



HOUSE OF REPRESENTATIVES

H. No. 5210

BY REPRESENTATIVES ANTONINO-CUSTODIO, ANGARA, CASTRO, TEODORO, PUENTEVELLA, VILLAFUERTE, ARROYO (D.), ROMUALDEZ, YAP, JAVIER, CUENCO, BAGATSING, GONZALEZ, MIRAFLORES, MANGUDADATU, PABLO, CRISOLOGO, SINGSON (R.), ABANTE, AGGABAO, BONOAN-DAVID, BICHARA, DEL MAR, ORTEGA, UMALI (A.), SALVACION, LOCSIN, MITRA, SILVERIO, LAPUS, CRUZ-GONZALES, JAAFAR, LAZATIN, ZIALCITA, GOLEZ, CASIÑO, MAZA, SYJUCO, UY (R.A.), FUA, ROMAN, CODILLA, GO, ARAGO, JAAFAR, VILLANUEVA, ALMARIO, CHATTO, SY-ALVARADO, VIOLAGO, ESCUDERO, VILLAROSA, JOSON, BARZAGA, YAP, RODRIGUEZ, SUSANO AND NOGRALES, PER COMMITTEE REPORT NO 1314

AN ACT AMENDING SECTIONS 27, 30, 34, 108 AND 109 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION 1. Section 27(C) of the National International Revenue Code
2 (NIRC) of 1997, as amended, is hereby further amended to read as follows:

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

5 “x x x

1 “(C) *Government-owned or -Controlled Corporations,*
 2 *Agencies or Instrumentalities.* – The provisions of existing
 3 special or general laws to the contrary notwithstanding, all
 4 corporations, agencies, or instrumentalities owned or controlled
 5 by the Government, except the Government Service [and]
 6 Insurance System (GSIS), the Social Security System (SSS), the
 7 Philippine Health Insurance Corporation (PHIC), **THE LOCAL**
 8 **WATER DISTRICTS (LWD)** and the Philippine Charity
 9 Sweepstakes Office (PCSO), shall pay such rate of tax upon their
 10 taxable income as are imposed by this Section upon corporations
 11 or associations engaged in a similar business, industry, or
 12 activity.”

13 “x x x.”

14 SEC. 2. Section 30 of the NIRC of 1997, as amended, is hereby further
 15 amended by adding a new subsection (L) to read as follows:

16 “SEC. 30. *Exemptions from Tax on Corporations.* – x x x

17 “x x x

18 **“(L) ELECTRIC COOPERATIVES DULY REGISTERED**
 19 **WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR THE**
 20 **NATIONAL ELECTRIFICATION ADMINISTRATION.**

21 “x x x.”

22 SEC. 3. Section 34(H) of the NIRC of 1997, as amended, is hereby
 23 further amended by adding a new paragraph (3), to read as follows:

24 “SEC. 34. *Deduction from Gross Income.* – x x x

25 “x x x

26 “(H) *Charitable and Other Contributions.* – x x x

27 “(1) x x x

28 “(2) x x x

1 “(3) [*Valuation* – The amount of any charitable
2 contribution of property other than money shall be based on the
3 acquisition cost of said property] ***DONATIONS INTENDED FOR***
4 ***VICTIMS OF NATURAL CALAMITIES. – DONATIONS MADE BY***
5 ***PERSONS (SELF-EMPLOYED OR PROFESSIONALS),***
6 ***PARTNERSHIPS OR CORPORATIONS WHICH CAN BE IN CASH OR***
7 ***IN KIND TO AID VICTIMS OF TYPHOONS, FLOODS, LANDSLIDES,***
8 ***EARTHQUAKES, STORM SURGES, TIDAL WAVES OR OTHER***
9 ***NATURAL CALAMITIES SHALL BE ALLOWED AS A DEDUCTION***
10 ***FROM THEIR GROSS INCOME UP TO SIXTY PERCENT (60%) OF***
11 ***THE CASH DONATION OR THE ACQUISITION COST OF SAID***
12 ***DONATION: PROVIDED, THAT SUCH DONATIONS OR***
13 ***CONTRIBUTIONS SHALL BE FULLY RECEIPTED BY THE***
14 ***AUTHORIZED REPRESENTATIVE OF THE GOVERNMENT OFFICE,***
15 ***LOCAL GOVERNMENT UNIT OR NONSTOCK, NONPROFIT***
16 ***ORGANIZATION HANDLING THE RELIEF EFFORT AND***
17 ***AUTHORIZED TO DISTRIBUTE THE RELIEF OR REHABILITATION***
18 ***OF, OR CASH GRANTS TO THE CALAMITY VICTIMS: PROVIDED,***
19 ***FURTHER, THAT DONATIONS OR CONTRIBUTIONS SHALL BE***
20 ***DEDUCTIBLE ONLY IN THE TAXABLE YEAR IN WHICH THE***
21 ***DONATIONS OR CONTRIBUTIONS WERE MADE.***

22 “(4) [*Proof of Deductions.* – Contributions or gifts shall
23 be allowable as deduction only if verified under the rules and
24 regulations prescribed by the Secretary of Finance, upon
25 recommendation of the Commissioner.] ***VALUATION. – THE***
26 ***AMOUNT OF ANY CHARITABLE CONTRIBUTION OF PROPERTY***
27 ***OTHER THAN MONEY SHALL BE BASED ON THE ACQUISITION***
28 ***COST OF SAID PROPERTY;***

1 “(5) *PROOF OF DEDUCTIONS. – CONTRIBUTIONS OR*
2 *GIFTS SHALL BE ALLOWABLE AS DEDUCTION ONLY IF VERIFIED*
3 *UNDER THE RULES AND REGULATIONS PRESCRIBED BY THE*
4 *SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE*
5 *COMMISSIONER.”*

6 SEC. 4. Section 108 of the NIRC of 1997, as amended, is hereby
7 further amended to read as follows:

8 “SEC. 108. *Value-added Tax on Sale of Services and Use*
9 *or Lease of Properties. – x x x*

10 “The term ‘**gross receipts**’ means the total amount of
11 money or its equivalent representing the contract price,
12 compensation, service fee, rental or royalty, including the
13 amount charged for materials supplied with the services and
14 deposits and advanced payments actually or constructively
15 received during the taxable quarter for the services performed or
16 to be performed for another person, excluding value-added
17 tax[.]; **PROVIDED, THAT THE FOLLOWING SHALL NOT FORM**
18 **PART OF THE GROSS RECEIPTS IN THE COMPUTATION OF THE**
19 **VALUE-ADDED TAX:**

20 “(1) **SYSTEMS LOSS BEING CHARGED ON THE SALE OF**
21 **ELECTRICITY BY GENERATION, TRANSMISSION, AND**
22 **DISTRIBUTION COMPANIES;**

23 “(2) **SALE OF ELECTRICITY BY DISTRIBUTION UTILITIES**
24 **TO MARGINALIZED CONSUMERS WHOSE MONTHLY ELECTRIC**
25 **CONSUMPTION DOES NOT EXCEED ONE HUNDRED KILOWATT**
26 **HOURS (100 KWH);**

27 “(3) **LIFELINE SUBSIDY CHARGE PAID BY NON-LIFELINE**
28 **CONSUMERS ON THE SALE OF ELECTRICITY BY DISTRIBUTION**
29 **UTILITIES; AND**

1 “(4) DISTRIBUTION CHARGE ON THE SALE OF
2 ELECTRICITY BY ELECTRIC COOPERATIVES DULY REGISTERED
3 WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR THE
4 NATIONAL ELECTRIFICATION ADMINISTRATION.

5 “x x x.”

6 SEC. 5. Section 109 of the National Internal Revenue Code (NIRC) of
7 1997, as amended, is hereby further amended to read as follows:

8 “SEC. 109. *Exempt Transactions.* – x x x

9 “x x x

10 “(V) [Sale or lease of goods or properties or the
11 performance of services other than the transactions mentioned in
12 the preceding paragraphs, the gross annual sales and/or receipts
13 do not exceed the amount of One million five hundred thousand
14 pesos (P1,500,000): *Provided*, That not later than January 31,
15 2009 and every three (3) years thereafter, the amount herein
16 stated shall be adjusted to its present value using the Consumer
17 Price Index, as published by the National Statistics Office
18 (NSO)] SALE OF MEDICINES TO SENIOR CITIZENS AS DEFINED
19 UNDER REPUBLIC ACT NO. 9257;

20 “(W) SALE OF ELECTRICITY BY DISTRIBUTION
21 UTILITIES TO MARGINAL CONSUMERS WHOSE MONTHLY
22 ELECTRIC CONSUMPTION DOES NOT EXCEED ONE HUNDRED
23 KILOWATT HOURS (100 KWH);

24 “(X) THE LIFELINE SUBSIDY CHARGE PAID BY NON-
25 LIFELINE CONSUMERS ON THE SALE OF ELECTRICITY BY
26 DISTRIBUTION UTILITIES;

27 “(Y) THE DISTRIBUTION CHARGE ON THE SALE OF
28 ELECTRICITY BY ELECTRIC COOPERATIVES DULY REGISTERED

1 WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR
2 NATIONAL ELECTRIFICATION ADMINISTRATION;

3 “(Z) THE SYSTEMS LOSS CHARGE ON THE SALE OF
4 ELECTRICITY BY GENERATION, TRANSMISSION, AND
5 DISTRIBUTION COMPANIES;

6 “(AA) SALE OR LEASE OF GOODS OR PROPERTIES OR
7 THE PERFORMANCE OF SERVICES OTHER THAN THE
8 TRANSACTIONS MENTIONED IN THE PRECEDING PARAGRAPHS,
9 THE GROSS ANNUAL SALES AND/OR RECEIPTS DO NOT EXCEED
10 THE AMOUNT OF ONE MILLION FIVE HUNDRED THOUSAND
11 PESOS (P1,500,000): PROVIDED, THAT NOT LATER THAN
12 JANUARY 31, 2009 AND EVERY THREE (3) YEARS THEREAFTER,
13 THE AMOUNT HEREIN STATED SHALL BE ADJUSTED TO ITS
14 PRESENT VALUE USING THE CONSUMER PRICE INDEX, AS
15 PUBLISHED BY THE NATIONAL STATISTICS OFFICE (NSO);

16 “x x x.”

17 SEC. 6. *Implementing Rules and Regulations.* – The Secretary of
18 Finance shall, upon the recommendation of the Commissioner of Internal
19 Revenue, and upon consultation with the appropriate government agencies,
20 promulgate the necessary rules and regulations for the effective
21 implementation of this Act.

22 SEC. 7. *Separability Clause.* – If any provision of this Act is declared
23 invalid or unconstitutional, other provisions hereof which are not affected
24 thereby shall continue to be in full force and effect.

25 SEC. 8. *Repealing Clause.* – Any law, presidential decree or issuance,
26 executive order, letter of instruction, administrative order, rule or regulation
27 contrary to or inconsistent with any provision of this Act is hereby repealed or
28 modified accordingly.

1 SEC. 9. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
2 after its publication in the *Official Gazette* or in at least two (2) newspapers of
3 general circulation, whichever dates comes earlier.

Approved,

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