

SENATE  
S. No. **3006**

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Introduced by Senator Lacson

### EXPLANATORY NOTE

It is a fact that the Philippines' financial markets are unable to sustain the investment activities needed to support the country's economic growth.

It is a fact that while our financial system offers financial instruments to investors, the transactions and volumes involved are negligible vis-à-vis our neighboring countries.

It is a fact that in spite of the relatively small market transactions, the intermediation costs are high, and long-term funds are inadequate and expensive.

And it is a fact that the current financial meltdown in the First World will have a telling impact on our financial system for a much longer time.

Unless we do something to help negate this deplorable situation.

On March 20, 2009, the 5-year exemption period provided under Republic Act 9243 on the documentary stamp tax on the sale, barter or exchange of shares of stock listed and traded through the stock exchange shall expire. With this, stock transactions will be slapped P0.75 for every P200.00 par value on the secondary trading through the stock exchange.

Studies by the Philippine Stock Exchange show that this DST re-imposition will result in investors having to pay additional 8 to 11 basis points per trade in the stock exchange. As in all indirect taxes, such additional cost shall eventually be charged to buyers.

This bill seeks to extend by another three (3) years the exemption from DST of the sale, barter or exchange of shares of stock listed and traded through the local stock exchange reckoned from the effectivity of enactment of this bill.

The intention of this bill is to temper the impact of the 2008 economic meltdown and to promote the growth of secondary trading.

Premises considered, approval of this bill is earnestly sought.

  
**PANFILO M. LACSON**  
Senator

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**AN ACT**  
**EXTENDING FOR ANOTHER THREE YEARS THE EXEMPTION FROM**  
**DOCUMENTARY STAMP TAX OF THE SALE, BARTER OR EXCHANGE OF**  
**SHARES OF STOCK LISTED AND TRADED THROUGH THE LOCAL STOCK**  
**EXCHANGE, AMENDING FURTHER SECTION 199 OF THE NATIONAL INTERNAL**  
**REVENUE CODE, AS AMENDED.**

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

1 **SECTION 1.** Section 199 subparagraph (e) of the National Internal Revenue Code of  
2 1997, as amended by Republic Act No. 9243, is hereby further amended to read as  
3 follows:

4 "SEC. 199. Documents and Papers Not Subject to Stamp Tax. – The  
5 provisions of Section 173 to the contrary notwithstanding, the following  
6 instruments, documents and papers shall be exempt from the  
7 documentary stamp tax:

8 "xxx

9 "e. SALE, BARTER OR EXCHANGE OF SHARES OF STOCK  
10 LISTED AND TRADED THROUGH THE LOCAL STOCK EXCHANGE  
11 FOR A PERIOD OF THREE (3) YEARS FROM THE EFFECTIVITY OF  
12 THIS ACT.

13 xxx"

14 **SEC. 2. *Implementing Rules and Regulations.*** – The Secretary of Finance,  
15 Governor of the Bangko Sentral ng Pilipinas, and Commissioner of the Securities and  
16 Exchange Commission shall promulgate and publish the necessary rules and  
17 regulations for the effective enforcement of the provisions of this Act.

18 **SEC. 3. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
19 publication in at least two (2) newspapers of general circulation.

20 *Approved,*