14 Commissioner and the four (4) Deputy Commissioners.

15 “x x x.”

16 **SEC. 51.** Section 222 of the National Internal Revenue Code of 1997, as amended, is
17 hereby amended to read as follows:

18 “*SEC. 222. Exceptions as to Period of Limitation of Assessment and*
19 *Collection of Taxes.* –

20 “(a) x x x

21 “(b) If before the expiration of the time prescribed in Section 203 for the
22 assessment of the tax, [both the Commissioner and] the taxpayer [have agreed]
23 **APPLIES WITH THE COMMISSIONER** in writing [to its] **FOR** assessment [after
24 such time], the tax may be assessed within the period [agreed upon] **SPECIFIED**
25 **IN THE APPLICATION WHICH SHALL NOT EXCEED SIX (6) MONTHS AT ANY**
26 **GIVEN TIME.** [The] **SUCH** period [so agreed upon] may be extended by
27 subsequent written [agreement] **APPLICATION** made before the expiration of
28 the period previously [agreed upon] **APPLIED FOR.**

29 “x x x.”

30 **SEC. 52.** Section 237 of the National Internal Revenue Code of 1997, as amended, is
31 hereby further amended to read as follows:

32 “*SEC. 237. Issuance of Receipts or Sales or Commercial Invoices.* –

33 “(A) Issuance. – x x x

1 “Within five (5) years from the effectivity of this Act and upon the
2 establishment of a system capable of storing and processing the required data,
3 the Bureau shall require taxpayers engaged in the export of goods and services,
4 taxpayers engaged in e-commerce, and taxpayers under the jurisdiction of the
5 Large Taxpayers Service to issue **AND TRANSMIT** electronic receipts or sales
6 or commercial invoices [in lieu of manual receipts or sales or commercial
7 invoices] **THROUGH DESIGNATED ELECTRONIC CHANNELS WITH A PUBLIC**
8 **CERTIFICATION SYSTEM ACCREDITED BY THE BUREAU**, subject to rules and
9 regulations to be issued by the Secretary of Finance upon recommendation of
10 the Commissioner [and after a] **FOLLOWING A** public hearing [shall have been]
11 held for this purpose: *Provided*, That taxpayers not covered by the mandate of
12 this provision may issue electronic receipts or, sales or commercial invoices, in
13 lieu of manual receipts, and sales and commercial invoices].: **PROVIDED,**
14 **FURTHER, THAT SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED**
15 **BY THE SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF THE**
16 **COMMISSIONER, THE BUREAU MAY REQUIRE ANY TAXPAYER TO COMPLY**
17 **WITH THE PROVISIONS OF THIS SECTION.**

18 **“A PUBLIC CERTIFICATION SYSTEM SHALL REFER TO A DIGITAL**
19 **PERSONAL AUTHENTICATION PROGRAM WITH ABILITY TO VERIFY THE**
20 **IDENTITY OF THE ISSUING TAXPAYER AND ATTEST TO THE AUTHENTICITY**
21 **OF THE INFORMATION IN THE ELECTRONIC RECEIPTS OR SALES OR**
22 **COMMERCIAL INVOICES. THIS MAY INCLUDE THE USE OF DIGITAL**
23 **SIGNATURE ISSUED BY CERTIFICATION AUTHORITY AS ACCREDITED BY**
24 **THE BUREAU OF INTERNAL REVENUE.**

25 **“A DESIGNATED ELECTRONIC CHANNEL SHALL REFER TO ANY**
26 **MEDIUM OR PORTAL IDENTIFIED BY THE BUREAU WITH AN ABILITY TO**
27 **RECEIVE THE TRANSACTION DATA OF THE ELECTRONIC RECEIPTS OR**
28 **SALES OR COMMERCIAL INVOICES FOR ASSIGNMENT OF AN APPROVED**
29 **ELECTRONIC TAX TRANSACTION NUMBER.**

30 **“AN APPROVED TAX TRANSACTION NUMBER SHALL REFER TO THE**
31 **UNIQUE ASSIGNED SERVICE NUMBERS AND/OR LETTERS LINKED TO A**
32 **VALIDATED SALES TRANSACTION REPORTED THROUGH THE DESIGNATED**
33 **ELECTRONIC CHANNEL.**

34 “The original of each receipt or invoice shall be issued to the purchaser,
35 customer or client at the time the transaction is effected, who, if engaged in

1 business or in the exercise of profession, shall keep and preserve the same in
2 his place of business for a period of three (3) years from the close of the taxable
3 year in which such invoice or receipt was issued, while the duplicate shall be
4 kept and preserved by the issuer, also in his place of business, for a like period:
5 *Provided*, That in case of electronic receipts or sales or commercial invoices,
6 the digital records of the same [shall be kept by the purchaser, customer or client
7 and the issuer for the same period above stated] **BEARING THE APPROVED**
8 **ELECTRONIC TAX TRANSACTION NUMBER SHALL BE SUFFICIENT**
9 **COMPLIANCE.**

10 "The Commissioner may, in meritorious cases, exempt any person subject
11 to internal revenue tax from compliance with the provisions of this Section."

12 **SEC. 53.** Section 237-A of the National Internal Revenue Code of 1997, as amended,
13 is hereby amended to read as follows:

14 "SEC. 237-A. *Electronic Sales Reporting System.* – Within five (5) years
15 from the effectivity of this Act and upon the establishment of a system capable
16 of storing and processing the required data, the Bureau shall require taxpayers
17 engaged in the export of goods and services, **AND TAXPAYERS ENGAGED IN**
18 **E-COMMERCE** and taxpayers under the jurisdiction of the Large Taxpayers
19 Service to [electronically report their sales data to the Bureau through the use
20 of electronic point of sales systems.] **USE A SYSTEM CAPABLE OF ISSUING**
21 **ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL INVOICES, COLLECT**
22 **TRANSACTION RECORDS, AND TRANSMIT THE SAME THROUGH THE**
23 **DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU IN THE STANDARD**
24 **FORMAT REQUIRED** subject to rules and regulations to be issued by the
25 Secretary of Finance as recommended by the Commissioner of Internal
26 Revenue: *Provided*, That the **POINT OF SALE** machines, **VALUE-ADDED**
27 **NETWORK TERMINALS**, fiscal devices, and fiscal memory devices **WITH**
28 **CAPACITY TO MAKE SUCH TRANSMISSION** shall be at the expense of the
29 taxpayers[.]; *PROVIDED, FURTHER*, **THAT SUBJECT TO THE RULES AND**
30 **REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE, THE**
31 **COMMISSIONER MAY REQUIRE ANY TAXPAYER TO COMPLY WITH THE**
32 **PROVISIONS OF THIS SECTION.**

33 "IN YEAR ONE (1) TO YEAR FOUR (4) OF THE IMPLEMENTATION
34 PERIOD OF THIS ACT, A TAXPAYER WHO ADOPTS THE REQUIRED SYSTEM

1 SHALL BE GRANTED A TAX CREDIT OF TEN PERCENT OF ONE PERCENT
2 (0.1%) OF THE PURCHASE VALUE, NET OF VALUE-ADDED TAX, FOR EVERY
3 ELECTRONIC RECEIPT OR SALE OR COMMERCIAL INVOICE TRANSMITTED
4 THROUGH THE DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU AND
5 ISSUED AN ELECTRONIC TAX TRANSACTION NUMBER.

6 "IN SUPPORT OF THE ELECTRONIC SALES REPORTING SYSTEM, THE
7 BUREAU OF INTERNAL REVENUE MAY GRANT TAX INCENTIVES FOR
8 ELECTRONICALLY TRACEABLE PAYMENTS IN THE FORM OF ALLOWABLE
9 DEDUCTIBLE EXPENSE OF UP TO TEN PERCENT (10%) OF THE
10 ELECTRONICALLY TRACEABLE PAYMENTS MADE BY THE TAXPAYER. AN
11 ANNUAL LIMIT ON THE ALLOWED ELECTRONICALLY TRACEABLE
12 PAYMENTS DEDUCTIBLE EXPENSE PER TAXPAYER MAY BE SET BY THE
13 COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF FINANCE.

14 "ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT CARD,
15 DEBIT CARD, OR OTHER METHODS OF PAYMENT THAT CAN VERIFY THE
16 IDENTITY OF PAYOR.

17 "THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND INVOICE
18 LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR SALES OR
19 COMMERCIAL INVOICES TRANSMITTED THROUGH THE DESIGNATED
20 ELECTRONIC CHANNELS OF THE BUREAU AND ISSUE A CORRESPONDING
21 ELECTRONIC TAX TRANSACTION NUMBER.

22 "The data processing of sales and purchase data shall comply with the
23 provisions of Republic Act No. 10173, otherwise known as the 'Data Privacy
24 Act' and Section 270 of the NIRC, as amended, on unlawful divulgence of
25 taxpayer information and such other laws relating to the confidentiality of
26 information.

27 "X X X."

28 **SEC. 54.** Section 255 of the National Internal Revenue Code of 1997, as amended, is
29 hereby amended to read as follows:

30 "SEC. 255. *Failure to File Return, Supply Correct and Accurate*
31 *Information, Pay Tax, Withhold and Remit Tax and Refund Excess Taxes*
32 *Withheld on Compensation.* – Any person required under this Code or by rules
33 and regulations promulgated thereunder to pay any tax, make a return, keep any
34 record, or supply correct and accurate information, who willfully fails to pay
35 such tax, make such return, keep such record, or supply such correct and

1 accurate information, or withhold or remit taxes withheld, or refund excess
2 taxes withheld on compensation, at the time or times required by law or rules
3 and regulations shall, in addition to other penalties provided by law, upon
4 conviction thereof, be punished by a fine of not less than [Ten thousand pesos
5 (P10,000)] **FORTY THOUSAND PESOS (P40,000)** and [suffer] imprisonment of
6 not less than one (1) year but not more than ten (10) years.

7 “Any person who attempts to make it appear for any reason that [he] **THE**
8 **TAX PAYER** or another has in fact filed a return or statement, or actually files a
9 return or statement and subsequently withdraws the same return or statement
10 after securing the official receiving seal or stamp of receipt of an internal
11 revenue office wherein the same was actually filed shall, upon conviction
12 therefor, be punished by a fine of not less than [Ten thousand pesos (P10,000)]
13 but not more than Twenty thousand pesos (P20,000)] **FORTY THOUSAND**
14 **PESOS (P40,000) BUT NOT MORE THAN EIGHTY THOUSAND PESOS**
15 **(P80,000)** and [suffer] imprisonment of not less than one (1) year but not more
16 than three (3) years.”

17 **SEC. 55.** Section 256 of the National Internal Revenue Code of 1997, as amended, is
18 hereby amended to read as follows:

19 “**SEC. 256. Penal Liability of Corporations.** – Any corporation,
20 association or general co-partnership liable for any of the acts or omissions
21 penalized under this Code, in addition to the penalties imposed herein upon the
22 responsible corporate officers, partners, or employees shall, upon conviction for
23 each act or omission, be punished by a fine of not less than [Fifty thousand
24 pesos (P50,000) but not more than One hundred thousand pesos (P100,000)]
25 **TWO HUNDRED THOUSAND PESOS (P200,000) BUT NOT MORE THAN TWO**
26 **MILLION EIGHT HUNDRED THOUSAND PESOS (P2,800,000).**”

27 **SEC. 56.** Section 257 of the National Internal Revenue Code of 1997, as amended, is
28 hereby amended to read as follows:

29 “**SEC. 257. Penal Liability for Making False Entries, Records or Reports,**
30 **or Using Falsified or Fake Accountable Forms.** –

31 “(A) Any financial officer or independent Certified Public Accountant
32 engaged to examine and audit books of accounts of taxpayers under Section
33 232(A) and any person under his direction who:

34 “x x x

1 “(B) Any person who:

2 “(1) Not being an independent Certified Public Accountant according to
3 Section 232(B) or a financial officer, examines and audits books of accounts of
4 taxpayers; or

5 “x x x

6 “(8) Willfully attempts in any manner to evade or defeat any tax imposed
7 under this Code, or knowingly uses fake or falsified revenue official receipts,
8 Letters of Authority, certificates authorizing registration, Tax Credit
9 Certificates, Tax Debit Memoranda and other accountable forms shall, upon
10 conviction for each act or omission, be punished by a fine of not less than [Fifty
11 thousand pesos (P50,000) but not more than One hundred thousand pesos
12 (P100,000)] **ONE HUNDRED THIRTY THOUSAND PESOS (P130,000) BUT NOT
13 MORE THAN TWO HUNDRED SEVENTY THOUSAND PESOS (P270,000)** and
14 [suffer] imprisonment of not less than two (2) years but not more than six (6)
15 years.

16 “If the offender is a Certified Public Accountant, [his] **THE OFFENDER’S**
17 [certificate as a Certified Public Accountant] **LICENSE TO PRACTICE THE**
18 **ACCOUNTING PROFESSION AND CERTIFICATE OF REGISTRATION** shall be
19 automatically revoked or cancelled upon conviction.

20 “In the case of foreigners, conviction under this Code shall result in [his]
21 **THEIR** immediate deportation after serving sentence, without further
22 proceedings for deportation.”

23 **SEC. 57.** Section 258 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 “**SEC. 258. Unlawful Pursuit of Business.** – Any person who carries on
26 any business for which an annual registration fee is imposed without paying the
27 tax as required by law shall, upon conviction for each act or omission, be
28 punished by a fine of not less than [Five thousand pesos (P5,000) but not more
29 than Twenty thousand pesos (P20,000)] **FIFTY THOUSAND PESOS (P50,000)**
30 **BUT NOT MORE THAN THREE HUNDRED THOUSAND PESOS (P300,000)** and
31 [suffer] imprisonment of not less than six (6) months but not more than two (2)
32 years: *Provided*, That in the case of a person engaged in the business of
33 distilling, rectifying, repacking, compounding or manufacturing any article
34 subject to excise tax, [he] shall, upon conviction for each act or omission, be

1 punished by a fine of not less than [Thirty thousand pesos (P30,000) but not
2 more than Fifty thousand pesos (P50,000)] **THREE HUNDRED THOUSAND**
3 **PESOS (P300,000) BUT NOT MORE THAN SEVEN HUNDRED THOUSAND**
4 **PESOS (P700,000)** and [suffer] imprisonment of not less than two (2) years but
5 not more than four (4) years.”

6 **SEC. 58.** Section 261 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:

8 “**SEC. 261. Unlawful Use of Denatured Alcohol.** – Any person who for
9 the purpose of manufacturing any beverage, uses denatured alcohol or alcohol
10 specially denatured to be used for motive power or withdrawn under bond for
11 industrial uses or alcohol knowingly misrepresented to be denatured to be unfit
12 for oral intake or who knowingly sells or offers for sale any beverage made in
13 whole or in part from such alcohol or who uses such alcohol for the manufacture
14 of liquid medicinal preparations taken internally, or knowingly sells or offers
15 for sale such preparations containing as an ingredient such alcohol, shall, upon
16 conviction for each act or omission be punished by a fine of not less than
17 [Twenty thousand pesos (P20,000) but not more than One hundred thousand
18 pesos (P100,000)] **FIVE HUNDRED SIXTY THOUSAND PESOS (P560,000) BUT**
19 **NOT MORE THAN TWO MILLION EIGHT HUNDRED THOUSAND PESOS**
20 **(P2,800,000)** and [suffer] imprisonment for a term of not less than six (6) years
21 and one (1) day but not more than twelve (12) years.

22 “x x x.”

23 **SEC. 59.** Section 263 of the National Internal Revenue Code of 1997, as amended, is
24 hereby amended to read as follows:

25 “**SEC. 263. Unlawful Possession or Removal of Articles Subject to**
26 **Excise Tax without Payment of the Tax.** – Any person who owns and/or is
27 found in possession of imported articles subject to excise tax, the tax on which
28 has not been paid in accordance with law, or any person who owns and/or is
29 found in possession of imported tax-exempt articles other than those to whom
30 they are legally issued shall be punished by:

31 “(a) x x x

32 “x x x

33 “(E) **A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED**
34 **THOUSAND PESOS (P1,500,000) BUT NOT MORE THAN FIFTEEN MILLION**

1 PESOS (P15,000,000), AND IMPRISONMENT OF NOT LESS THAN SIX (6)
2 YEARS AND ONE (1) DAY BUT NOT MORE THAN TWELVE (12) YEARS, IF THE
3 APPRAISED VALUE, TO BE DETERMINED IN THE MANNER PRESCRIBED IN
4 THE CUSTOMS MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES
5 AND TAXES, OF THE ARTICLES IS MORE THAN FIVE MILLION PESOS
6 (P5,000,000) BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000);

7 “(F) A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS
8 (P15,000,000) BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000),
9 AND IMPRISONMENT OF NOT LESS THAN TWELVE (12) YEARS AND ONE (1)
10 DAY BUT NOT MORE THAN TWENTY (20) YEARS, IF THE APPRAISED VALUE,
11 TO BE DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS
12 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES AND TAXES, OF
13 THE ARTICLES IS MORE THAN FIFTY MILLION PESOS (P50,000,000) BUT
14 NOT MORE THAN TWO HUNDRED MILLION PESOS (P200,000,000); OR

15 “(G) A FINE OF NOT LESS THAN FIFTY MILLION PESOS (P50,000,000)
16 AND IMPRISONMENT OF TWENTY (20) YEARS AND ONE (1) DAY BUT NOT
17 MORE THAN THIRTY (30) YEARS, IF THE APPRAISED VALUE OF THE GOODS
18 UNLAWFULLY IMPORTED TO BE DETERMINED IN THE MANNER
19 PRESCRIBED IN THE CUSTOMS MODERNIZATION AND TARIFF ACT,
20 INCLUDING DUTIES AND TAXES, EXCEEDS TWO HUNDRED MILLION PESOS
21 (P200,000,000) OR IF THE AGGREGATE AMOUNT OF THE APPRAISED VALUE
22 OF THE GOODS WHICH ARE THE SUBJECT OF UNLAWFUL IMPORTATION
23 COMMITTED IN MORE THAN ONE INSTANCE, INCLUDING DUTIES AND
24 TAXES, EXCEEDS TWO HUNDRED MILLION PESOS (P200,000,000).

25 “x x x.”

26 SEC. 60. Section 264 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28 “SEC. 264. *Failure or Refusal to Issue Receipts or Sales or Commercial*
29 *Invoices, Violations Related to the Printing of such Receipts or Invoices and*
30 *Other Violations.* –

31 “(a) Any person who, being required under Section 237 to issue receipts
32 or sales or commercial invoices, fails or refuses to issue such receipts or
33 invoices, issues receipts or invoices that do not truly reflect and/or contain all
34 the information required to be shown therein, or uses multiple or double receipts

1 or invoices, shall, upon conviction for each act or omission, be punished by a
2 fine of not less than [One thousand pesos (P1,000) but not more than Fifty
3 thousand pesos (P50,000)] **THIRTY THOUSAND PESOS (P30,000) BUT NOT**
4 **MORE THAN ONE MILLION FOUR HUNDRED THOUSAND PESOS (P1,400,000)**
5 and [suffer] imprisonment of not less than two (2) years but not more than four
6 (4) years.

7 "x x x."
8 **SEC. 61.** Section 266 of the National Internal Revenue Code of 1997, as amended, is
9 hereby amended to read as follows:

10 "SEC. 266. *Failure to Obey Summons.* – Any person who, **AFTER**
11 **HAVING BEEN** [being] duly summoned to appear to testify, or to appear and
12 produce books of accounts, records, memoranda or other papers, or to furnish
13 information as required under the pertinent provisions of this Code, neglects to
14 appear or to produce such books of accounts, records, memoranda or other
15 papers, or to furnish such information, shall, upon conviction, be punished by a
16 fine of not less than [Five thousand pesos (P5,000)] **ONE HUNDRED**
17 **THOUSAND PESOS (P100,000)** but not more than [Ten thousand pesos
18 (P10,000)] **THREE HUNDRED THOUSAND PESOS (P300,000)** and [suffer]
19 imprisonment of not less than one (1) year but not more than two (2) years."

20 **SEC. 62.** A new section, Section 270-A is hereby inserted in the National Internal
21 Revenue Code, as amended, and shall read as follows:

22 "**SEC. 270-A. OFFENSES RELATING TO EXCHANGES OF INFORMATION.**
23 **– VIOLATIONS OF THE PROVISIONS OF SECTION 6(F)(3) SHALL BE**
24 **PUNISHABLE AS FOLLOWS:**

25 "(A) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR
26 OFFICER-IN-CHARGE OF ANY REPORTING FINANCIAL INSTITUTION WHO
27 FAILS TO SUPPLY FINANCIAL ACCOUNT INFORMATION WHEN REQUIRED
28 OR REQUESTED UNDER THIS ACT AND ITS RULES AND REGULATIONS
29 SHALL BE SUBJECT TO A FINE OF NOT LESS THAN ONE HUNDRED
30 THOUSAND PESOS (P100,000), BUT NOT MORE THAN FIVE HUNDRED
31 THOUSAND PESOS (P500,000), OR SUFFER IMPRISONMENT OF NOT LESS
32 THAN SIX (6) MONTHS BUT NOT MORE THAN FOUR (4) YEARS, OR BOTH;

1 **“(B) NOTWITHSTANDING SECTION 253(D) OF THIS CODE, ANY**
2 **FINANCIAL INSTITUTION COVERED UNDER THE RULES AND REGULATIONS**
3 **MADE UNDER THIS ACT WHICH FAILS TO:**

4 **“(1) REPORT THE INFORMATION AS AND WHEN REQUIRED UNDER**
5 **THE RULES AND REGULATIONS MADE UNDER THIS ACT;**

6 **“(2) COMPLY WITH ANY OF THE DUE DILIGENCE OBLIGATIONS AS**
7 **PRESCRIBED UNDER THE RULES AND REGULATIONS MADE UNDER THIS**
8 **ACT; AND**

9 **“(3) FILE AND KEEP THE RECORDS REQUIRED WITHIN THE PURVIEW**
10 **OF THIS ACT OR THE RULES AND REGULATIONS MADE UNDER THIS ACT**
11 **SHALL BE PUNISHED, PER OMISSION, BY A FINE OF NOT LESS THAN FIFTY**
12 **THOUSAND PESOS (P50,000) BUT NOT MORE THAN ONE HUNDRED**
13 **THOUSAND PESOS (P100,000).**

14 **“(A) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR**
15 **OFFICER-IN-CHARGE OF A REPORTING FINANCIAL INSTITUTION WHO**
16 **FAILS TO FILE AND KEEP THE RECORDS REQUIRED WITHIN THE PURVIEW**
17 **OF THIS ACT, SHALL BE SUBJECT TO A FINE NOT LESS THAN ONE HUNDRED**
18 **THOUSAND PESOS (P100,000), BUT NOT MORE THAN FIVE HUNDRED**
19 **THOUSAND PESOS (P500,000), OR SUFFER IMPRISONMENT OF NOT LESS**
20 **THAN SIX (6) MONTHS BUT NOT MORE THAN ONE (1) YEAR, OR BOTH;**

21 **“(B) ANY OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR**
22 **OFFICER-IN-CHARGE OF A REPORTING FINANCIAL INSTITUTION WHO**
23 **SHALL BE NON-COMPLIANT WITH ANY OF THE DUE DILIGENCE**
24 **OBLIGATIONS SHALL BE SUBJECT TO A FINE NOT LESS THAN ONE**
25 **HUNDRED THOUSAND PESOS (P100,000), BUT NOT MORE THAN FIVE**
26 **HUNDRED THOUSAND PESOS (P500,000), OR SUFFER IMPRISONMENT OF**
27 **NOT LESS THAN SIX (6) MONTHS BUT NOT MORE THAN ONE (1) YEAR, OR**
28 **BOTH; AND**

29 **“(C) ANY PERSON WHO MAKES A FALSE STATEMENT OR OMISSION IN**
30 **RESPECT OF ANY INFORMATION REQUIRED TO BE REPORTED OR**
31 **FURNISHED TO A FINANCIAL INSTITUTION FOR THE PURPOSES OF THE DUE**
32 **DILIGENCE PROCEDURES UNDER THE RULES AND REGULATIONS MADE**
33 **UNDER THIS ACT, SHALL BE SUBJECT TO A FINE OF NOT LESS THAN ONE**
34 **HUNDRED THOUSAND PESOS (P100,000) BUT NOT MORE THAN FIVE**
35 **HUNDRED THOUSAND PHILIPPINE PESOS (P500,000) FOR EACH SUCH**

1 FAILURE, OR SUFFER IMPRISONMENT OF SIX (6) MONTHS TO FOUR (4)
2 YEARS IMPRISONMENT, OR BOTH.

3 "IF A PERSON OR FINANCIAL INSTITUTION ENTERS INTO ANY
4 ARRANGEMENT OR TAKES ANY ACTION, THE MAIN PURPOSE, OR ONE OF
5 THE MAIN PURPOSES OF WHICH IS TO AVOID ANY OBLIGATION UNDER, OR
6 TO CIRCUMVENT THE APPLICATION OF SECTION 6(F)(3), THE
7 COMMISSIONER SHALL NOTIFY SUCH PERSON OR FINANCIAL INSTITUTION
8 THAT THE ACCOUNTS COVERED BY SUCH ARRANGEMENT OR ACTION
9 FALLS UNDER SECTION 6(F)(3) AS IF THE ARRANGEMENTS HAD NOT BEEN
10 ENTERED INTO OR THE ACTION HAD NOT BEEN TAKEN, AND DIRECT THE
11 REPORTING THEREOF."

12 SEC. 63. Section 275 of the National Internal Revenue Code of 1997, as amended, is
13 hereby amended to read as follows:

14 "SEC. 275. *Violation of Other Provisions of this Code or Rules and*
15 *Regulations in General.* – Any person who violates any provision of this Code
16 or any rule or regulation promulgated by the Department of Finance, for which
17 no specific penalty is provided by law, shall, upon conviction for each act or
18 omission, be punished by a fine of not more than [One thousand pesos (P1,000)]
19 THIRTY THOUSAND PESOS (P30,000) or [suffer] imprisonment of not more
20 than [six (6) months,] TWO (2) YEARS, or both."

21 SEC. 64. *Implementing Rules and Regulations.* – The Department of Finance, in
22 consultation with the Securities and Exchange Commission, Bangko Sentral ng Pilipinas,
23 Insurance Commission, the Bureau of the Treasury, and the Bureau of Internal Revenue, shall
24 issue rules and regulations for the effective implementation of this Act.

25 SEC. 65. *Separability Clause.* – If, for any reason any article or provision of this Act,
26 or any portion thereof, or application of such article, provision, or portion thereof to any
27 person, group, or circumstance is declared invalid or unconstitutional, the remainder of this
28 Act shall not be affected by such decision or declaration.

29 SEC. 66. *Repealing Clause.* – The following laws or provisions of laws are hereby
30 repealed or modified accordingly and the persons and/or transactions affected herein are
31 hereby made subject to applicable taxes on interest income, dividends, and capital gains, gross
32 receipts tax, premium tax, and documentary stamp tax under the National Internal Revenue
33 Code of 1997, as amended:

1 (a) Section 9, insofar as the tax exemption on the issuance of bonds and
2 securities is concerned, of Presidential Decree No. 1648, known as
3 “Reorganizing the National Development Company and Establishing a Revised
4 Charter Therefor”;

5 (b) Sections 6, 7, and 8, insofar as the tax exemptions on interest income,
6 capital gains, and documentary stamp tax and on the issuance of bonds are
7 concerned, of Executive Order No. 603, entitled “Creating a Light Rail Transit
8 Authority, Vesting the Same with Authority to Construct and Operate the Light
9 Rail Transit (LRT) Project and Providing Funds Therefor”;

10 (c) Section 14, insofar as tax exemption on interest income, capital gains,
11 and documentary stamp tax is concerned, of Republic Act No. 7354, entitled
12 “An Act Creating the Philippine Postal Corporation, Defining Its Powers,
13 Functions and Responsibilities, Providing for Regulation of the Industry and
14 for Other Purposes Connected Therewith”;

15 (d) Section 12, insofar as the tax exemptions on interest income, capital
16 gains, and documentary stamp tax and on the issuance of bonds are concerned,
17 of Republic Act No. 4850, entitled “An Act Creating the Laguna Lake
18 Development Authority, Prescribing its Powers, Functions and Duties,
19 Providing Funds Therefor, and for Other Purposes”;

20 (e) Number 8, insofar as tax exemption on interest income, capital gains,
21 and documentary stamp tax is concerned, of Presidential Decree No. 37, entitled
22 “Creating the Nayong Pilipino Foundation”;

23 (f) Section 12, insofar as tax exemption on interest income, capital gains,
24 and documentary stamp tax is concerned, of Presidential Decree No. 205,
25 entitled “Creating and Establishing the Development Academy of the
26 Philippines, Defining its Powers, Functions, and Responsibilities, and for Other
27 Purposes”;

28 (g) Article 202, insofar as tax exemption on interest income, capital gains,
29 documentary stamp tax, and premium tax is concerned, of Presidential Decree
30 No. 442 as amended by Presidential Decree No. 626, entitled “Labor Code of
31 the Philippines”;

32 (h) Sections 10 and 11, insofar as the tax exemptions on interest income,
33 capital gains, and documentary stamp tax of subsidiaries of Philippine
34 Aerospace Development Corporation and on the issuance of bonds are

1 concerned, of Presidential Decree No. 696, entitled “Revising Presidential
2 Decree No. 286, dated September 5, 1973, as amended, otherwise known as
3 The Charter of The Philippine Aerospace Development Corporation and for
4 Other Purposes”;

5 (i) Section 2(g), insofar as the tax exemptions on interest income and on
6 the issuance of bonds are concerned, of Republic Act No. 85, as amended by
7 Republic Act No. 2081, entitled “An Act Creating the Rehabilitation Finance
8 Corporation”;

9 (j) Sections 76, 77 and 98, insofar as tax exemption on interest income,
10 dividends, capital gains, and documentary stamp tax on bonds is concerned, of
11 Republic Act No. 3844 otherwise known as “The Agricultural Land Reform
12 Code”;

13 (k) Section 37, insofar as the tax exemption on interest income, capital
14 gains, gross receipts tax, and documentary stamp tax is concerned, of Republic
15 Act No. 6848 or The Charter of The Al-Amanah Islamic Investment Bank of
16 the Philippines”;

17 (l) Sections 19, insofar as the tax exemptions on interest income and
18 issuance of bonds are concerned, of Republic Act No. 3591, as amended by
19 Republic Act No. 9576 or entitled as “An Act Increasing the Maximum Deposit
20 Insurance Coverage, and in Connection Therewith, to Strengthen the
21 Regulatory and Administrative Authority, and Financial Capability of the
22 Philippine Deposit Insurance Corporation (PDIC), Amending for this Purpose
23 Republic Act Numbered Three Thousand Five Hundred Ninety-One, as
24 amended, otherwise known as The PDIC Charter, and for Other Purposes”;

25 (m) Section 12, insofar as tax exemption on interest income, capital gains,
26 and documentary stamp tax and the issuance of bonds are concerned, of
27 Executive Order No. 1037, entitled “An Act Creating the Philippine Retirement
28 Park System, Providing Funds Therefor and for Other Purposes”;

29 (n) Sections 5 and 19, insofar as the tax exemptions on the issuance of
30 bonds, interest income and documentary stamp tax are concerned, of Republic
31 Act No. 8763 or Home Guaranty Corporation Act of 2000;

32 (o) Sections 19 and 25, insofar as tax exemption on documentary stamp
33 tax is concerned, of Republic Act No. 7279 otherwise known as “The Urban
34 Development and Housing Act of 1992”;

1 (p) Section 8(a), insofar as tax exemption on interest income, capital gains,
2 and documentary stamp tax of bonds is concerned, as provided under Section 1
3 of Republic Act No. 6395 or An Act Revising the Charter of the National Power
4 Corporation;

5 (q) Sections 9 and 15, insofar as the tax exemptions on the issuance of
6 bonds, interest income, capital gains, and documentary stamp tax are concerned,
7 of PD No. 334, entitled "Creating the Philippine National Oil Company,
8 Defining its Powers and Functions, Providing Funds Therefore, and for Other
9 Purposes";

10 (r) Section 16, insofar as tax exemption on interest income, capital gains,
11 and documentary stamp tax is concerned, of Presidential Decree No. 1467,
12 entitled "Creating the Philippine Crop Insurance Corporation, Prescribing Its
13 Powers and Activities, Providing or Its Capitalization and for the Required
14 Government Premium Subsidy, and for Other Purposes";

15 (s) Section 3, insofar as the tax exemption on interest income, capital gains,
16 and documentary stamp tax of bonds is concerned, of Republic Act No. 3601,
17 entitled "An Act Granting the National Irrigation Administration";

18 (t) Section 6 (a, xviii (2)), in so far as tax exemption on interest income
19 and documentary stamp tax is concerned, of Presidential Decree No. 1485, as
20 amended by Presidential Decree No. 1770, entitled "Reconstituting the
21 National Grains Authority to the National Food Authority, Broadening its
22 Functions and Powers and for Other Purposes";

23 (u) Section 5 (e), insofar as tax exemption on interest income, capital gains,
24 and documentary stamp tax on bonds is concerned, of Republic Act No. 6260,
25 entitled "An Act Instituting a Coconut Investment Fund and Creating a Coconut
26 Investment Company for the Administration Thereof";

27 (v) Section 7, insofar as tax exemption on documentary stamp tax and
28 premium tax is concerned, of Republic Act No. 7111, entitled "An Act
29 Establishing The Overseas Workers' Investment Fund to Provide Incentives to
30 Overseas Workers, Reduce the Foreign Debt Burden and for Other Purposes";

31 (w) Section 56, insofar as tax exemption on interest income, capital gains,
32 and documentary stamp tax is concerned, of Republic Act No. 10801, entitled
33 "An Act Governing the Operations and Administration of the Overseas
34 Workers Welfare Administration";

1 (x) Section 5, insofar as tax exemption on interest income is concerned,
2 of Republic Act No. 8367, entitled "An Act Providing for the Regulation of the
3 Organization and Operation of Non-Stock Savings and Loan Associations";

4 (y) Section 28, insofar as tax exemption on capital gains on shares of stock
5 and documentary stamp tax is concerned, of Republic Act No. 9267 or The
6 Securitization Act of 2004";

7 (z) Section 15, insofar as tax exemption on capital gains and documentary
8 stamp tax is concerned, of Republic Act No. 9182, as amended by Republic Act
9 No. 9343, entitled "An Act Granting Tax Exemptions and Fee Privileges to
10 Special Purpose Vehicles which Acquire or Invest in Non-Performing Assets,
11 Setting the Regulatory Framework Therefor, and for Other Purposes";

12 (aa) Section 23, insofar as no deduction from gross income shall be
13 allowed in respect of any interest if the indebtedness is incurred to finance
14 petroleum exploration is concerned, of Presidential Decree No. 87, entitled
15 "Amending Presidential Decree No. 8 issued on October 2, 1972, and
16 Promulgating an Amended Act to Promote the Discovery and Production of
17 Indigenous Petroleum and Appropriate Funds Therefor";

18 (bb) Section 32, insofar as the tax exemptions on capital gains, interest
19 income and DST and issuance of bonds are concerned, of Republic Act No.
20 6424 or the Philippine Export Credit Insurance and Guarantee Corporation Act;

21 (cc) Section 6, insofar as tax exemption on interest income, dividends and
22 capital gains are concerned, of Republic Act No. 6426 or the Foreign Currency
23 Deposit Act of the Philippines, as amended;

24 (dd) Section 16 (b), insofar as tax exemption on interest income,
25 dividends and capital gains are concerned, of Republic Act No. 9497, entitled
26 "An Act Creating the Civil Aviation Authority of the Philippines, Authorizing
27 the Appropriation of Funds Therefor, and For Other Purposes";

28 (ee) Section 21, insofar as tax exemption on interest income, dividends
29 and capital gains are concerned, of Republic Act No. 7356, entitled "An Act
30 Creating the National Commission for Culture and the Arts, Establishing a
31 National Endowment Fund for Culture and the Arts, and For Other Purposes";

32 (ff) Section 23 (a), insofar as tax exemption on interest income, dividends
33 and capital gains are concerned, of Republic Act No. 10086, entitled "An Act
34 Strengthening Peoples' Nationalism through Philippine History by Changing

1 the Nomenclature of the National Historical Institute into the National
2 Historical Commission of the Philippines, Strengthening Its Powers and
3 Functions, and For Other Purposes”;

4 (gg) Section 11, insofar as tax exemption on interest income, dividends
5 and capital gains are concerned, of Presidential Decree No. 1201, series of 1977,
6 entitled “Creating the Philippine Institute for Development Studies”;

7 (hh) Section 11, insofar as tax exemption on interest income, dividends
8 and capital gains are concerned, of Republic Act No. 2640, as amended by
9 Batas Pambansa Bilang 35, entitled “An Act to Create A Public Corporation to
10 be Known as the Veterans Federation of the Philippines, Defining its Powers,
11 and for Other Purposes”; and

12 (ii) Section 12, insofar as tax exemption on interest income, dividends
13 and capital gains are concerned, of Republic Act No. 4156, as amended by
14 Republic Act No. 6366, entitled “An Act Creating the Philippine National
15 Railways, Prescribing Its Powers, Functions and Duties, and Providing for the
16 Necessary Funds for Its Operation”.

17 **SEC. 67. Effectivity.** – This Act shall take effect on January 1, 2023, following its
18 complete publication in the *Official Gazette* or in at least one (1) newspaper of general
19 circulation.

Approved,