

GIALOGO DELA FUENTE & ASSOCIATES

SEC.	NIRC	TRAIN	NOTES
5	<p>SEC. 5. Power of the Commissioner to Obtain Information, and to Summon, Examine, and Take Testimony of Persons. - In ascertaining the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, the Commissioner is authorized:</p> <p>(A) To examine any book, paper, record, or other data which may be relevant or material to such inquiry;</p> <p>(B) <i>To obtain on a regular basis from any person other than the person whose internal revenue tax liability is subject to audit or investigation, or from any office or officer of the national and local governments, government agencies and instrumentalities, including the Bangko Sentral ng Pilipinas and government-owned or -controlled corporations, any information such as, but not limited to, costs and volume of production, receipts or sales and gross incomes of taxpayers, and the names, addresses, and financial statements of corporations, mutual fund companies, insurance companies, regional operating headquarters of multinational companies, joint accounts, associations, joint ventures of consortia and registered partnerships, and their members;</i></p> <p>(C) To summon the person liable for tax or required to file a return, or</p>	<p>SEC. 5. Power of the Commissioner to Obtain Information, and to Summon, Examine, and Take Testimony of Persons. – In ascertaining the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, the Commissioner is authorized:</p> <p>(A) x x x</p> <p>(B) To obtain on a regular basis from any person other than the person whose internal revenue tax liability is subject to audit or investigation, or from any office or officer of the national and local governments, government agencies and instrumentalities, including the Bangko Sentral ng Pilipinas and government-owned or –controlled corporations, any information such as, but not limited to, costs and volume of production, receipts or sales and gross incomes of taxpayers, and the names, addresses, and financial statements of corporations, mutual fund companies, insurance companies, regional operating headquarters of multinational companies, joint accounts, associations, joint ventures or consortia and registered partnerships, and their members: <u>Provided, That the Cooperative Development Authority shall submit to the Bureau a tax incentive report, which shall include information on the income tax, value-added tax, and other tax incentives availed of by cooperatives registered and enjoying incentives under Republic Act No. 6938, as amended: Provided, further, That the information submitted by the Cooperative Development Authority to the Bureau shall be submitted to the Department of Finance and shall be included in the database created under Republic Act No. 10708, otherwise known as ‘The Tax Incentives Management and Transparency Act (TIMTA)’.</u></p> <p>“xxx.”</p>	

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	<p>any officer or employee of such person, or any person having possession, custody, or care of the books of accounts and other accounting records containing entries relating to the business of the person liable for tax, or any other person, to appear before the Commissioner or his duly authorized representative at a time and place specified in the summons and to produce such books, papers, records, or other data, and to give testimony;</p> <p>(D) To take such testimony of the person concerned, under oath, as may be relevant or material to such inquiry; and</p> <p>(E) To cause revenue officers and employees to make a canvass from time to time of any revenue district or region and inquire after and concerning all persons therein who may be liable to pay any internal revenue tax, and all persons owning or having the care, management or possession of any object with respect to which a tax is imposed.</p> <p>The provisions of the foregoing paragraphs notwithstanding, nothing in this Section shall be construed as granting the Commissioner the authority to inquire into bank deposits other than as provided for in Section 6(F) of this Code.</p>		
<p style="text-align: center;">6</p>	<p>SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement. -</p> <p>(A) Examination of Return and Determination of Tax Due. After a return has been filed as required under the provisions of this Code, the Commissioner or his duly authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax: Provided, however, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.</p> <p>The tax or any deficiency tax so assessed shall be paid upon notice and demand from the Commissioner or from his duly authorized</p>	<p>SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement. –</p> <p>(A) Examination of Returns and Determination of Tax Due. – After a return has been filed as required under the provisions of this Code, the Commissioner or his duly authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax, <i>notwithstanding any law requiring the prior authorization of any government agency or instrumentality</i>: Provided, however, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.</p> <p>“X X X</p>	

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<p>representative.</p> <p>Any return, statement of declaration filed in any office authorized to receive the same shall not be withdrawn: Provided, That within three (3) years from the date of such filing, the same may be modified, changed, or amended: Provided, further, That no notice for audit or investigation of such return, statement or declaration has in the meantime been actually served upon the taxpayer.</p> <p>(B) Failure to Submit Required Returns, Statements, Reports and other Documents. - When a report required by law as a basis for the assessment of any national internal revenue tax shall not be forthcoming within the time fixed by laws or rules and regulations or when there is reason to believe that any such report is false, incomplete or erroneous, the Commissioner shall assess the proper tax on the best evidence obtainable.</p> <p>In case a person fails to file a required return or other document at the time prescribed by law, or willfully or otherwise files a false or fraudulent return or other document, the Commissioner shall make or amend the return from his own knowledge and from such information as he can obtain through testimony or otherwise, which shall be prima facie correct and sufficient for all legal purposes.</p> <p>(C) Authority to Conduct Inventory-taking, Surveillance and to Prescribe Presumptive Gross Sales and Receipts. - The Commissioner may, at any time during the taxable year, order inventory-taking of goods of any taxpayer as a basis for determining his internal revenue tax liabilities, or may place the business operations of any person, natural or juridical, under observation or surveillance if there is reason to believe that such person is not declaring his correct income, sales or receipts for internal revenue tax purposes. The findings may be used as the basis for assessing the taxes for the other months or quarters of the same or different taxable years and such assessment shall be deemed prima facie correct.</p>	<p>“x x x</p> <p>“(B) x x x</p> <p>“(C) x x x</p> <p>“(D) x x x</p>
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<p>When it is found that a person has failed to issue receipts and invoices in violation of the requirements of Sections 113 and 237 of this Code, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the Commissioner, after taking into account the sales, receipts, income or other taxable base of other persons engaged in similar businesses under similar situations or circumstances or after considering other relevant information may prescribe a minimum amount of such gross receipts, sales and taxable base, and such amount so prescribed shall be prima facie correct for purposes of determining the internal revenue tax liabilities of such person.</p> <p>(D) Authority to Terminate Taxable Period. - When it shall come to the knowledge of the Commissioner that a taxpayer is retiring from business subject to tax, or is intending to leave the Philippines or to remove his property therefrom or to hide or conceal his property, or is performing any act tending to obstruct the proceedings for the collection of the tax for the past or current quarter or year or to render the same totally or partly ineffective unless such proceedings are begun immediately, the Commissioner shall declare the tax period of such taxpayer terminated at any time and shall send the taxpayer a notice of such decision, together with a request for the immediate payment of the tax for the period so declared terminated and the tax for the preceding year or quarter, or such portion thereof as may be unpaid, and said taxes shall be due and payable immediately and shall be subject to all the penalties hereafter prescribed, unless paid within the time fixed in the demand made by the Commissioner.</p> <p>(E) Authority of the Commissioner to Prescribe Real Property Values. - The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon consultation with competent appraisers both from the private and public sectors, determine the fair market value of real properties located in each zone or area. For purposes of computing any internal revenue tax, the value</p>	<p style="text-align: center; font-size: 2em; opacity: 0.3;">GIALOGO DELA FUENTE</p> <p>“(E) Authority of the Commissioner to Prescribe Real Property Values. – The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon mandatory consultation with competent appraisers both from the private and public sectors, and with prior notice to affected taxpayers, determine the fair market value of real properties located in each zone or area, subject to automatic adjustment once every three (3)</p>	
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<p>of the property shall be, whichever is the higher of:</p> <p>(1) The fair market value as determined by the Commissioner; or</p> <p>(2) The fair market value as shown in the schedule of values of the Provincial and City Assessors.</p> <p>(F) Authority of the Commissioner to Inquire into Bank Deposit Accounts and Other Related information held by Financial Institutions.¹⁴¹ - Notwithstanding any contrary provision of Republic Act No. 1405, 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 the bank deposits and other related information held by financial institutions of:</p> <p>(1) A decedent to determine his gross estate; and</p> <p>(2) Any taxpayer who has filed an application for compromise of his tax liability under Section 204(A)(2) of this Code by reason of financial incapacity to pay his tax liability.</p> <p>In case a taxpayer files an application to compromise the payment of his tax liabilities on his claim that his financial position demonstrates a clear inability to pay the tax assessed, his application shall not be considered unless and until he waives in writing his privilege under</p>	<p>years through rules and regulations issued by the Secretary of Finance based on the current Philippine valuation standards: <i>Provided, That no adjustment in zonal valuation shall be valid unless published in a newspaper of general circulation in the province, city or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein: <i>Provided, further, That the basis of any valuation, including the records of consultations done, shall be public records open to the inquiry of any taxpayer.</i></i> For purposes of computing any internal revenue tax, the value of the property shall be, whichever is the higher of:</p> <p style="padding-left: 40px;">“(1) the fair market value as determined by the Commissioner; or</p> <p style="padding-left: 40px;">“(2) the fair market value as shown in the schedule of values of the Provincial and City Assessors.”</p>
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<p>Republic Act No. 1405, Republic Act No. 6426, otherwise known as the Foreign Currency Deposit Act of the Philippines, or under other general or special laws, and such waiver shall constitute the authority of the Commissioner to inquire into the bank deposits of the taxpayer.</p> <p>(3) A specific taxpayer or taxpayers 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.</p> <p>In case of a request from a foreign tax authority for tax information held by banks and financial institutions, the exchange of information 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.</p> <p>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 the following information to demonstrate the foreseeable relevance of the information to the request:</p> <ul style="list-style-type: none">(a) The identity of the person under examination or investigation;(b) A statement of the information being sought, including its nature and the form in which the said foreign tax authority prefers to receive the information from the Commissioner;(c) The tax purpose for which the information is being sought;(d) Grounds for believing that the information requested is held in the Philippines or is in the possession or control of a person within the	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p>	
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<p>jurisdiction of the Philippines;</p> <p>(e) To the extent known, the name and address of any person believed to be in possession of the requested information;</p> <p>(f) A statement that the request is in conformity with the law and administrative practices of the said foreign tax authority, such that if the requested information was within the jurisdiction of the said foreign tax authority then it would be able to obtain the information under its laws or in the normal course of administrative practice and that it is in conformity with a convention or international agreement; and</p> <p>(g) A statement that the requesting foreign tax authority has exhausted all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.</p> <p>The Commissioner shall forward the information as promptly as possible to the requesting foreign tax authority. To ensure a prompt response, the Commissioner shall confirm receipt of a request in writing to the requesting tax authority and shall notify the latter of deficiencies in the request, if any, within sixty (60) days from receipt of the request.</p> <p>If the Commissioner is unable to obtain and provide the information within ninety (90) days from receipt of the request, due to obstacles encountered in furnishing the information or when the bank or financial institution refuses to furnish the information, he shall immediately inform the requesting tax authority of the same, explaining the nature of the obstacles encountered or the reasons for refusal.</p> <p>The term "foreign tax authority," as used herein, shall refer to the tax authority or tax administration of the requesting State under the tax treaty or convention to which the Philippines is a signatory or a party of.</p>	<p>DELA FUENTE</p>	
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	<p>(G) Authority to Accredit and Register Tax Agents. - The Commissioner shall accredit and register, based on their professional competence, integrity and moral fitness, individuals and general professional partnerships and their representatives who prepare and file tax returns, statements, reports, protests, and other papers with or who appear before, the Bureau for taxpayers. Within one hundred twenty (120) days from January 1, 1998, the Commissioner shall create national and regional accreditation boards, the members of which shall serve for three (3) years, and shall designate from among the senior officials of the Bureau, one (1) chairman and two (2) members for each board, subject to such rules and regulations as the Secretary of Finance shall promulgate upon the recommendation of the Commissioner.</p> <p>Individuals and general professional partnerships and their representatives who are denied accreditation by the Commissioner and/or the national and regional accreditation boards may appeal such denial to the Secretary of Finance, who shall rule on the appeal within sixty (60) days from receipt of such appeal. Failure of the Secretary of Finance to rule on the Appeal within the prescribed period shall be deemed as approval of the application for accreditation of the appellant.</p> <p>(H) Authority of the Commissioner to Prescribe Additional Procedural or Documentary Requirements. - The Commissioner may prescribe the manner of compliance with any documentary or procedural requirement in connection with the submission or preparation of financial statements accompanying the tax returns.</p>		
24	<p>SEC. 24. Income Tax Rates. -</p> <p>(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines.-</p> <p>(1) An income tax is hereby imposed:</p> <p>(a) On the taxable income defined in Section 31 of this Code, other</p>	<p>SEC. 24. Income Tax Rates. –</p> <p>(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines. –</p> <p>(1) An income tax is hereby imposed:</p> <p>(a) On the taxable income defined in Section 31 of this Code, other</p>	

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	<p>than income subject to tax under Subsections (B), (C) and (D) of this Section, derived for each taxable year from all sources within and without the Philippines by every individual citizen of the Philippines residing therein;</p> <p>(b) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C) and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual citizen of the Philippines who is residing outside of the Philippines including overseas contract workers referred to in Subsection(C) of Section 23 hereof; and</p> <p>(c) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C) and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual alien who is a resident of the Philippines.</p>	<p>than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within and without the Philippines by every individual citizen of the Philippines residing therein;</p> <p>“(b) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual citizen of the Philippines who is residing outside of the Philippines including overseas contract workers referred to in Subsection (C) of Section 23 hereof; and</p> <p>“(c) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual alien who is a resident of the Philippines.</p>	
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(2) Rates of Tax on Taxable Income of Individuals. - The tax shall be computed in accordance with and at the rates established in the following schedule:

Not over P10,000	5%
Over P10,000 but not over P30,000	P500+10% of the excess over P10,000
Over P30,000 but not over P70,000	P2,500+15% of the excess over P30,000
Over P70,000 but not over P140,000	P8,500+20% of the excess over P70,000
Over P140,000 but not over P250,00	P22,500+25% of the excess over P140,000
Over P250,000 but not over P500,000	P50,000+30% of the excess over P250,000
Over P500,000	P125,000+32% of the excess over P500,000.

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(2) Rates of Tax on Taxable Income of Individuals. – The tax shall be computed in accordance with and at the rates established in the following schedule:

“(a) Tax Schedule Effective January 1, 2018 until December 31, 2022:	
“Not over P250,000	0%
“Over P250,000 but not over P400,000	20% of the excess over P250,000
“Over P400,000 but not over P800,000	P30,000 + 25% of the excess over P400,000
“Over P800,000 but not over P2,000,000	P130,000 + 30% of the excess over P800,000
“Over P2,000,000 but not over P8,000,000.....	P490,000 + 32% of the excess over P2,000,000
“Over P8,000,000	P2,410,000 + 35% of the excess over P8,000,000

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<p>For married individuals, the husband and wife, subject to the provision of Section 51 (D) hereof, shall compute separately their individual income tax based on their respective total taxable income: Provided, That if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.</p> <p>Provided, That minimum wage earners as defined in Section 22(HH) of this Code shall be exempt from the payment of income tax on their taxable income: provided, further, That the holiday pay, overtime pay, night shift differential pay and hazard pay received by such minimum wage earners shall likewise be exempt from income tax.</p>	<div style="border: 2px solid black; padding: 5px; margin-bottom: 10px;"> <p>“Tax Schedule Effective January 1, 2023 and onwards:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">“Not over P250,000</td> <td style="padding: 2px;">0%</td> </tr> <tr> <td style="padding: 2px;">“Over P250,000 but not over P400,000</td> <td style="padding: 2px;">15% of the excess over P250,000</td> </tr> <tr> <td style="padding: 2px;">“Over P400,000 but not over P800,000</td> <td style="padding: 2px;">P22,500 + 20% of the excess over P400,000</td> </tr> <tr> <td style="padding: 2px;">“Over P800,000 but not over P2,000,000</td> <td style="padding: 2px;">P102,500 + 25% of the excess over P800,000</td> </tr> <tr> <td style="padding: 2px;">“Over P2,000,000 but not over P8,000,000.....</td> <td style="padding: 2px;">P402,500 + 30% of the excess over P2,000,000</td> </tr> <tr> <td style="padding: 2px;">“Over P8,000,000</td> <td style="padding: 2px;">P2,202,500 + 35% of the excess over P8,000,000</td> </tr> </table> </div> <p>For married individuals, the husband and wife, subject to the provision of Section 51(D) hereof, shall compute separately their individual income tax based on their respective total taxable income: <i>Provided</i>, That if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.</p> <p><i>“Provided</i>, That minimum wage earners as defined in Section 22(HH)of this Code shallbe exempt from the payment of income tax on their taxable income: <i>Provided</i>, further, That the holiday pay, overtime pay, night shift differential pay, and hazard pay received by such minimum wage earners shall likewise be exempt from income tax.</p> <p><i>“(b) Rate of Tax on Income of Purely Self-employed Individuals and/or Professionals Whose Gross Sales or Gross Receipts and Other Non-operating Income Does Not Exceed the Value-added Tax (VAT) Threshold as Provided in Section 109(BB). – Self-employed individuals and/or professionals shall have the</i></p>	“Not over P250,000	0%	“Over P250,000 but not over P400,000	15% of the excess over P250,000	“Over P400,000 but not over P800,000	P22,500 + 20% of the excess over P400,000	“Over P800,000 but not over P2,000,000	P102,500 + 25% of the excess over P800,000	“Over P2,000,000 but not over P8,000,000.....	P402,500 + 30% of the excess over P2,000,000	“Over P8,000,000	P2,202,500 + 35% of the excess over P8,000,000	
“Not over P250,000	0%													
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		<p>option to avail of an eight percent (8%) tax on gross sales or gross receipts and other non-operating income in excess of Two hundred fifty thousand pesos (P250,000) in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.</p> <p>“(c) Rate of Tax for Mixed Income Earners. – Taxpayers earning both compensation income and income from business or practice of profession shall be subject to the following taxes:</p> <p>“(1) All Income from Compensation – The rates prescribed under Subsection (A)(2)(a) of this Section.</p> <p>“(2) All Income from Business or Practice of Profession –</p> <p>“(a) If Total Gross Sales and/or Gross Receipts and Other Non-operating Income Do Not Exceed the VAT Threshold as Provided in Section 109(BB) of this Code. – The rates prescribed under Subsection (A)(2)(a) of this Section on taxable income, or eight percent (8%) income tax based on gross sales or gross receipts and other non-operating income in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.</p> <p>“(b) If Total Gross Sales and/or Gross Receipts and Other Non-operating Income Exceeds the VAT Threshold as Provided in Section 109(BB) of this Code. – The rates prescribed under Subsection (A)(2)(a) of this Section.</p>	
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<p>(B) Rate of Tax on Certain Passive Income: -</p> <p>(1) Interests, Royalties, Prizes, and Other Winnings. -</p> <p>A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of</p> <p>interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements;</p> <p>royalties, except on books, as well as other literary works and musical compositions, which shall be imposed a final tax of ten percent (10%);</p> <p>prizes (except prizes amounting to Ten thousand pesos (P10,000) or less which shall be subject to tax under Subsection (A) of Section 24; and</p> <p>other winnings (except Philippine Charity Sweepstakes and Lotto winnings), derived from sources within the Philippines:</p> <p>Provided, however, That interest income received by an individual taxpayer (except a nonresident individual) from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of <u>seven and one-half percent (7 1/2%)</u> of such interest income:</p> <p>Provided, further, That interest income from long-term deposit or investment in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts and other investments evidenced by certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the tax imposed under this Subsection: Provided, finally, <u>That should the holder of the certificate pre-terminate the deposit or investment before the fifth (5th) year, a final tax shall be imposed on the entire income</u></p>	<p>(B) Rate of Tax on Certain Passive Income: –</p> <p>(1) Interests, Royalties, Prizes, and Other Winnings. –</p> <p>A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of</p> <p>interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements;</p> <p>royalties, except on books, as well as other literary works and musical compositions, which shall be imposed a final tax of ten percent (10%);</p> <p>prizes (except prizes amounting to Ten thousand pesos (P10,000) or less which shall be subject to tax under Subsection (A) of Section 24; and</p> <p>other winnings (<u>except winnings amounting to Ten thousand pesos (P10,000) or less from Philippine Charity Sweepstakes and Lotto which shall be exempt</u>), derived from sources within the Philippines:</p> <p><i>Provided, however,</i> That interest income received by an individual taxpayer (except a non resident individual) from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of <u>fifteen percent (15%)</u> of such interest income:</p> <p><i>Provided, further,</i> That interest income from long-term deposit or investment in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts and other investments evidenced by certificates in such form prescribed by the Bangko Sentral ng Pilipinas(BSP) shall be exempt from the tax imposed under this Subsection: <i>Provided, finally,</i> <u>That should the holder of the certificate pre-terminate the deposit or investment before</u></p>
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<p><u>and shall be deducted and withheld by the depository bank from the proceeds of the long-term deposit or investment certificate based on the remaining maturity thereof:</u></p> <p><u>Four (4) years to less than five (5) years - 5%;</u> <u>Three (3) years to less than (4) years - 12%; and</u> <u>Less than three (3) years - 20%</u></p> <p>(2) Cash and/or Property Dividends. - A final tax at the following rates shall be imposed upon the cash and/or property dividends actually or constructively received by an individual from a domestic corporation or from a joint stock company, insurance or mutual fund companies and regional operating headquarters of multinational companies, or on the share of an individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or on the share of an individual in the net income after tax of an association, a joint account, or a joint venture or consortium taxable as a corporation of which he is a member or co-venturer: Six percent (6%) beginning January 1, 1998; Eight percent (8%) beginning January 1, 1999; Ten percent (10%) beginning January 1, 2000. Provided, however, That the tax on dividends shall apply only on income earned on or after January 1, 1998. Income forming part of retained earnings as of December 31, 1997 shall not, even if declared or distributed on or after January 1, 1998, be subject to this tax.</p> <p>(C) Capital Gains from Sale of Shares of Stock not Traded in the Stock Exchange. - The provisions of Section 39(B) notwithstanding, a final tax at the rates <u>prescribed below is hereby imposed</u> upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold, or disposed of through the stock exchange.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;"><u>Not over P 100,000</u></td> <td style="padding: 2px; text-align: center;"><u>5%</u></td> </tr> <tr> <td style="padding: 2px;"><u>On any amount in excess of P 100,000</u></td> <td style="padding: 2px; text-align: center;"><u>10%</u></td> </tr> </table>	<u>Not over P 100,000</u>	<u>5%</u>	<u>On any amount in excess of P 100,000</u>	<u>10%</u>	<p><u>the fifth (5th) year, a final tax shall be imposed on the entire income and shall be deducted and withheld by the depository bank from the proceeds of the long-term deposit or investment certificate based on the remaining maturity thereof:</u></p> <p>“x x x.”</p> <p>(2) Cash and/or Property Dividends. – A final tax at the rate of ten percent (10%) shall be imposed upon the cash and/or property dividends actually or constructively received by an individual from a domestic corporation or from a joint stock company, insurance or mutual fund companies and regional operating headquarters of multinational companies, or on the share of an individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or on the share of an individual in the net income after tax of an association, a joint account, or a joint venture or consortium taxable as a corporation of which he is a member or co-venturer.</p> <p>“(C) Capital Gains from Sale of Shares of Stock not Traded in the Stock Exchange. – The provisions of Section 39(B) notwithstanding, a final tax at the rate of <u>fifteen percent (15%)</u> is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold, or disposed of through the stock exchange.</p> <p>“x x x.”</p>
<u>Not over P 100,000</u>	<u>5%</u>				
<u>On any amount in excess of P 100,000</u>	<u>10%</u>				

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<p>(D) Capital Gains from Sale of Real Property. -</p> <p>(1) In General. - The provisions of Section 39(B) notwithstanding, a final tax of six percent (6%) based on the gross selling price or current fair market value as determined in accordance with Section 6(E) of this Code, whichever is higher, is hereby imposed upon capital gains presumed to have been realized from the sale, exchange, or other disposition of real property located in the Philippines, classified as capital assets, including pacto de retro sales and other forms of conditional sales, by individuals, including estates and trusts: Provided, That the tax liability, if any, on gains from sales or other dispositions of real property to the government or any of its political subdivisions or agencies or to government-owned or controlled corporations shall be determined either under Section 24 (A) or under this Subsection, at the option of the taxpayer;</p> <p>(2) Exception. - The provisions of paragraph (1) of this Subsection to the contrary notwithstanding, capital gains presumed to have been realized from the sale or disposition of their principal residence by natural persons, the proceeds of which is fully utilized in acquiring or constructing a new principal residence within eighteen (18) calendar months from the date of sale or disposition, shall be exempt from the capital gains tax imposed under this Subsection: Provided, That the historical cost or adjusted basis of the real property sold or disposed shall be carried over to the new principal residence built or acquired: Provided, further, That the Commissioner shall have been duly notified by the taxpayer within thirty (30) days from the date of sale or disposition through a prescribed return of his intention to avail of the tax exemption herein mentioned: Provided, still further, That the said tax exemption can only be availed of once every ten (10) years: Provided, finally, That if there is no full utilization of the proceeds of sale or disposition, the portion of the gain presumed to have been realized from the sale or disposition shall be subject to capital gains tax. For this purpose, the gross selling price or fair market value at the time of sale, whichever is higher, shall be multiplied by a fraction which the unutilized amount bears to the gross selling price in order to</p>	<p style="font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p>	
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	<p>determine the taxable portion and the tax prescribed under paragraph (1) of this Subsection shall be imposed thereon.</p>		
<p>25</p>	<p>SEC. 25. Tax on Nonresident Alien Individual. -</p> <p>(A) Nonresident Alien Engaged in trade or Business Within the Philippines. -</p> <p>(1) In General. - A nonresident alien individual engaged in trade or business in the Philippines shall be subject to an income tax in the same manner as an individual citizen and a resident alien individual, on taxable income received from all sources within the Philippines. A nonresident alien individual who shall come to the Philippines and stay therein for an aggregate period of more than one hundred eighty (180) days during any calendar year shall be deemed a 'nonresident alien doing business in the Philippines'. Section 22 (G) of this Code notwithstanding.</p> <p>(2) Cash and/or Property Dividends from a Domestic Corporation or Joint Stock Company, or Insurance or Mutual Fund Company or Regional Operating Headquarter or Multinational Company, or Share in the Distributable Net Income of a Partnership (Except a General Professional Partnership), Joint Account, Joint Venture Taxable as a Corporation or Association., Interests, Royalties, Prizes, and Other Winnings. - Cash and/or property dividends from a domestic corporation, or from a joint stock company, or from an insurance or mutual fund company or from a regional operating headquarter of multinational company, or the share of a nonresident alien individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or the share of a nonresident alien individual in the net income after tax of an association, a joint account, or a joint venture taxable as a corporation of which he is a member or a co-venturer; interests; royalties (in any form); and prizes (except prizes amounting to Ten thousand pesos (P10,000) or less which shall be subject to tax under Subsection (B)(1) of Section 24) and other winnings (except Philippine</p>	<p>SEC. 25. Tax on Nonresident Alien Individual. -</p> <p>(A) Nonresident Alien Engaged in Trade or Business Within the Philippines. -</p> <p>“x x x</p>	<p>“The president rejected the line that reduced income tax rate of employees of regional headquarters, regional operating headquarters, offshore banking units and petroleum service contractors and sub-contractors... violates the equal protection clause”</p>

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<p>Charity Sweepstakes and Lotto winnings); shall be subject to an income tax of twenty percent (20%) on the total amount thereof: Provided, however, that royalties on books as well as other literary works, and royalties on musical compositions shall be subject to a final tax of ten percent (10%) on the total amount thereof: Provided, further, That cinematographic films and similar works shall be subject to the tax provided under Section 28 of this Code: Provided, furthermore, That interest income from long-term deposit or investment in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts and other investments evidenced by certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the tax imposed under this Subsection: Provided, finally, that should the holder of the certificate pre-terminate the deposit or investment before the fifth (5th) year, a final tax shall be imposed on the entire income and shall be deducted and withheld by the depository bank from the proceeds of the long-term deposit or investment certificate based on the remaining maturity thereof:</p> <p>Four (4) years to less than five (5) years - 5%; Three (3) years to less than four (4) years - 12%; and Less than three (3) years - 20%.</p> <p>(3) Capital Gains. - Capital gains realized from sale, barter or exchange of shares of stock in domestic corporations not traded through the local stock exchange, and real properties shall be subject to the tax prescribed under Subsections (C) and (D) of Section 24.</p> <p>(B) Nonresident Alien Individual Not Engaged in Trade or Business Within the Philippines. - There shall be levied, collected and paid for each taxable year upon the entire income received from all sources within the Philippines by every nonresident alien individual not engaged in trade or business within the Philippines as interest, cash and/or property dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income,</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p> <p>(B) Nonresident Alien Individual Not Engaged in Trade or Business Within the Philippines. – “x x x</p>
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<p>and capital gains, a tax equal to twenty-five percent (25%) of such income. Capital gains realized by a nonresident alien individual not engaged in trade or business in the Philippines from the sale of shares of stock in any domestic corporation and real property shall be subject to the income tax prescribed under Subsections (C) and (D) of Section 24.</p> <p>(C) Alien Individual Employed by Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies. - There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by regional or area headquarters and regional operating headquarters established in the Philippines by multinational companies as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such regional or area headquarters and regional operating headquarters, a tax equal to fifteen percent (15%) of such gross income: Provided, however, That the same tax treatment shall apply to Filipinos employed and occupying the same position as those of aliens employed by these multinational companies. For purposes of this Chapter, the term 'multinational company' means a foreign firm or entity engaged in international trade with affiliates or subsidiaries or branch offices in the Asia-Pacific Region and other foreign markets.</p> <p>(D) Alien Individual Employed by Offshore Banking Units. - There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by offshore banking units established in the Philippines as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such off-shore banking units, a tax equal to fifteen percent (15%) of such gross income: Provided, however, That the same tax treatment shall apply to Filipinos employed and occupying the same positions as those of aliens employed by these offshore banking units.</p>	<p>(C) Alien Individual Employed by Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies. – There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by regional or area headquarters and regional operating headquarters established in the Philippines by multinational companies as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such regional or area headquarters and regional operating headquarters, a tax equal to fifteen percent (15%) of such gross income: <i>Provided, however,</i> That the same tax treatment shall apply to Filipinos employed and occupying the same position as those of aliens employed by these multinational companies. For purposes of this Chapter, the term 'multinational company' means a foreign firm or entity engaged in international trade with affiliates or subsidiaries or branch offices in the Asia-Pacific Region and other foreign markets.</p> <p>(D) Alien Individual Employed by Offshore Banking Units. – There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by offshore banking units established in the Philippines as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such offshore banking units, a tax equal to fifteen percent (15%) of such gross income: <i>Provided, however,</i> That the same tax treatment shall apply to Filipinos employed and occupying the same position as those of aliens employed by these offshore banking units.</p>	
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	<p>(E) Alien Individual Employed by Petroleum Service Contractor and Subcontractor. -An Alien individual who is a permanent resident of a foreign country but who is employed and assigned in the Philippines by a foreign service contractor or by a foreign service subcontractor engaged in petroleum operations in the Philippines shall be liable to a tax of fifteen percent (15%) of the salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, received from such contractor or subcontractor: Provided, however, That the same tax treatment shall apply to a Filipino employed and occupying the same position as an alien employed by petroleum service contractor and subcontractor. Any income earned from all other sources within the Philippines by the alien employees referred to under Subsections (C), (D) and (E) hereof shall be subject to the pertinent income tax, as the case may be, imposed under this Code.</p>	<p>(E) Alien Individual Employed by Petroleum Service Contractor and Subcontractor. – An alien individual who is a permanent resident of a foreign country but who is employed and assigned in the Philippines by a foreign service contractor or by a foreign service subcontractor engaged in petroleum operations in the Philippines shall be liable to a tax of fifteen percent (15%) of the salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, received from such contractor or subcontractor: <i>Provided, however,</i> That the same tax treatment shall apply to a Filipino employed and occupying the same position as an alien employed by petroleum service contractor and subcontractor. Any income earned from all other sources within the Philippines by the alien employees referred to under Subsections (C), (D), and (E) hereof shall be subject to the pertinent income tax, as the case may be, imposed under this Code.</p> <p><u>(F) The preferential tax treatment provided in Subsections (C), (D), and (E) of this Section shall not be applicable to regional headquarters (RHQs), regional operating headquarters (ROHQs), offshore banking units(OBUs) or petroleum service contractors and subcontractors registering with the Securities and Exchange Commission (SEC) after January 1, 2018. [Provided, however, That existing RHQs/ROHQs, OBUs or petroleum service contractors and subcontractors presently availing of preferential tax rates for qualified employees shall continue to be entitled to avail of the preferential tax rate for present and future qualified employees.] (VETOED)</u></p>	
<p style="text-align: center; font-size: 24pt;">27</p>	<p>SEC. 27. Rates of Income tax on Domestic Corporations. -</p> <p>(A) In General. - Except as otherwise provided in this Code, an income tax of thirty-five percent (35%) is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22(B) of this Code and taxable under this Title as a corporation, organized in, or existing under the laws of the Philippines: Provided, That effective January 1, 2009, the rate of income tax shall</p>	<p>SEC. 27. Rates of Income Tax on Domestic Corporations. –</p> <p>(A) In General. – x x x</p> <p>“x x x</p>	

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<p>be thirty percent (30%).^[15]</p> <p>In the case of corporations adopting the fiscal-year accounting period, the taxable income shall be computed without regard to the specific date when specific sales, purchases and other transactions occur. Their income and expenses for the fiscal year shall be deemed to have been earned and spent equally for each month of the period.</p> <p>The corporate income tax rate shall be applied on the amount computed by multiplying the number of months covered by the new rate within the fiscal year by the taxable income of the corporation for the period, divided by twelve.^[16]</p> <p>Provided, further, That the President, upon the recommendation of the Secretary of Finance, may effective January 1, 2000, allow corporations the option to be taxed at fifteen percent (15%) of gross income as defined herein, after the following conditions have been satisfied:</p> <ul style="list-style-type: none">(1) A tax effort ratio of twenty percent (20%) of Gross National Product (GNP);(2) A ratio of forty percent (40%) of income tax collection to total tax revenues;(3) A VAT tax effort of four percent (4%) of GNP; and(4) A 0.9 percent (0.9%) ratio of the Consolidated Public Sector Financial Position (CPSFP) to GNP. <p>The option to be taxed based on gross income shall be available only to firms whose ratio of cost of sales to gross sales or receipts from all sources does not exceed fifty-five percent (55%).</p> <p>The election of the gross income tax option by the corporation shall be irrevocable for three (3) consecutive taxable years during which the corporation is qualified under the scheme.</p>		
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<p>For purposes of this Section, the term 'gross income' derived from business shall be equivalent to gross sales less sales returns, discounts and allowances and cost of goods sold. 'Cost of goods sold' shall include all business expenses directly incurred to produce the merchandise to bring them to their present location and use.</p> <p>For a trading or merchandising concern, 'cost of goods sold' shall include the invoice cost of the goods sold, plus import duties, freight in transporting the goods to the place where the goods are actually sold, including insurance while the goods are in transit.</p> <p>For a manufacturing concern, 'cost of goods manufactured and sold' shall include all costs of production of finished goods, such as raw materials used, direct labor and manufacturing overhead, freight cost, insurance premiums and other costs incurred to bring the raw materials to the factory or warehouse.</p> <p>In the case of taxpayers engaged in the sale of service, 'gross income' means gross receipts less sales returns, allowances and discounts.</p> <p>(B) Proprietary Educational Institutions and Hospitals. -</p> <p>Proprietary educational institutions and hospitals which are nonprofit shall pay a tax of ten percent (10%) on their taxable income except those covered by Subsection (D) hereof: Provided, that if the gross income from 'unrelated trade, business or other activity' exceeds fifty percent (50%) of the total gross income derived by such educational institutions or hospitals from all sources, the tax prescribed in Subsection (A) hereof shall be imposed on the entire taxable income. For purposes of this Subsection, the term 'unrelated trade, business or other activity' means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. A 'proprietary educational institution' is any private school maintained and administered by private individuals or</p>		
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<p>groups with an issued permit to operate from the Department of Education, Culture and Sports (DECS) ^[17], or the Commission on Higher Education (CHED), or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations.</p> <p>(C) Government-owned or -Controlled Corporations, Agencies or Instrumentalities. ^[18] - The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC), the local water districts (LWDs), ^[19] and the Philippine Charity Sweepstakes Office (PCSO) and the Philippine Amusement and Gaming Corporation (PAGCOR). shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in a similar business, industry, or activity.</p> <p>(D) Rates of Tax on Certain Passive Incomes. -</p> <p>(1) Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes and from Trust Funds and Similar Arrangements, and Royalties. - A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of interest on currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements received by domestic corporations, and royalties, derived from sources within the Philippines: Provided, however, That interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of seven and one-half percent (7 1/2%) of such interest income.</p> <p>(2) Capital Gains from the Sale of Shares of Stock Not Traded in the Stock Exchange. - A final tax at the rates prescribed below shall be imposed on net capital gains realized during the taxable year from</p>	<p>(C) Government-owned or -Controlled Corporations, Agencies or Instrumentalities. – The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC), and the local water districts shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in a similar business, industry, or activity.</p> <p>(D) Rates of Tax on Certain Passive Incomes. –</p> <p>(1) Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes and from Trust Funds and Similar Arrangements, and Royalties. – A final tax at the rate of twenty percent (20%) is hereby imposed upon the amount of interest on currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements received by domestic corporations, and royalties, derived from sources within the Philippines: <i>Provided, however,</i> That interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of <u>fifteen percent (15%)</u> of such interest income.</p> <p>(2) Capital Gains from the Sale of Shares of Stock Not Traded in the Stock Exchange. – A final tax at the rate of fifteen percent (15%) shall be imposed on net capital gains realized during the taxable year</p>	
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<p>the sale, exchange or other disposition of shares of stock in a domestic corporation except shares sold or disposed of through the stock exchange:</p> <table border="1" style="margin-left: 40px;"> <tr> <td style="padding: 2px;">Not over P 100,000</td> <td style="padding: 2px; text-align: center;">5%</td> </tr> <tr> <td style="padding: 2px;">Amount in excess of P 100,000</td> <td style="padding: 2px; text-align: center;">10%</td> </tr> </table> <p>(3) Tax on Income Derived under the Expanded Foreign Currency Deposit System.- Income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to transact business with foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: Provided, however, That interest income from foreign currency loans granted by such depository banks under said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system, shall be subject to a final tax at the rate of ten percent (10%).^[20]</p> <p>Any income of nonresidents, whether individuals or corporations, from transactions with depository banks under the expanded system shall be exempt from income tax.</p> <p>(4) Intercorporate Dividends. - Dividends received by a domestic corporation from another domestic corporation shall not be subject to tax.</p> <p>(5) Capital Gains Realized from the Sale, Exchange or Disposition of Lands and/or Buildings. - A final tax of six percent (6%) is hereby imposed on the gain presumed to have been realized on the sale, exchange or disposition of lands and/or buildings which are not</p>	Not over P 100,000	5%	Amount in excess of P 100,000	10%	<p>from the sale, exchange or other disposition of shares of stock in a domestic corporation except shares sold or disposed of through the stock exchange. “x x x.”</p>
Not over P 100,000	5%				
Amount in excess of P 100,000	10%				

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<p>actually used in the business of a corporation and are treated as capital assets, based on the gross selling price of fair market value as determined in accordance with Section 6(E) of this Code, whichever is higher, of such lands and/or buildings.</p> <p>(E) Minimum Corporate Income Tax on Domestic Corporations. -</p> <p>(1) Imposition of Tax. - A minimum corporate income tax of two percent (2%) of the gross income as of the end of the taxable year, as defined herein, is hereby imposed on a corporation taxable under this Title, beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum income tax is greater than the tax computed under Subsection (A) of this Section for the taxable year.</p> <p>(2) Carry Forward of Excess Minimum Tax. - Any excess of the minimum corporate income tax over the normal income tax as computed under Subsection (A) of this Section shall be carried forward and credited against the normal income tax for the three (3) immediately succeeding taxable years.</p> <p>(3) Relief from the Minimum Corporate Income Tax Under Certain Conditions. - The Secretary of Finance is hereby authorized to suspend the imposition of the minimum corporate income tax on any corporation which suffers losses on account of prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.</p> <p>The Secretary of Finance is hereby authorized to promulgate, upon recommendation of the Commissioner, the necessary rules and regulation that shall define the terms and conditions under which he may suspend the imposition of the minimum corporate income tax in a meritorious case.</p> <p>(4) Gross Income Defined. - For purposes of applying the minimum corporate income tax provided under Subsection (E) hereof, the term</p>		
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	<p>'gross income' shall mean gross sales less sales returns, discounts and allowances and cost of goods sold. 'Cost of goods sold' shall include all business expenses directly incurred to produce the merchandise to bring them to their present location and use.</p> <p>For a trading or merchandising concern, 'cost of goods sold' shall include the invoice cost of the goods sold, plus import duties, freight in transporting the goods to the place where the goods are actually sold including insurance while the goods are in transit.</p> <p>For a manufacturing concern, 'cost of goods manufactured and sold' shall include all costs of production of finished goods, such as raw materials used, direct labor and manufacturing overhead, freight cost, insurance premiums and other costs incurred to bring the raw materials to the factory or warehouse.</p> <p>In the case of taxpayers engaged in the sale of service, 'gross income' means gross receipts less sales returns, allowances, discounts and cost of services. 'Cost of services' shall mean all direct costs and expenses necessarily incurred to provide the services required by the customers and clients including (A) salaries and employee benefits of personnel, consultants and specialists directly rendering the service and (B) cost of facilities directly utilized in providing the service such as depreciation or rental of equipment used and cost of supplies: Provided, however, That in the case of banks, 'cost of services' shall include interest expense.</p>		
31	<p>SEC. 31. Taxable Income Defined. -The term 'taxable income' means the pertinent items of gross income specified in this Code, less the deductions and/or personal and additional exemptions if any, authorized for such types of income by this Code or other special laws.</p>	<p>SEC. 31. Taxable Income Defined. – The term ‘taxable income’ means the pertinent items of gross income specified in this Code, less deductions, if any, authorized for such types of income by this Code or other special laws.</p>	<p>Sec. 35 (personal and additional exemptions) was repealed.</p>
32	<p>SEC. 32. Gross Income. -</p> <p>(A) General Definition. - Except when otherwise provided in this Title, gross income means all income derived from whatever source,</p>	<p>SEC. 32. Gross Income. –</p> <p>“(A) <i>General Definition.</i> – x x x</p>	

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<p>including (but not limited to) the following items:</p> <ul style="list-style-type: none"> (1) Compensation for services in whatever form paid, including, but not limited to fees, salaries, wages, commissions, and similar items; (2) Gross income derived from the conduct of trade or business or the exercise of a profession; (3) Gains derived from dealings in property; (4) Interests; (5) Rents; (6) Royalties; (7) Dividends; (8) Annuities; (9) Prizes and winnings; (10) Pensions; and (11) Partner's distributive share from the net income of the general professional partnership. <p>(B) Exclusions from Gross Income. - The following items shall not be included in gross income and shall be exempt from taxation under this Title:</p> <p>(1) Life Insurance. - The proceeds of life insurance policies paid to the heirs or beneficiaries upon the death of the insured, whether in a single sum or otherwise, but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income.</p> <p>(2) Amount Received by Insured as Return of Premium. - The amount received by the insured, as a return of premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract.</p> <p>(3) Gifts, Bequests, and Devises. - The value of property acquired by gift, bequest, devise, or descent: Provided, however, That income from such property, as well as gift, bequest, devise or descent of income</p>	<p style="text-align: center;">“<i>(B) Exclusions from Gross Income.</i> – x x x “(1) x x x</p>
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<p>from any property, in cases of transfers of divided interest, shall be included in gross income.</p> <p>(4) Compensation for Injuries or Sickness. - amounts received, through Accident or Health Insurance or under Workmen's Compensation Acts, as compensation for personal injuries or sickness, plus the amounts of any damages received, whether by suit or agreement, on account of such injuries or sickness.</p> <p>(5) Income Exempt under Treaty. - Income of any kind, to the extent required by any treaty obligation binding upon the Government of the Philippines.</p> <p>(6) Retirement Benefits, Pensions, Gratuities, etc.-</p> <p>(a) Retirement benefits received under Republic Act No. 7641 and those received by officials and employees of private firms, whether individual or corporate, in accordance with a reasonable private benefit plan maintained by the employer: Provided, That the retiring official or employee has been in the service of the same employer for at least ten (10) years and is not less than fifty (50) years of age at the time of his retirement: Provided, further, That the benefits granted under this subparagraph shall be availed of by an official or employee only once. For purposes of this Subsection, the term 'reasonable private benefit plan' means a pension, gratuity, stock bonus or profit-sharing plan maintained by an employer for the benefit of some or all of his officials or employees, wherein contributions are made by such employer for the officials or employees, or both, for the purpose of distributing to such officials and employees the earnings and principal of the fund thus accumulated, and wherein its is provided in said plan that at no time shall any part of the corpus or income of the fund be used for, or be diverted to, any purpose other than for the exclusive benefit of the said officials and employees.</p> <p>(b) Any amount received by an official or employee or by his heirs from the employer as a consequence of separation of such official or</p>		
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<p>employee from the service of the employer because of death sickness or other physical disability or for any cause beyond the control of the said official or employee.</p> <p>(c) The provisions of any existing law to the contrary notwithstanding, social security benefits, retirement gratuities, pensions and other similar benefits received by resident or nonresident citizens of the Philippines or aliens who come to reside permanently in the Philippines from foreign government agencies and other institutions, private or public.</p> <p>(d) Payments of benefits due or to become due to any person residing in the Philippines under the laws of the United States administered by the United States Veterans Administration.</p> <p>(e) Benefits received from or enjoyed under the Social Security System in accordance with the provisions of Republic Act No. 8282.</p> <p>(f) Benefits received from the GSIS under Republic Act No. 8291, including retirement gratuity received by government officials and employees.</p> <p>(7) Miscellaneous Items. -</p> <p>(a) Income Derived by Foreign Government. - Income derived from investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financial institutions established by foreign governments.</p> <p>(b) Income Derived by the Government or its Political Subdivisions. - Income derived from any public utility or from the exercise of any essential governmental function accruing to the</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p> <p>“(7) Miscellaneous Items. – “(a) x x x</p>
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<p>Government of the Philippines or to any political subdivision thereof.</p> <p>(c) Prizes and Awards. - Prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement but only if:</p> <p>(i) The recipient was selected without any action on his part to enter the contest or proceeding; and</p> <p>(ii) The recipient is not required to render substantial future services as a condition to receiving the prize or award.</p> <p>(d) Prizes and Awards in sports Competition. - All prizes and awards granted to athletes in local and international sports competitions and tournaments whether held in the Philippines or abroad and sanctioned by their national sports associations.</p> <p>(e) 13th Month Pay and Other Benefits. - Gross benefits received by officials and employees of public and private entities: Provided, however, That the total exclusion under this subparagraph shall not exceed <u>eighty-two thousand pesos (P82,000)</u> which shall cover:</p> <p>(i) Benefits received by officials and employees of the national and local government pursuant to Republic Act No. 6686;</p> <p>(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;</p> <p>(iii) Benefits received by officials and employees not covered by Presidential decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986; and</p> <p>(iv) Other benefits such as productivity incentives and Christmas bonus: [Provided, That every three (3) years after the effectivity of this Act, the President of the Philippines shall adjust the amount herein stated to its present value using the Consumer Price Index (CPI), as published by the National Statistics Office.]</p> <p>(f) GSIS, SSS, Medicare and Other Contributions. - GSIS, SSS,</p>	<p>(e) 13th Month Pay and Other Benefits. – Gross benefits received by officials and employees of public and private entities: <i>Provided, however,</i> That the total exclusion under this subparagraph shall not exceed <u>Ninety thousand pesos (P90,000)</u> which shall cover:</p> <p>“(i) Benefits received by officials and employees of the national and local government pursuant to Republic Act No. 6686;</p> <p>“(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;</p> <p>“(iii) Benefits received by officials and employees not covered by Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986; and</p> <p>“(iv) Other benefits such as productivity incentives and Christmas bonus.”</p>
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	<p>Medicare and Pag-Ibig contributions, and union dues of individuals.</p> <p>(g) Gains from the Sale of Bonds, Debentures or other Certificate of Indebtedness. - Gains realized from the same or exchange or retirement of bonds, debentures or other certificate of indebtedness with a maturity of more than five (5) years.</p> <p>(h) Gains from Redemption of Shares in Mutual Fund. - Gains realized by the investor upon redemption of shares of stock in a mutual fund company as defined in Section 22 (BB) of this Code.</p>		
<p>33</p>	<p>SEC. 33. Special Treatment of Fringe Benefit. -</p> <p>(A) Imposition of Tax. - <u>A final tax of thirty-four percent (34%) effective January 1, 1998; thirty-three percent (33%) effective January 1, 1999; and thirty-two percent (32%) effective January 1, 2000 and thereafter, is hereby imposed on the grossed-up monetary value of fringe benefit furnished or granted to the employee (except rank and file employees as defined herein) by the employer,</u> whether an individual or a corporation (unless the fringe benefit is required by the nature of, or necessary to the trade, business or profession of the employer, or when the fringe benefit is for the convenience or advantage of the employer). The tax herein imposed is payable by the employer which tax shall be paid in the same manner as provided for under Section 57 (A) of this Code. <u>The grossed-up monetary value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by sixty-six percent (66%) effective January 1, 1998; sixty-seven percent (67%) effective January 1, 1999; and sixty-eight percent (68%) effective January 1, 2000 and thereafter:</u> Provided, however, That fringe benefit furnished to employees and taxable under Subsections (B), (C), (D) and (E) of Section 25 shall be taxed at the applicable rates imposed thereat: Provided, further, That the grossed -up monetary value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by the difference between one hundred percent (100%) and the applicable rates of income tax under Subsections (B), (C), (D), and (E)</p>	<p>SEC. 33. Special Treatment of Fringe Benefit. –</p> <p>(A) Imposition of Tax. – <u>Effective January 1, 2018 and onwards, a final tax of thirty-five percent (35%) is hereby imposed on the grossed-up monetary value of fringe benefit furnished or granted to the employee (except rank and file employees as defined herein) by the employer,</u> whether an individual or a corporation (unless the fringe benefit is required by the nature of, or necessary to the trade, business or profession of the employer, or when the fringe benefit is for the convenience or advantage of the employer). The tax herein imposed is payable by the employer which tax shall be paid in the same manner as provided for under Section 57(A) of this Code. <u>The grossed-up monetary value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by sixty- five percent (65%) effective January 1, 2018 and onwards:</u> Provided, however, That fringe benefit furnished to employees and taxable under Subsections (B), (C), (D), and (E) of Section 25 shall be taxed at the applicable rates imposed thereat: <i>Provided, further,</i> That the grossed-up value of the fringe benefit shall be determined by dividing the actual monetary value of the fringe benefit by the difference between one hundred percent (100%) and the applicable rates of income tax under Subsections (B), (C), (D), and (E) of Section 25.</p> <p>“x x x.”</p>	

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<p>of Section 25.</p> <p>(B) Fringe Benefit Defined. - For purposes of this Section, the term '<i>fringe benefit</i>' means any good, service or other benefit furnished or granted in cash or in kind by an employer to an individual employee (except rank and file employees as defined herein) such as, but not limited to, the following:</p> <ul style="list-style-type: none">(1) Housing;(2) Expense account;(3) Vehicle of any kind;(4) Household personnel, such as maid, driver and others;(5) Interest on loan at less than market rate to the extent of the difference between the market rate and actual rate granted;(6) Membership fees, dues and other expenses borne by the employer for the employee in social and athletic clubs or other similar organizations;(7) Expenses for foreign travel;(8) Holiday and vacation expenses;(9) Educational assistance to the employee or his dependents; and(10) Life or health insurance and other non-life insurance premiums or similar amounts in excess of what the law allows. <p>(C) Fringe Benefits Not Taxable. - The following fringe benefits are not taxable under this Section:</p>		
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	<p>(1) Fringe benefits which are authorized and exempted from tax under special laws; (2) Contributions of the employer for the benefit of the employee to retirement, insurance and hospitalization benefit plans; (3) Benefits given to the rank and file employees, whether granted under a collective bargaining agreement or not; and (4) De minimis benefits as defined in the rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.</p> <p>The Secretary of Finance is hereby authorized to promulgate, upon recommendation of the Commissioner, such rules and regulations as are necessary to carry out efficiently and fairly the provisions of this Section, taking into account the peculiar nature and special need of the trade, business or profession of the employer.</p>		
<p style="text-align: center;">34</p>	<p>SEC. 34. Deductions from Gross Income. - Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section other than under subsection (M) hereof in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B) and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:</p> <p>(A) Expenses. –</p> <p>(1) Ordinary and Necessary Trade, Business or Professional Expenses. -</p> <p>(a) In General. - There shall be allowed –s deduction from gross</p>	<p>SEC. 34. Deductions from Gross Income. – Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A),(B), and (C); and 28(A)(1),there shall be allowed the following deductions from gross income:</p> <p>(A) Expenses. –</p> <p>(1) Ordinary and Necessary Trade, Business or Professional Expenses. –</p>	

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<p>income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to, the development, management, operation and/or conduct of the trade, business or exercise of a profession, including:</p> <p>(i) A reasonable allowance for salaries, wages, and other forms of compensation for personal services actually rendered, including the grossed-up monetary value of fringe benefit furnished or granted by the employer to the employee: Provided, That the final tax imposed under Section 33 hereof has been paid;</p> <p>(ii) A reasonable allowance for travel expenses, here and abroad, while away from home in the pursuit of trade, business or profession;</p> <p>(iii) A reasonable allowance for rentals and/or other payments which are required as a condition for the continued use or possession, for purposes of the trade, business or profession, of property to which the taxpayer has not taken or is not taking title or in which he has no equity other than that of a lessee, user or possessor;</p> <p>(iv) A reasonable allowance for entertainment, amusement and recreation expenses during the taxable year, that are directly connected to the development, management and operation of the trade, business or profession of the taxpayer, or that are directly related to or in furtherance of the conduct of his or its trade, business or exercise of a profession not to exceed such ceilings as the Secretary of Finance may, by rules and regulations prescribe, upon recommendation of the Commissioner, taking into account the needs as well as the special circumstances, nature and character of the industry, trade, business, or profession of the taxpayer: Provided, That any expense incurred for entertainment, amusement or recreation that is contrary to law, morals public policy or public order shall in no case be allowed as a deduction.</p> <p>(b) Substantiation Requirements. - No deduction from gross-income shall be allowed under Subsection (A) hereof unless the taxpayer shall</p>	<p>(a) In General. – x x x</p> <p>“x x x</p>
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<p>substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer.</p> <p>(c) Bribes, Kickbacks and Other Similar Payments. - No deduction from gross-income shall be allowed under Subsection (A) hereof for any payment made, directly or indirectly, to an official or employee of the national government, or to an official or employee of any local government unit, or to an official or employee of a government-owned or -controlled corporation, or to an official or employee or representative of a foreign government, or to a private corporation, general professional partnership, or a similar entity, if the payment constitutes a bribe or kickback.</p> <p>(2) Expenses Allowable to Private Educational Institutions. - In addition to the expenses allowable as deductions under this Chapter, a private educational institution, referred to under Section 27 (B) of this Code, may at its option elect either: (a) to deduct expenditures otherwise considered as capital outlays of depreciable assets incurred during the taxable year for the expansion of school facilities or (b) to deduct allowance for depreciation thereof under Subsection (F) hereof.</p> <p>(B) Interest. -</p> <p>(1) In General. - The amount of interest paid or incurred within a taxable year on indebtedness in connection with the taxpayer's profession, trade or business shall be allowed as deduction from gross income: Provided, however, That the taxpayer's otherwise allowable deduction for interest expense shall be reduced by forty-two percent (42%) of the interest income subjected to final tax: Provided, That effective January 1, 2009, the percentage shall be thirty-three percent (33%). ^[29]</p> <p>(2) Exceptions. - No deduction shall be allowed in respect of interest</p>		
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<p>under the succeeding subparagraphs:</p> <p>(a) If within the taxable year an individual taxpayer reporting income on the cash basis incurs an indebtedness on which an interest is paid in advance through discount or otherwise: Provided, That such interest shall be allowed as a deduction in the year the indebtedness is paid: Provided, further, That if the indebtedness is payable in periodic amortizations, the amount of interest which corresponds to the amount of the principal amortized or paid during the year shall be allowed as deduction in such taxable year;</p> <p>(b) If both the taxpayer and the person to whom the payment has been made or is to be made are persons specified under Section 36 (B); or</p> <p>© If the indebtedness is incurred to finance petroleum exploration.</p> <p>(3) Optional Treatment of Interest Expense. – At the option of the taxpayer, interest incurred to acquire property used in trade business or exercise of a profession may be allowed as a deduction or treated as a capital expenditure.</p> <p>© Taxes. –</p> <p>(1) In General. – Taxes paid or incurred within the taxable year in connection with the taxpayer’s profession, trade or business, shall be allowed as deduction, except:</p> <p>(a) The income tax provided for under this Title;</p> <p>(b) Income taxes imposed by authority of any foreign country; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of paragraph (3) of this subsection (relating to credits for taxes of foreign countries);</p>		
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<p>© Estate and donor’s taxes; and</p> <p>(d) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.</p> <p>Provided, That taxes allowed under this Subsection, when refunded or credited, shall be included as part of gross income in the year of receipt to the extent of the income tax benefit of said deduction.</p> <p>(2) Limitations on Deductions. – In the case of a nonresident alien individual engaged in trade or business in the Philippines and a resident foreign corporation, the deductions for taxes provided in paragraph (1) of this Subsection © shall be allowed only if and to the extent that they are connected with income from sources within the Philippines.</p> <p>(3) Credit Against Tax for Taxes of Foreign Countries. – If the taxpayer signifies in his return his desire to have the benefits of this paragraph, the tax imposed by this Title shall be credited with:</p> <p>(a) Citizen and Domestic Corporation. – In the case of a citizen of the Philippines and of a domestic corporation, the amount of income taxes paid or incurred during the taxable year to any foreign country; and</p> <p>(b) Partnerships and Estates. – In the case of any such individual who is a member of a general professional partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the general professional partnership or the estate or trust paid or incurred during the taxable year to a foreign country, if his distributive share of the income of such partnership or trust is reported for taxation under this Title.</p> <p>An alien individual and a foreign corporation shall not be allowed the credits against the tax for the taxes of foreign countries allowed under</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p>	
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<p>this paragraph.</p> <p>(4) Limitations on Credit. – The amount of the credit taken under this Section shall be subject to each of the following limitations:</p> <p>(a) The amount of the credit in respect to the tax paid or incurred to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer’s taxable income from sources within such country under this Title bears to his entire taxable income for the same taxable year; and</p> <p>(b) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer’s taxable income from sources without the Philippines taxable under this Title bears to his entire taxable income for the same taxable year.</p> <p>(5) Adjustments on Payment of Incurred Taxes. – If accrued taxes when paid differ from the amounts claimed as credits by the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall notify the Commissioner; who shall re-determine the amount of the tax for the year or years affected, and the amount of tax due upon such re-determination, if any, shall be paid by the taxpayer upon notice and demand by the Commissioner, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer. In the case of such a tax incurred but not paid, the Commissioner as a condition precedent to the allowance of this credit may require the taxpayer to give a bond with sureties satisfactory to and to be approved by the Commissioner in such sum as he may require, conditioned upon the payment by the taxpayer of any amount of tax found due upon any such redetermination. The bond herein prescribed shall contain such further conditions as the Commissioner may require.</p> <p>(6) Year in Which Credit Taken. – The credits provided for in Subsection ©(3) of this Section may, at the option of the taxpayer and irrespective of the method of accounting employed in keeping his books, be taken in the year which the taxes of the foreign country were</p>		
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<p>incurred, subject, however, to the conditions prescribed in Subsection ©(5) of this Section. If the taxpayer elects to take such credits in the year in which the taxes of the foreign country accrued, the credits for all subsequent years shall be taken upon the same basis and no portion of any such taxes shall be allowed as a deduction in the same or any succeeding year.</p> <p>(7) Proof of Credits. – The credits provided in Subsection ©(3) hereof shall be allowed only if the taxpayer establishes to the satisfaction of the Commissioner the following:</p> <p>(a) The total amount of income derived from sources without the Philippines;</p> <p>(b) The amount of income derived from each country, the tax paid or incurred to which is claimed as a credit under said paragraph, such amount to be determined under rules and regulations prescribed by the Secretary of Finance; and</p> <p>© All other information necessary for the verification and computation of such credits.</p> <p>(D) Losses. –</p> <p>(1) In General. – Losses actually sustained during the taxable year and not compensated for by insurance or other forms of indemnity shall be allowed as deductions:</p> <p>(a) If incurred in trade, profession or business;</p> <p>(b) Of property connected with the trade, business or profession, if the loss arises from fires, storms, shipwreck, or other casualties, or from robbery, theft or embezzlement.</p> <p>The Secretary of Finance, upon recommendation of the</p>		
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<p>Commissioner, is hereby authorized to promulgate rules and regulations prescribing, among other things, the time and manner by which the taxpayer shall submit a declaration of loss sustained from casualty or from robbery, theft or embezzlement during the taxable year: Provided, however, That the time limit to be so prescribed in the rules and regulations shall not be less than thirty (30) days nor more than ninety (90) days from the date of discovery of the casualty or robbery, theft or embezzlement giving rise to the loss.</p> <p>© No loss shall be allowed as a deduction under this Subsection if at the time of the filing of the return, such loss has been claimed as a deduction for estate tax purposes in the estate tax return.</p> <p>(2) Proof of Loss. – In the case of a nonresident alien individual or foreign corporation, the losses deductible shall be those actually sustained during the year incurred in business, trade or exercise of a profession conducted within the Philippines, when such losses are not compensated for by insurance or other forms of indemnity. The secretary of Finance, upon recommendation of the Commissioner, is hereby authorized to promulgate rules and regulations prescribing, among other things, the time and manner by which the taxpayer shall submit a declaration of loss sustained from casualty or from robbery, theft or embezzlement during the taxable year: Provided, That the time to be so prescribed in the rules and regulations shall not be less than thirty (30) days nor more than ninety (90) days from the date of discovery of the casualty or robbery, theft or embezzlement giving rise to the loss; and</p> <p>(3) Net Operating Loss Carry-Over. – The net operating loss of the business or enterprise for any taxable year immediately preceding the current taxable year, which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss: Provided, however, That any net loss incurred in a taxable year during which the taxpayer was exempt from income tax shall not be allowed as a deduction under this</p>		
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<p>Subsection: Provided, further, That a net operating loss carry-over shall be allowed only if there has been no substantial change in the ownership of the business or enterprise in that –</p> <p>(i) Not less than seventy-five percent (75%) in nominal value of outstanding issued shares., if the business is in the name of a corporation, is held by or on behalf of the same persons; or</p> <p>(ii) Not less than seventy-five percent (75%) of the paid up capital of the corporation, if the business is in the name of a corporation, is held by or on behalf of the same persons.</p> <p>For purposes of this subsection, the term '<i>net operating loss</i>' shall mean the excess of allowable deduction over gross income of the business in a taxable year.</p> <p>Provided, That for mines other than oil and gas wells, a net operating loss without the benefit of incentives provided for under Executive Order No. 226, as amended, otherwise known as the Omnibus Investments Code of 1987, incurred in any of the first ten (10) years of operation may be carried over as a deduction from taxable income for the next five (5) years immediately following the year of such loss. The entire amount of the loss shall be carried over to the first of the five (5) taxable years following the loss, and any portion of such loss which exceeds the taxable income of such first year shall be deducted in like manner from the taxable income of the next remaining four (4) years.</p> <p>(4) Capital Losses. –</p> <p>(a) Limitations. – Loss from sales or Exchanges of capital assets shall be allowed only to the extent provided in Section 39.</p> <p>(b) Securities Becoming Worthless. – If securities as defined in Section 22 (T) become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for purposes of this</p>		
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<p>Title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.</p> <p>(5) Losses From Wash Sales of Stock or Securities. – Losses from ‘<i>wash sales</i>’ of stock or securities as provided in Section 38.</p> <p>(6) Wagering Losses. – Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.</p> <p>(7) Abandonment Losses. –</p> <p>(a) In the event a contract area where petroleum operations are undertaken is partially or wholly abandoned, all accumulated exploration and development expenditures pertaining thereto shall be allowed as a deduction: Provided, That accumulated expenditures incurred in that area prior to January 1, 1979 shall be allowed as a deduction only from any income derived from the same contract area. In all cases, notices of abandonment shall be filed with the Commissioner.</p> <p>(b) In case a producing well is subsequently abandoned, the un-amortized costs thereof, as well as the un-depreciated costs of equipment directly used therein , shall be allowed as a deduction in the year such well, equipment or facility is abandoned by the contractor: Provided, That if such abandoned well is re-entered and production is resumed, or if such equipment or facility is restored into service, the said costs shall be included as part of gross income in the year of resumption or restoration and shall be amortized or depreciated, as the case may be.</p> <p>(E) Bad Debts. –</p> <p>(1) In General. – Debts due to the taxpayer actually ascertained to be worthless and charged off within the taxable year except those not connected with profession, trade or business and those sustained in a</p>	
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<p>transaction entered into between parties mentioned under Section 36 (B) of this Code: Provided, That recovery of bad debts previously allowed as deduction in the preceding years shall be included as part of the gross income in the year of recovery to the extent of the income tax benefit of said deduction.</p> <p>(2) Securities Becoming Worthless. – If securities, as defined in Section 22 (T), are ascertained to be worthless and charged off within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank or trust company incorporated under the laws of the Philippines a substantial part of whose business is the receipt of deposits, for the purpose of this Title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.</p> <p>(F) Depreciation. –</p> <p>(1) General Rule. – There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including reasonable allowance for obsolescence) of property used in the trade or business. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust, the allowable deduction shall be apportioned between the income beneficiaries and the trustees in accordance with the pertinent provisions of the instrument creating the trust, or in the absence of such provisions, on the basis of the trust income allowable to each.</p> <p>(2) Use of Certain Methods and Rates. – The term ‘<i>reasonable allowance</i>’ as used in the preceding paragraph shall include, but not limited to, an allowance computed in accordance with rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner, under any of the following methods:</p>		
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<p>(a) The straight-line method;</p> <p>(b) Declining-balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in Subsection (F) (1);</p> <p>© The sum-of-the-years-digit method; and</p> <p>(d) Any other method which may be prescribed by the Secretary of Finance upon recommendation of the Commissioner.</p> <p>(3) Agreement as to Useful Life on Which Depreciation Rate is Based. – Where under rules and regulations prescribed by the Secretary of Finance upon recommendation of the Commissioner, the taxpayer and the Commissioner have entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the national Government in the absence of facts and circumstances not taken into consideration during the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life of the depreciable property as specified in the agreement shall not be effective for taxable years prior to the taxable year in which notice in writing by certified mail or registered mail is served by the party initiating such change to the other party to the agreement:</p> <p>Provided, however, that where the taxpayer has adopted such useful life and depreciation rate for any depreciable and claimed the depreciation expenses as deduction from his gross income, without any written objection on the part of the Commissioner or his duly authorized representatives, the aforesaid useful life and depreciation rate so adopted by the taxpayer for the aforesaid depreciable asset shall be considered binding for purposes of this Subsection.</p> <p>(4) Depreciation of Properties Used in Petroleum Operations. – An</p>	<p>DELA FUENTE</p>	
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<p>allowance for depreciation in respect of all properties directly related to production of petroleum initially placed in service in a taxable year shall be allowed under the straight-line or declining-balance method of depreciation at the option of the service contractor.</p> <p>However, if the service contractor initially elects the declining-balance method, it may at any subsequent date, shift to the straight-line method.</p> <p>The useful life of properties used in or related to production of petroleum shall be ten (10) years or such shorter life as may be permitted by the Commissioner.</p> <p>Properties not used directly in the production of petroleum shall be depreciated under the straight-line method on the basis of an estimated useful life of five (5) years.</p> <p>(5) Depreciation of Properties Used in Mining Operations. – an allowance for depreciation in respect of all properties used in mining operations other than petroleum operations, shall be computed as follows:</p> <p>(a) At the normal rate of depreciation if the expected life is ten (10) years or less; or</p> <p>(b) Depreciated over any number of years between five (5) years and the expected life if the latter is more than ten (10) years, and the depreciation thereon allowed as deduction from taxable income: Provided, That the contractor notifies the Commissioner at the beginning of the depreciation period which depreciation rate allowed by this Section will be used.</p> <p>(6) Depreciation Deductible by Nonresident Aliens Engaged in Trade or Business or Resident Foreign Corporations. – In the case of a nonresident alien individual engaged in trade or business or</p>	
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<p>resident foreign corporation, a reasonable allowance for the deterioration of Property arising out of its use or employment or its non-use in the business trade or profession shall be permitted only when such property is located in the Philippines.</p> <p>(G) Depletion of Oil and Gas Wells and Mines. –</p> <p>(1) In General. – In the case of oil and gas wells or mines, a reasonable allowance for depletion or amortization computed in accordance with the cost-depletion method shall be granted under rules and regulations to be prescribed by the Secretary of finance, upon recommendation of the Commissioner. Provided, That when the allowance for depletion shall equal the capital invested no further allowance shall be granted: Provided, further, That after production in commercial quantities has commenced, certain intangible exploration and development drilling costs: (a) shall be deductible in the year incurred if such expenditures are incurred for non-producing wells and/or mines, or (b) shall be deductible in full in the year paid or incurred or at the election of the taxpayer, may be capitalized and amortized if such expenditures incurred are for producing wells and/or mines in the same contract area.</p> <p><i>‘Intangible costs in petroleum operations’</i> refers to any cost incurred in petroleum operations which in itself has no salvage value and which is incidental to and necessary for the drilling of wells and preparation of wells for the production of petroleum: Provided, That said costs shall not pertain to the acquisition or improvement of property of a character subject to the allowance for depreciation except that the allowances for depreciation on such property shall be deductible under this Subsection.</p> <p>Any intangible exploration, drilling and development expenses allowed as a deduction in computing taxable income during the year shall not be taken into consideration in computing the adjusted cost basis for the purpose of computing allowable cost depletion.</p>		
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<p>(2) Election to Deduct Exploration and Development Expenditures. – In computing taxable income from mining operations, the taxpayer may at his option, deduct exploration and development expenditures accumulated as cost or adjusted basis for cost depletion as of date of prospecting, as well as exploration and development expenditures paid or incurred during the taxable year: Provided, That the amount deductible for exploration and development expenditures shall not exceed twenty-five percent (25%) of the net income from mining operations computed without the benefit of any tax incentives under existing laws. The actual exploration and development expenditures minus twenty-five percent (25%) of the net income from mining shall be carried forward to the succeeding years until fully deducted.</p> <p>The election by the taxpayer to deduct the exploration and development expenditures is irrevocable and shall be binding in succeeding taxable years.</p> <p>‘Net income from mining operations’, as used in this Subsection, shall mean gross income from operations less ‘allowable deductions’ which are necessary or related to mining operations. ‘Allowable deductions’ shall include mining, milling and marketing expenses, and depreciation of properties directly used in the mining operations. This paragraph shall not apply to expenditures for the acquisition or improvement of property of a character which is subject to the allowance for depreciation.</p> <p>In no case shall this paragraph apply with respect to amounts paid or incurred for the exploration and development of oil and gas.</p> <p>The term ‘exploration expenditures’ means expenditures paid or incurred for the purpose of ascertaining the existence, location, extent or quality of any deposit of ore or other mineral, and paid or incurred before the beginning of the development stage of the mine or deposit.</p> <p>The term ‘development expenditures’ means expenditures paid or</p>		
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<p>incurred during the development stage of the mine or other natural deposits. The development stage of a mine or other natural deposit shall begin at the time when deposits of ore or other minerals are shown to exist in sufficient commercial quantity and quality and shall end upon commencement of actual commercial extraction.</p> <p>(3) Depletion of Oil and Gas Wells and Mines Deductible by a Nonresident Alien individual or Foreign Corporation. – In the case of a nonresident alien individual engaged in trade or business in the Philippines or a resident foreign corporation, allowance for depletion of oil and gas wells or mines under paragraph (1) of this Subsection shall be authorized only in respect to oil and gas wells or mines located within the Philippines.</p> <p>(H) Charitable and Other Contributions. –</p> <p>(1) In General. – Contributions or gifts actually paid or made within the taxable year to, or for the use of the Government of the Philippines or any of its agencies or any political subdivision thereof exclusively for public purposes, or to accredited domestic corporation or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or to social welfare institutions, or to non-government organizations, in accordance with rules and regulations promulgated by the Secretary of finance, upon recommendation of the Commissioner, no part of the net^[30] income of which inures to the benefit of any private stockholder or individual in an amount not in excess of ten percent (10%) in the case of an individual, and five percent (%) in the case of a corporation, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of this and the following subparagraphs.</p> <p>(2) Contributions Deductible in Full. – Notwithstanding the provisions of the preceding subparagraph, donations to the following institutions or entities shall be deductible in full:</p>		
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<p>(a) Donations to the Government. – Donations to the Government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government corporations, exclusively to finance, to provide for, or to be used in undertaking priority activities in education, health, youth and sports development, human settlements, science and culture, and in economic development according to a National Priority Plan determined by the National Economic and Development Authority (NEDA), In consultation with appropriate government agencies, including its regional development councils and private philanthropic persons and institutions: Provided, That any donation which is made to the Government or to any of its agencies or political subdivisions not in accordance with the said annual priority plan shall be subject to the limitations prescribed in paragraph (1) of this Subsection;</p> <p>(b) Donations to Certain Foreign Institutions or International Organizations. –donations to foreign institutions or international organizations which are fully deductible in pursuance of or in compliance with agreements, treaties, or commitments entered into by the Government of the Philippines and the foreign institutions or international organizations or in pursuance of special laws;</p> <p>© Donations to Accredited Nongovernment Organizations. –The term ‘<i>nongovernment organization</i>’ means a non-profit domestic corporation:</p> <p>(1) Organized and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, or a combination thereof, no part of the net^[31] income of which inures to the benefit of any private individual;</p> <p>(2) Which, not later than the 15th day of the third month after the close of the accredited nongovernment organizations taxable year in which contributions are received, makes utilization directly for the active conduct of the activities constituting the purpose or function for which it</p>		
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<p>is organized and operated, unless an extended period is granted by the Secretary of Finance in accordance with the rules and regulations to be promulgated, upon recommendation of the Commissioner;</p> <p>(3) The level of administrative expense of which shall, on an annual basis, conform with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, but in no case to exceed thirty percent (30%) of the total expenses; and</p> <p>(4) The assets of which, in the event of dissolution, would be distributed to another non-profit domestic corporation organized for similar purpose or purposes, or to the state for public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of said court shall best accomplish the general purpose for which the dissolved organization was organized.</p> <p>Subject to such terms and conditions as may be prescribed by the Secretary of Finance, the term <i>'utilization'</i> means:</p> <p>(M) Any amount in cash or in kind (including administrative expenses) paid or utilized to accomplish one or more purposes for which the accredited nongovernment organization was created or organized.</p> <p>(ii) Any amount paid to acquire an asset used (or held for use) directly in carrying out one or more purposes for which the accredited nongovernment organization was created or organized.</p> <p>An amount set aside for a specific project which comes within one or more purposes of the accredited nongovernment organization may be treated as a utilization, but only if at the time such amount is set aside, the accredited nongovernment organization has established to the satisfaction of the Commissioner that the amount will be paid for the specific project within a period to be prescribed in rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner, but not to exceed five (5) years, and the project</p>		
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<p>is one which can be better accomplished by setting aside such amount than by immediate payment of funds.</p> <p>(3) Valuation. – The amount of any charitable contribution of property other than money shall be based on the acquisition cost of said property.</p> <p>(4) Proof of Deductions. – Contributions or gifts shall be allowable as deductions only if verified under the rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner.</p> <p>(I) Research and Development. –</p> <p>(1) In General. – A taxpayer may treat research or development expenditures which are paid or incurred by him during the taxable year in connection with his trade, business or profession as ordinary and necessary expenses which are not chargeable to capital account. The expenditures so treated shall be allowed as deduction during the taxable year when paid or incurred.</p> <p>(2) Amortization of Certain Research and Development Expenditures. – At the election of the taxpayer and in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, the following research and development expenditures may be treated as deferred expenses:</p> <ul style="list-style-type: none">(a) Paid or incurred by the taxpayer in connection with his trade, business or profession;(b) Not treated as expenses under paragraph (1) hereof; and(c) Chargeable to capital account but not chargeable to property of a character which is subject to depreciation or depletion. <p>In computing taxable income, such deferred expenses shall be allowed</p>		
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<p>as deduction ratably distributed over a period of not less than sixty (60) months as may be elected by the taxpayer (beginning with the month in which the taxpayer first realizes benefits from such expenditures).</p> <p>The election provided by paragraph (2) hereof may be made for any taxable year beginning after the effectivity of this Code, but only if made not later than the time prescribed by law for filing the return for such taxable year. The method so elected, and the period selected by the taxpayer, shall be adhered to in computing taxable income for the taxable year for which the election is made and for all subsequent taxable years unless with the approval of the Commissioner, a change to a different method is authorized with respect to a part or all of such expenditures. The election shall not apply to any expenditure paid or incurred during any taxable year for which the taxpayer makes the election.</p> <p>(3) Limitations on Deduction. – This Subsection shall not apply to:</p> <p>(a) Any expenditure for the acquisition or improvement of land, or for the improvement of property to be used in connection with research and development of a character which is subject to depreciation and depletion; and</p> <p>(b) Any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral, including oil or gas.</p> <p>(J) Pension Trusts. – An employer establishing or maintaining a pension trust to provide for the payment of reasonable pensions to his employees shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under Subsection (A)(1) of this Section) a reasonable amount transferred or paid into such trust during the taxable year in excess of such contributions, but only if such amount (1)has not theretofore been allowed as a deduction, and (2) is apportioned in equal parts over a</p>		
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<p>period of ten (10) consecutive years beginning with the year in which the transfer or payment is made.</p> <p>(K) Additional Requirements for Deductibility of Certain Payments. – Any amount paid or payable which is otherwise deductible from, or taken into account in computing gross income or for which depreciation or amortization may be allowed under this Section, shall be allowed as a deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the Bureau of Internal Revenue in accordance with this Section 58 and 81 of this Code.</p> <p>(L) Optional Standard Deduction (OSD). – In lieu of the deductions allowed under the preceding Subsections, an individual subject to tax under Section 24, other than a nonresident alien, may elect a standard deduction in an amount not exceeding forty percent (40%) of his gross sales or gross receipts, as the case maybe.</p> <p>In the case of a corporation subject to tax under Sections 27(A) and 28(A)(1), it may elect a standard deduction in an amount not exceeding forty percent (40%) of its gross income as defined in Section 32 of this Code.</p> <p>Unless the taxpayer signifies in his return his intention to elect the optional standard deduction, he shall be considered as having availed himself of the deductions allowed in the preceding Subsections. Such election when made in the return shall be irrevocable for the taxable year for which the return is made: <i>Provided</i>, That an individual who is entitled to and claimed for the optional standard deduction shall not be required to submit with his tax return such financial statements otherwise required under this Code: <i>Provided, further</i>, That except when the Commissioner otherwise permits, the said individual shall keep such records pertaining to his gross sales or gross receipts, or the said corporation shall keep such records pertaining to his gross income as defined in Section 32 of this Code during the taxable year, as may be required by the rules and regulations promulgated by the</p>	<p>(L) Optional Standard Deduction (OSD). – In lieu of the deductions allowed under the preceding Subsections, an individual subject to tax under Section 24, other than a nonresident alien, may elect a standard deduction in an amount not exceeding forty percent (40%) of his gross sales or gross receipts, as the case may be.</p> <p>In the case of a corporation subject to tax under Sections 27(A) and 28(A)(1), it may elect a standard deduction in an amount not exceeding forty percent (40%) of its gross income as defined in Section 32 of this Code.</p> <p>Unless the taxpayer signifies in his return his intention to elect the optional standard deduction, he shall be considered as having availed himself of the deductions allowed in the preceding Subsections. Such election when made in the return shall be irrevocable for the taxable year for which the return is made: <i>Provided</i>, That an individual who is entitled to and claimed for the optional standard deduction shall not be required to submit with his tax return such financial statements otherwise required under this Code: <i>Provided, further, That a general professional partnership and the partners comprising such partnership may avail of the optional standard deduction only once, either by the general professional partnership or the partners comprising the partnership.</i> <i>Provided, finally</i>, That except when the Commissioner otherwise permits, the said individual shall keep such records pertaining to his gross sales or gross receipts, or</p>	
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	<p>Secretary of Finance, upon, recommendation of the Commissioner. \</p> <p>[(M) Premium Payments on Health and/or Hospitalization Insurance of an Individual Taxpayer. — the amount of premiums not to exceed Two thousand four hundred pesos (P2,400) per family or Two hundred pesos (P200) a month paid during the taxable year for health and/or hospitalization insurance taken by the taxpayer for himself, including his family, shall be allowed as a deduction from his gross income: Provided, That said family has a gross income of not more than Two hundred fifty thousand pesos (P250,000) for the taxable year: Provided, finally, That in the case of married taxpayers, only the spouse claiming the additional exemption for dependents shall be entitled to this deduction. (repealed)]</p> <p>Notwithstanding the provision of the preceding Subsections, The Secretary of Finance, upon recommendation of the Commissioner, after a public hearing shall have been held for this purpose, may prescribe by rules and regulations, limitations or ceilings for any of the itemized deductions under Subsections (A) to (J) of this Section: Provided, That for purposes of determining such ceilings or limitations, the Secretary of Finance shall consider the following factors: (1) adequacy of the prescribed limits on the actual expenditure requirements of each particular industry; and (2) effects of inflation on expenditure levels: Provided, further, That no ceilings shall further be imposed on items of expense already subject to ceilings under present law.</p>	<p>the said corporation shall keep such records pertaining to his gross income as defined in Section 32 of this Code during the taxable year, as may be required by the rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner. “Notwithstanding the provisions of the preceding Subsections, x x x.”</p>	
<p style="text-align: center;">35</p>	<p>[SEC. 35. Allowance of Personal Exemption for Individual Taxpayer.]</p>	<p style="text-align: center;">Repealed</p>	

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<p>(A) In General. For purposes of determining the tax provided in Section 24 (A) of this Title, there shall be allowed a basic personal exemption amounting to Fifty Thousand Pesos (P50,000) for each individual taxpayer.¹³³</p> <p>In the case of married individuals where only one of the spouses is deriving gross income, only such spouse shall be allowed the personal exemption.</p> <p>(B) Additional Exemption for Dependents. There shall be allowed an additional exemption of Twenty-five thousand pesos (P25,000) for each dependent not exceeding four (4).¹³⁴</p> <p>The additional exemption for dependent shall be claimed by only one of the spouses in the case of married individuals.</p> <p>In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children: Provided, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions herein allowed.</p> <p>For purposes of this Subsection, a dependent means a legitimate, illegitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.</p> <p>(C) Change of Status. If the taxpayer marries or should have additional dependent(s) as defined above during the taxable year, the taxpayer may claim the corresponding additional exemption, as the case may be, in full for such year.</p> <p>If the taxpayer dies during the taxable year, his estate may still claim</p>	<p style="text-align: center; font-size: 48px; opacity: 0.5;">DELA FUENTE</p>	
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	<p>the personal and additional exemptions for himself and his dependent(s) as if he died at the close of such year.</p> <p>If the spouse or any of the dependents dies or if any of such dependents marries, becomes twenty one (21) years old or becomes gainfully employed during the taxable year, the taxpayer may still claim the same exemptions as if the spouse or any of the dependents died, or as if such dependents married, became twenty one (21) years old or became gainfully employed at the close of such year.</p> <p>(D) Personal Exemption Allowable to Nonresident Alien Individual. - A nonresident alien individual engaged in trade, business or in the exercise of a profession in the Philippines shall be entitled to a personal exemption in the amount equal to the exemptions allowed in the income tax law in the country of which he is a subject - or citizen, to citizens of the Philippines not residing in such country, not to exceed the amount fixed in this Section as exemption for citizens or resident of the Philippines: Provided, That said nonresident alien should file a true and accurate return of the total income received by him from all sources in the Philippines, as required by this Title -1</p>		
<p style="text-align: center;">51</p>	<p>SEC. 51. Individual Return. -</p> <p>(A) Requirements. -</p> <p>(1) Except as provided in paragraph (2) of this Subsection, the following individuals are required to file an income tax return:</p>	<p>SEC. 51. Individual Returns. -</p> <p>“(A) x x x “(1) x x x “x x x</p>	

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<p>(a) Every Filipino citizen residing in the Philippines;</p> <p>(b) Every Filipino citizen residing outside the Philippines, on his income from sources within the Philippines;</p> <p>(c) Every alien residing in the Philippines, on income derived from sources within the Philippines; and</p> <p>(d) Every nonresident alien engaged in trade or business or in the exercise of profession in the Philippines.</p> <p>(2) The following individuals shall not be required to file an income tax return:</p> <p><u>(a) An individual whose gross income does not exceed his total personal and additional exemptions for dependents under Section 35.</u> Provided, That a citizen of the Philippines and any alien individual engaged in business or practice of profession within the Philippine shall file an income tax return, regardless of the amount of gross income;</p> <p>(b) An individual with respect to pure compensation income,^[35] as defined in Section 32 (A)(1), derived from sources within the Philippines, the income tax on which has been correctly withheld under the provisions of Section 79 of this Code: Provided, That an individual deriving compensation concurrently from two or more employers at any time during the taxable year shall file an income tax return.^[36]</p> <p>(c) An individual whose sole income has been subjected to final withholding tax pursuant to Section 57(A) of this Code; and</p> <p>(d) <u>A minimum wage earner as defined in section 22 (HH) of this Code</u> or an individual who is exempt from income tax pursuant to the provisions of this Code and other laws, general or special.^[37]</p>	<p>(2) The following individuals shall not be required to file an income tax return:</p> <p><u>(a) An individual whose taxable income does not exceed Two hundred fifty thousand pesos (P250,000) under Section 24(A)(2)(a).</u> Provided, That a citizen of the Philippines and any alien individual engaged in business or practice of profession within the Philippines shall file an income tax return, regardless of the amount of gross income;</p> <p>“x x x</p>	
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<p>(3) The foregoing notwithstanding, any individual not required to file an income tax return may nevertheless be required to file an information return pursuant to rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner.</p> <p>(4) The income tax return shall be filed in duplicate by the following persons:</p> <p>(a) A resident citizen - on his income from all sources;</p> <p>(b) A nonresident citizen - on his income derived from sources within the Philippines;</p> <p>(c) A resident alien - on his income derived from sources within the Philippines; and</p> <p>(d) A nonresident alien engaged in trade or business in the Philippines - on his income derived from sources within the Philippines.</p> <p>(B) Where to File. - Except in cases where the Commissioner otherwise permits, the return shall be filed with an authorized agent bank, Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality in which such person has his legal residence or principal place of business in the Philippines, or if there be no legal residence or place of business in the Philippines, with the</p>	<p>(5) The income tax return (ITR) shall consist of a maximum of four (4) pages in paper form or electronic form, and shall only contain the following information:</p> <p>“(A) Personal profile and information;</p> <p>“(B) Total gross sales, receipts or income from compensation for services rendered, conduct of trade or business or the exercise of a profession, except income subject to final tax as provided under this Code;</p> <p>“(C) Allowable deductions under this Code;</p> <p>“(D) Taxable income as defined in Section 31 of this Code; and</p> <p>“(E) Income tax due and payable.</p> <p>“x x x.”</p>
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<p>Office of the Commissioner.</p> <p>(C) When to File. -</p> <p>(1) The return of any individual specified above shall be filed on or before the fifteenth (15th) day of April of each year covering income for the preceding taxable year.</p> <p>(2) Individuals subject to tax on capital gains;</p> <p>(a) From the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Section 24(C) shall file a return within thirty (30) days after each transaction and a final consolidated return on or before April 15 of each year covering all stock transactions of the preceding taxable year; and</p> <p>(b) From the sale or disposition of real property under Section 24(D) shall file a return within thirty (30) days following each sale or other disposition.</p> <p>(D) Husband and Wife. - Married individuals, whether citizens, resident or nonresident aliens, who do not derive income purely from compensation, shall file a return for the taxable year to include the income of both spouses, but where it is impracticable for the spouses to file one return, each spouse may file a separate return of income but the returns so filed shall be consolidated by the Bureau for purposes of verification for the taxable year.</p> <p>(E) Return of Parent to Include Income of Children. - The income of unmarried minors derived from property received from a living parent shall be included in the return of the parent, except (1) when the donor's tax has been paid on such property, or (2) when the transfer of such property is exempt from donor's tax.</p> <p>(F) Persons Under Disability. - If the taxpayer is unable to make his</p>		
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	<p>own return, the return may be made by his duly authorized agent or representative or by the guardian or other person charged with the care of his person or property, the principal and his representative or guardian assuming the responsibility of making the return and incurring penalties provided for erroneous, false or fraudulent returns.</p> <p>(G) Signature Presumed Correct. - The fact that an individual's name is signed to a filed return shall be prima facie evidence for all purposes that the return was actually signed by him.</p>		
<p>51- A</p>	<p>No provision</p>	<p>“SEC. 51-A. Substituted Filing of Income Tax Returns by Employees Receiving Purely Compensation Income. – Individual taxpayers receiving purely compensation income, regardless of amount, from only one employer in the Philippines for the calendar year, the income tax of which has been withheld correctly by the said employer (tax due equals tax withheld) shall not be required to file an annual income tax return. The certificate of withholding filed by the respective employers, duly stamped ‘received’ by the BIR, shall be tantamount to the substituted filing of income tax returns by said employees.”</p>	
<p>52</p>	<p>SEC. 52. Corporation Returns. -</p> <p>(A) Requirements. - Every corporation subject to the tax herein imposed, except foreign corporations not engaged in trade or business in the Philippines, shall render, in duplicate, a true and accurate quarterly income tax return and final or adjustment return in accordance with the provisions of Chapter XII of this Title. The return shall be filed by the president, vice-president or other principal officer, and shall be sworn to by such officer and by the treasurer or assistant treasurer.</p>	<p>SEC. 52. Corporation Returns. –</p> <p>(A) Requirements. – Every corporation subject to the tax herein imposed, except foreign corporations not engaged in trade or business in the Philippines, shall render, in duplicate, a true and accurate quarterly income tax return and final or adjustment return in accordance with the provisions of Chapter XII of this Title. The income tax return shall consist of a maximum of four (4) pages in paper form or electronic form, be filed by the president, vice- president or other principal officer, shall be sworn to by such officer and by the treasurer or assistant treasurer, and shall only contain the following information:</p> <p>“(1) Corporate profile and information;</p> <p>“(2) Gross sales, receipts or income from services rendered, or conduct of trade or business, except income subject to final tax</p>	

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	<p>as provided under this Code; “(3) Allowable deductions under this Code; “(4) Taxable income as defined in Section 31 of this Code; and “(5) Income tax due and payable. “<i>Provided</i>, That the foregoing provisions shall not affect the implementation of Republic Act No. 10708 or TIMTA. “x x x.”</p>	
<p>(B) Taxable Year of Corporation. - A corporation may employ either calendar year or fiscal year as a basis for filing its annual income tax return: Provided, That the corporation shall not change the accounting period employed without prior approval from the Commissioner in accordance with the provisions of Section 47 of this Code.</p> <p>(C) Return of Corporation Contemplating Dissolution or Reorganization. - Every corporation shall, within thirty (30) days after the adoption by the corporation of a resolution or plan for its dissolution, or for the liquidation of the whole or any part of its capital stock, including a corporation which has been notified of possible involuntary dissolution by the Securities and Exchange Commission, or for its reorganization, render a correct return to the Commissioner, verified under oath, setting forth the terms of such resolution or plan and such other information as the Secretary of Finance, upon recommendation of the commissioner, shall, by rules and regulations, prescribe.</p> <p>The dissolving or reorganizing corporation shall, prior to the issuance by the Securities and Exchange Commission of the Certificate of Dissolution or Reorganization, as may be defined by rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner, secure a certificate of tax</p>	<p>GIALOGO DELA FUENTE</p>	

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	<p>clearance from the Bureau of Internal Revenue which certificate shall be submitted to the Securities and Exchange Commission.</p> <p>(D) Return on Capital Gains Realized from Sale of Shares of Stock not Traded in the Local Stock Exchange. - Every corporation deriving capital gains from the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Sections 24(C), 25(A)(3), 27(E)(2), 28(A)(8)(c) and 28 (B)(5)(c) shall file a return within thirty (30) days after each transactions and a final consolidated return of all transactions during the taxable year on or before the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year.</p>		
<p style="text-align: center;">56</p>	<p>SEC. 56. Payment and Assessment of Income Tax for Individuals and Corporations. -</p> <p>(A) Payment of Tax. -</p> <p>(1) In General. - The total amount of tax imposed by this Title shall be paid by the person subject thereto at the time the return is filed. In the case of tramp vessels, the shipping agents and/or the husbanding agents, and in their absence, the captains thereof are required to file the return herein provided and pay the tax due thereon before their departure. Upon failure of the said agents or captains to file the return and pay the tax, the Bureau of Customs is hereby authorized to hold the vessel and prevent its departure until proof of payment of the tax is presented or a sufficient bond is filed to answer for the tax due.</p> <p>(2) Installment of Payment. - When the tax due is in excess of Two thousand pesos (P2,000), the taxpayer other than a corporation may elect to pay the tax in two (2) equal installments in which case, the first installment shall be paid at the time the return is filed and the second installment, on or before July 15 following the close of the calendar year. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid becomes due and</p>	<p>SEC. 56. Payment and Assessment of Income Tax for Individuals and Corporations. -</p> <p>(A) Payment of Tax. -</p> <p>(1) x x x</p> <p>(2) Installment of Payment. - When a tax due is in excess of Two thousand pesos (P2,000), the taxpayer other than a corporation, may elect to pay the tax in two (2) equal installments, in which case, the first installment shall be paid at the time the return is filed and the second installment on or before October 15 following the close of the calendar year, if any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid becomes due and</p>	

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<p>payable, together with the delinquency penalties.</p> <p>(3) Payment of Capital Gains Tax. - The total amount of tax imposed and prescribed under Section 24 (c), 24(D), 27(E)(2), 28(A)(8)(c) and 28(B)(5)(c) shall be paid on the date the return prescribed therefor is filed by the person liable thereto: Provided, That if the seller submits proof of his intention to avail himself of the benefit of exemption of capital gains under existing special laws, no such payments shall be required: Provided, further, That in case of failure to qualify for exemption under such special laws and implementing rules and regulations, the tax due on the gains realized from the original transaction shall immediately become due and payable, subject to the penalties prescribed under applicable provisions of this Code: Provided, finally, That if the seller, having paid the tax, submits such proof of intent within six (6) months from the registration of the document transferring the real property, he shall be entitled to a refund of such tax upon verification of his compliance with the requirements for such exemption.</p> <p>In case the taxpayer elects and is qualified to report the gain by installments under Section 49 of this Code, the tax due from each installment payment shall be paid within (30) days from the receipt of such payments.</p> <p>No registration of any document transferring real property shall be effected by the Register of Deeds unless the Commissioner or his duly authorized representative has certified that such transfer has been reported, and the tax herein imposed, if any, has been paid.</p> <p>(B) Assessment and Payment of Deficiency Tax. - After the return is filed, the Commissioner shall examine it and assess the correct amount of the tax. The tax or deficiency income tax so discovered shall be paid upon notice and demand from the Commissioner.</p> <p>As used in this Chapter, in respect of a tax imposed by this Title, the</p>	<p>payable together with the delinquency penalties.”</p>	
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	<p>term 'deficiency' means:</p> <p>(1) The amount by which the tax imposed by this Title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amount previously abated, credited, returned or otherwise repaid in respect of such tax; or</p> <p>(2) If no amount is shown as the tax by the taxpayer upon this return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed or collected without assessment shall first be decreased by the amounts previously abated, credited returned or otherwise repaid in respect of such tax.</p>		
<p style="text-align: center;">57</p>	<p>SEC. 57. Withholding of Tax at Source. -</p> <p>(A) Withholding of Final Tax on Certain Incomes. - Subject to rules and regulations the Secretary of Finance may promulgate, upon the recommendation of the Commissioner, requiring the filing of income tax return by certain income payees, the tax imposed or prescribed by Sections 24(B)(1), 24(B)(2), 24(C), 24(D)(1); 25(A)(2), 25(A)(3), 25(B), 25(C), 25(D), 25(E), 27(D)(1), 27(D)(2), 27(D)(3), 27(D)(5), 28 (A)(4), 28(A)(5), 28(A)(7)(a), 28(A)(7)(b), 28(A)(7)(c), 28(B)(1), 28(B)(2), 28(B)(3), 28(B)(4), 28(B)(5)(a), 28(B)(5)(b), 28(B)(5)(c); 33; and 282 of this Code on specified items of income shall be withheld by payor-corporation and/or person and paid in the same manner and subject to the same conditions as provided in Section 58 of this Code.</p> <p>(B) Withholding of Creditable Tax at Source. - The Secretary of Finance may, upon the recommendation of the Commissioner, require the withholding of a tax on the items of income payable to natural or juridical persons, residing in the Philippines, by payor-corporation/persons as provided for by law, at the rate of not less than one percent (1%) but not more than thirty-two percent (32%) thereof,</p>	<p>SEC. 57. Withholding of Tax at Source. -</p> <p>“(A) x x x</p> <p>(B) Withholding of Creditable Tax at Source.—The Secretary of Finance may, upon the recommendation of the Commissioner, require the withholding of a tax on the items of income payable to natural or juridical persons, residing in the Philippines, by payor-corporation/persons as provided for by law, at the rate of not less than one percent (1%) but not more than thirty-two percent (32%) thereof,</p>	

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	<p>which shall be credited against the income tax liability of the taxpayer for the taxable year.</p> <p>(C) Tax-free Covenant Bonds. - In any case where bonds, mortgages, deeds of trust or other similar obligations of domestic or resident foreign corporations, contain a contract or provisions by which the obligor agrees to pay any portion of the tax imposed in this Title upon the obligee or to reimburse the obligee for any portion of the tax or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon or to retain therefrom under any law of the Philippines, or any state or country, the obligor shall deduct bonds, mortgages, deeds of trust or other obligations, whether the interest or other payments are payable annually or at shorter or longer periods, and whether the bonds, securities or obligations had been or will be issued or marketed, and the interest or other payment thereon paid, within or without the Philippines, if the interest or other payment is payable to a nonresident alien or to a citizen or resident of the Philippines.</p>	<p>which shall be credited against the income tax liability of the taxpayer for the taxable year: Provided, That, beginning January 1, 2019, the rate of withholding shall not be less than one percent (1%) but not more than fifteen percent (15%) of the income payment.</p> <p>(C) x x x.”</p>	
<p style="text-align: center;">58</p>	<p>SEC. 58. Returns and Payment of Taxes Withheld at Source. -</p> <p>(A) Quarterly Returns and Payments of Taxes Withheld. - Taxes deducted and withheld under Section 57 by withholding agents shall be covered by a return and paid to, except in cases where the Commissioner otherwise permits, an authorized agent bank, Revenue District Officer, Collection Agent, or duly authorized Treasurer of the city or municipality where the withholding agent has his legal residence or principal place of business, or where the withholding agent is a corporation, where the principal office is located.</p> <p>The taxes deducted and withheld by the withholding agent shall be held as a special fund in trust for the government until paid to the</p>	<p>SEC. 58. Return and Payment of Taxes Withheld at Source. –</p> <p>“(A) x x x “x x x</p>	

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<p>collecting officers.</p> <p><i>The return for final withholding tax shall be filed and the payment made within twenty-five (25) days from the close of each calendar quarter, while the return for creditable withholding taxes shall be filed and the payment made not later than the last day of the month following the close of the quarter during which withholding was made [Provided, That the Commissioner, with the approval of the Secretary of Finance, may require these withholding agents to pay or deposit the taxes deducted or withheld at more frequent intervals when necessary to protect the interest of the government.]</i></p> <p>(B) Statement of Income Payments Made and Taxes Withheld. - Every withholding agent required to deduct and withhold taxes under Section 57 shall furnish each recipient, in respect to his or its receipts during the calendar quarter or year, a written statement showing the income or other payments made by the withholding agent during such quarter or year, and the amount of the tax deducted and withheld therefrom, simultaneously upon payment at the request of the payee, but not later than the twentieth (20th) day following the close of the quarter in the case of corporate payee, or not later than March 1 of the following year in the case of individual payee for creditable withholding taxes. For final withholding taxes, the statement should be given to the payee on or before January 31 of the succeeding year.</p> <p>(C) Annual Information Return. - Every withholding agent required to deduct and withhold taxes under Section 57 shall submit to the Commissioner an annual information return containing the list of payees and income payments, amount of taxes withheld from each payee and such other pertinent information as may be required by the Commissioner. In the case of final withholding taxes, the return shall be filed on or before January 31 of the succeeding year, and for creditable withholding taxes, not later than March 1 of the year following the year for which the annual report is being submitted. This return, if made and filed in accordance with the rules and regulations approved by the Secretary of Finance, upon recommendation of the</p>	<p><i>“The return for final and creditable withholding taxes shall be filed and the payment made not later than the last day of the month following the close of the quarter during which withholding was made.”</i></p>	
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<p>Commissioner, shall be sufficient compliance with the requirements of Section 68 of this Title in respect to the income payments.</p> <p>The Commissioner may, by rules and regulations, grant to any withholding agent a reasonable extension of time to furnish and submit the return required in this Subsection.</p> <p>(D) Income of Recipient. - Income upon which any creditable tax is required to be withheld at source under Section 57 shall be included in the return of its recipient but the excess of the amount of tax so withheld over the tax due on his return shall be refunded to him subject to the provisions of Section 204; if the income tax collected at source is less than the tax due on his return, the difference shall be paid in accordance with the provisions of Section 56.</p> <p>All taxes withheld pursuant to the provisions of this Code and its implementing rules and regulations are hereby considered trust funds and shall be maintained in a separate account and not commingled with any other funds of the withholding agent.</p> <p>(E) Registration with Register of Deeds. - No registration of any document transferring real property shall be effected by the Register of Deeds unless the Commissioner or his duly authorized representative has certified that such transfer has been reported, and the capital gains or creditable withholding tax, if any, has been paid: Provided, however, That the information as may be required by rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, shall be annotated by the Register of Deeds in the Transfer Certificate of Title or Condominium Certificate of Title: Provided, further, That in cases of transfer of property to a corporation, pursuant to a merger, consolidation or reorganization, and where the law allows deferred recognition of income in accordance with Section 40, the information as may be required by rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, shall be annotated by the Register of Deeds at the back of the Transfer</p>		
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	Certificate of Title or Condominium Certificate of Title of the real property involved: Provided, finally, That any violation of this provision by the Register of Deeds shall be subject to the penalties imposed under Section 269 of this Code.		
62	[SEC. 62. Exemption Allowed to Estates and Trusts. — For the purpose of the tax provided for in this Title, there shall be allowed an exemption of Twenty thousand pesos (P20,000) from the income of the estate or trust.]	Repealed	
74	<p>SEC. 74. Declaration of Income Tax for Individuals. -</p> <p>(A) In General. - Except as otherwise provided in this Section, every individual subject to income tax under Sections 24 and 25(A) of this Title, who is receiving self-employment income, whether it constitutes the sole source of his income or in combination with salaries, wages and other fixed or determinable income, shall make and file a declaration of his estimated income for the current taxable year on or before April 15 of the same taxable year. In general, 'self-employment income' consists of the earnings derived by the individual from the practice of profession or conduct of trade or business carried on by him as a sole proprietor or by a partnership of which he is a member. Nonresident Filipino citizens, with respect to income from without the Philippines, and nonresident aliens not engaged in trade or business in the Philippines, are not required to render a declaration of estimated income tax. The declaration shall contain such pertinent information as the Secretary of Finance, upon recommendation of the Commissioner, may, by rules and regulations prescribe. An individual may make amendments of a declaration filed during the taxable year under the rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner.</p> <p>(B) Return and Payment of Estimated Income Tax by Individuals. - The amount of estimated income as defined in Subsection (C) with</p>	<p>SEC. 74. Declaration of Income Tax for Individuals. –</p> <p>“(A) <i>In General.</i> – Except as otherwise provided in this Section, every individual subject to income tax under Sections 24 and 25(A) of this Title, who is receiving self-employment income, whether it constitutes the sole source of his income or in combination with salaries, wages and other fixed or determinable income, shall make and file a declaration of his estimated income for the current taxable year on or before May 15 of the same taxable year. x x x</p> <p>(B) Return and Payment of Estimated Income Tax by Individuals. – The amount of estimated income as defined in</p>	

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	<p>respect to which a declaration is required under Subsection (A) shall be paid in four (4) installments. The first installment shall be paid at the time of the declaration and the second and third shall be paid on August 15 and November 15 of the current year, respectively. The fourth installment shall be paid on or before April 15 of the following calendar year when the final adjusted income tax return is due to be filed.</p> <p>(C) Definition of Estimated Tax. - In the case of an individual, the term '<i>estimated tax</i>' means the amount which the individual declared as income tax in his final adjusted and annual income tax return for the preceding taxable year minus the sum of the credits allowed under this Title against the said tax. If, during the current taxable year, the taxpayer reasonable expects to pay a bigger income tax, he shall file an amended declaration during any interval of installment payment dates.</p>	<p>Subsection (C) with respect to which a declaration is required under Subsection (A) shall be paid in four (4) installments. The first installment shall be paid at the time of declaration and the second and third shall be paid on August 15 and November 15 of the current year, respectively. The fourth installment shall be paid on or before May 15 of the following calendar year when the final adjusted income tax return is due to be filed.</p> <p>“(C) x x x.”</p>	
<p style="text-align: center; font-size: 24pt;">79</p>	<p>SEC. 79. Income Tax Collected at Source. -</p> <p>(A) Requirement of Withholding. - Except in the case of a minimum wage earner as defined in Section 22(HH) of this Code, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner. ^[42]</p> <p>(B) Tax Paid by Recipient. - If the employer, in violation of the provisions of this Chapter, fails to deduct and withhold the tax as required under this Chapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer; but this Subsection shall in no case relieve the employer from liability for any penalty or addition to the tax otherwise applicable in respect of such failure to deduct and withhold.</p>	<p>SEC. 79. Income Tax Collected at Source. -</p> <p>“x x x</p>	

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<p>(C) Refunds or Credits. -</p> <p>(1) Employer. - When there has been an overpayment of tax under this Section, refund or credit shall be made to the employer only to the extent that the amount of such overpayment was not deducted and withheld hereunder by the employer.</p> <p>(2) Employees. -The amount deducted and withheld under this Chapter during any calendar year shall be allowed as a credit to the recipient of such income against the tax imposed under Section 24(A) of this Title. Refunds and credits in cases of excessive withholding shall be granted under rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner.</p> <p>Any excess of the taxes withheld over the tax due from the taxpayer shall be returned or credited within three (3) months from the fifteenth (15th) day of April. Refunds or credits made after such time shall earn interest at the rate of six percent (6%) per annum, starting after the lapse of the three-month period to the date the refund of credit is made.</p> <p>Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of counter-signature by the Chairman, Commission on Audit or the latter's duly authorized representative as an exception to the requirement prescribed by Section 49, Chapter 8, Subtitle B, Title 1 of Book V of Executive Order No. 292, otherwise known as the Administrative Code of 1987. [43]</p> <p>(D) Personal Exemptions. -</p> <p>(1) In General. - Unless otherwise provided by this Chapter, the personal and additional exemptions applicable under this Chapter shall be determined in accordance with the main provisions of this Title.</p>	<p><i>“(C) Refunds or Credits. –</i></p> <p><i>“(1) Employer. – x x x</i></p> <p><i>“(2) Employees. – x x x</i></p> <p><i>“x x x</i></p> <p><i>“(D) Withholding on Basis of Average Wages. – x x x</i></p> <p><i>“(1) x x x</i></p> <p><i>“(2) x x x; and</i></p> <p><i>“(3) x x x.</i></p> <p><i>“(E) Nonresident Aliens. – x x x</i></p> <p><i>“(F) Year-end Adjustment. – x x x.”</i></p>
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<p>(2) Exemption Certificate.</p> <p>(a) When to File. On or before the date of commencement of employment with an employer, the employee shall furnish the employer with a signed withholding exemption certificate relating to the personal and additional exemptions to which he is entitled.</p> <p>(b) Change of Status. In case of change of status of an employee as a result of which he would be entitled to a lesser or greater amount of exemption, the employee shall, within ten (10) days from such change, file with the employer a new withholding exemption certificate reflecting the change.</p> <p>(c) Use of Certificates. The certificates filed hereunder shall be used by the employer in the determination of the amount of taxes to be withheld.</p> <p>(d) Failure to Furnish Certificate. Where an employee, in violation of this Chapter, either fails or refuses to file a withholding exemption certificate, the employer shall withhold the taxes prescribed under the schedule for zero exemption of the withholding tax table determined pursuant to Subsection (A) hereof. (REPEALED)</p> <p>(E) Withholding on Basis of Average Wages. - The Commissioner may, under rules and regulations promulgated by the Secretary of Finance, authorize employers to:</p> <p>(1) Estimate the wages which will be paid to an employee in any quarter of the calendar year;</p> <p>(2) Determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p>	
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<p>(3) Deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be required to be deducted and withheld during such quarter without regard to this Subsection.</p> <p>(F) Husband and Wife. - When a husband and wife each are recipients of wages, whether from the same or from different employers, taxes to be withheld shall be determined on the following bases:</p> <p>(1) The husband shall be deemed the head of the family and proper claimant of the additional exemption in respect to any dependent children, unless he explicitly waives his right in favor of his wife in the withholding exemption certificate.</p> <p>(2) Taxes shall be withheld from the wages of the wife in accordance with the schedule for zero exemption of the withholding tax table prescribed in Subsection (D)(2)(d) hereof.</p> <p>(G) Nonresident Aliens. - Wages paid to nonresident alien individuals engaged in trade or business in the Philippines shall be subject to the provisions of this Chapter.</p> <p>(H) Year-end Adjustment. - On or before the end of the calendar year but prior to the payment of the compensation for the last payroll period, the employer shall determine the tax due from each employee on taxable compensation income for the entire taxable year in accordance with Section 24(A). The difference between the tax due from the employee for the entire year and the sum of taxes withheld from January to November shall either be withheld from his salary in December of the current calendar year or refunded to the employee not later than January 25 of the succeeding year.</p>		
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84	<p>SEC. 84. Rates of Estate Tax. - There shall be levied, assessed, collected and paid upon the transfer of the net estate as determined in accordance with Sections 85 and 86 of every decedent, whether resident or nonresident of the Philippines, <u>a tax based on the value of such net estate, as computed in accordance with the following schedule:</u></p> <p><u>If the net estate is:</u></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;">Over</th> <th style="width: 15%;">But Not Over</th> <th style="width: 15%;">The Tax Shall Be</th> <th style="width: 15%;">Plus</th> <th style="width: 15%;">Of the Excess Over</th> </tr> </thead> <tbody> <tr> <td></td> <td>P 200,000</td> <td>Exempt</td> <td></td> <td></td> </tr> <tr> <td>P 200,000</td> <td>500,000</td> <td>0</td> <td>5%</td> <td>P 200,000</td> </tr> <tr> <td>500,000</td> <td>2,000,000</td> <td>P15,000</td> <td>8%</td> <td>500,000</td> </tr> <tr> <td>2,000,000</td> <td>5,000,000</td> <td>135,000</td> <td>11%</td> <td>2,000,000</td> </tr> <tr> <td>5,000,000</td> <td>10,000,000</td> <td>456,000</td> <td>15%</td> <td>5,000,000</td> </tr> <tr> <td>10,000,000</td> <td>And Over</td> <td>1,215,000</td> <td>20%</td> <td>10,000,000</td> </tr> </tbody> </table>	Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over		P 200,000	Exempt			P 200,000	500,000	0	5%	P 200,000	500,000	2,000,000	P15,000	8%	500,000	2,000,000	5,000,000	135,000	11%	2,000,000	5,000,000	10,000,000	456,000	15%	5,000,000	10,000,000	And Over	1,215,000	20%	10,000,000	<p>“SEC. 84. <i>Rate of Estate Tax.</i> – There shall be levied, assessed, collected and paid upon the transfer of the net estate as determined in accordance with Sections 85 and 86 of every decedent, whether resident or nonresident of the Philippines, <u>a tax at the rate of six percent (6%) based on the value of such net estate.</u>”</p>	<p>Starting 2018, the rate will be flat 6%.</p>
Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over																																		
	P 200,000	Exempt																																				
P 200,000	500,000	0	5%	P 200,000																																		
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10,000,000	And Over	1,215,000	20%	10,000,000																																		
86	<p>SEC. 86. Computation of Net Estate. - For the purpose of the tax imposed in this Chapter, the value of the net estate shall be determined:</p> <p>(A) Deductions Allowed to the Estate of Citizen or a Resident. - In the case of a citizen or resident of the Philippines, by deducting from the value of the gross estate -</p> <p>(1) Expenses, Losses, Indebtedness, and Taxes. – Such amounts</p> <p>(a) For actual funeral expenses or in an amount equal to five percent (5%) of the gross estate, whichever is lower, but in no case to exceed Two hundred thousand pesos (P200,000).</p> <p>(b) For judicial expenses of the testamentary or intestate proceedings.</p>	<p>SEC. 86. Computation of Net Estate. – For the purpose of the tax imposed in this Chapter, the value of the net estate shall be determined:</p> <p>(A) <i>Deductions Allowed to the Estate of a Citizen or a Resident.</i> – In the case of a citizen or resident of the Philippines, by deducting from the value of the gross estate –</p> <p><u>(1) Standard Deduction.</u> – <u>An amount equivalent to Five million pesos (P5,000,000).</u></p> <p>(2) For claims against the estate: <i>Provided</i>, That at the time the</p>																																				

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<p>(c) For claims against the estate: Provided, That at the time the indebtedness was incurred the debt instrument was duly notarized and, if the loan was contracted within three (3) years before the death of the decedent, the administrator or executor shall submit a statement showing the disposition of the proceeds of the loan;</p> <p>(d) For claims of the deceased against insolvent persons where the value of decedent's interest therein is included in the value of the gross estate; and</p> <p>(e) For unpaid mortgages upon, or any indebtedness in respect to, property where the value of decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate, but not including any income tax upon income received after the death of the decedent, or property taxes not accrued before his death, or any estate tax. The deduction herein allowed in the case of claims against the estate, unpaid mortgages or any indebtedness shall, when founded upon a promise or agreement, be limited to the extent that they were contracted bona fide and for an adequate and full consideration in money or money's worth. There shall also be deducted losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualties, or from robbery, theft or embezzlement, when such losses are not compensated for by insurance or otherwise, and if at the time of the filing of the return such losses have not been claimed as a deduction for the income tax purposes in an income tax return, and provided that such losses were incurred not later than the last day for the payment of the estate tax as prescribed in Subsection (A) of Section 91.</p> <p>(2) Property Previously Taxed. - An amount equal to the value specified below of any property forming a part of the gross estate situated in the Philippines of any person who died within five (5) years</p>	<p>indebtedness was incurred the debt instrument was duly notarized and, if the loan was contracted within three (3) years before the death of the decedent, the administrator or executor shall submit a statement showing the disposition of the proceeds of the loan.</p> <p>(3) For claims of the deceased against insolvent persons where the value of decedent's interest therein is included in the value of the gross estate.</p> <p>(4) For unpaid mortgages upon, or any indebtedness in respect to, property where the value of decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate, but not including any income tax upon income received after the death of the decedent, or property taxes not accrued before his death, or any estate tax. The deduction herein allowed in the case of claims against the estate, unpaid mortgages or any indebtedness shall, when founded upon a promise or agreement, be limited to the extent that they were contracted <i>bona fide</i> and for an adequate and full consideration in money or money's worth. There shall also be deducted losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualties, or from robbery, theft or embezzlement, when such losses are not compensated for by insurance or otherwise, and if at the time of the filing of the return such losses have not been claimed as a deduction for the income tax purposes in an income tax return, and provided that such losses were incurred not later than the last day for the payment of the estate tax as prescribed in Subsection (A) of Section 91.</p> <p>(5) <i>Property Previously Taxed.</i> – An amount equal to the value specified below of any property forming part of the gross estate situated in the Philippines of any person who died within five (5) years prior to the death of the decedent, or transferred to the decedent</p>
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<p>prior to the death of the decedent, or transferred to the decedent by gift within five (5) years prior to his death, where such property can be identified as having been received by the decedent from the donor by gift, or from such prior decedent by gift, bequest, devise or inheritance, or which can be identified as having been acquired in exchange for property so received:</p> <p>One hundred percent (100%) of the value, if the prior decedent died within one (1) year prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Eighty percent (80%) of the value, if the prior decedent died more than one (1) year but not more than two (2) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Sixty percent (60%) of the value, if the prior decedent died more than two (2) years but not more than three (3) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Forty percent (40%) of the value, if the prior decedent died more than three (3) years but not more than four (4) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Twenty percent (20%) of the value, if the prior decedent died more than four (4) years but not more than five (5) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>These deductions shall be allowed only where a donor's tax or estate tax imposed under this Title was finally determined and paid by or on behalf of such donor, or the estate of such prior decedent, as the case may be, and only in the amount finally determined as the value of such property in determining the value of the gift, or the gross estate of such</p>	<p>by gift within five (5) years prior to his death, where such property can be identified as having been received by the decedent from the donor by gift, or from such prior decedent by gift, bequest, devise or inheritance, or which can be identified as having been acquired in exchange for property so received:</p> <p>One hundred percent (100%) of the value, if the prior decedent died within one (1) year prior to the death of the decedent, or if the property was transferred to him by gift, within the same period prior to his death;</p> <p>Eighty percent (80%) of the value, if the prior decedent died more than one (1) year but not more than two (2) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Sixty percent (60%) of the value, if the prior decedent died more than two (2) years but not more than three (3) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>“Forty percent (40%) of the value, if the prior decedent died more than three (3) years but not more than four (4) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death; and</p> <p>“Twenty percent (20%) of the value, if the prior decedent died more than four (4) years but not more than five (5) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death.</p> <p>“These deductions shall be allowed only where a donor's tax, or estate tax imposed under this Title was finally determined and paid by or on behalf of such donor, or the estate of such prior decedent, as the case may be, and only in the amount finally determined as the value of such property in determining the value of the gift, or the gross estate of such</p>
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<p>prior decedent, and only to the extent that the value of such property is included in the decedent's gross estate, and only if in determining the value of the estate of the prior decedent, no deduction was allowable under paragraph (2) in respect of the property or properties given in exchange therefor. Where a deduction was allowed of any mortgage or other lien in determining the donor's tax, or the estate tax of the prior decedent, which was paid in whole or in part prior to the decedent's death, then the deduction allowable under said Subsection shall be reduced by the amount so paid. Such deduction allowable shall be reduced by an amount which bears the same ratio to the amounts allowed as deductions under paragraphs (1) and (3) of this Subsection as the amount otherwise deductible under said paragraph (2) bears to the value of the decedent's estate. Where the property referred to consists of two or more items, the aggregate value of such items shall be used for the purpose of computing the deduction.</p> <p>(3) Transfers for Public Use. - The amount of all the bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines, or any political subdivision thereof, for exclusively public purposes.</p> <p>(4) The Family Home. - An amount equivalent to the current fair market value of the decedent's family home: <i>Provided, however, That if the said current fair market value exceeds <u>One million pesos (P1,000,000)</u>, the excess shall be subject to estate tax.</i> As a sine qua non condition for the exemption or deduction, said family home must have been the decedent's family home as certified by the barangay captain of the locality.</p> <p>(5) Standard Deduction. - <i>An amount equivalent to <u>One million pesos (P1,000,000)</u>.</i></p> <p>(6) Medical Expenses. - Medical Expenses incurred by the decedent within one (1) year prior to his death which shall be duly substantiated</p>	<p>prior decedent, and only to the extent that the value of such property is included in the decedent's gross estate, and only if in determining the value of the estate of the prior decedent, no deduction was allowable under paragraph (5) in respect of the property or properties given in exchange therefor. Where a deduction was allowed of any mortgage or other lien in determining the donor's tax, or the estate tax of the prior decedent, which was paid in whole or in part prior to the decedent's death, then the deduction allowable under said Subsection shall be reduced by the amount so paid. Such deduction allowable shall be reduced by an amount which bears the same ratio to the amounts allowed as deductions under paragraphs (2), (3), (4), and (6) of this Subsection as the amount otherwise deductible under said paragraph (5) bears to the value of the decedent's estate. Where the property referred to consists of two or more items, the aggregate value of such items shall be used for the purpose of computing the deduction.</p> <p>(6) Transfers for Public Use. - The amount of all bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines, or any political subdivision thereof, for exclusively public purposes.</p> <p>(7) The Family Home. - An amount equivalent to the current fair market value of the decedent's family home: <i>Provided, however, That if the said current fair market value exceeds <u>Ten million pesos (P10,000,000)</u>, the excess shall be subject to estate tax.</i></p>	
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<p>with receipts: Provided, That in no case shall the deductible medical expenses exceed Five Hundred Thousand Pesos (P500,000).]</p> <p>(7) Amount Received by Heirs Under Republic Act No. 4917. - Any amount received by the heirs from the decedent - employee as a consequence of the death of the decedent-employee in accordance with Republic Act No. 4917: <i>Provided</i>, That such amount is included in the gross estate of the decedent.</p> <p>(B) Deductions Allowed to Nonresident Estates. - In the case of a nonresident not a citizen of the Philippines, by deducting from the value of that part of his gross estate which at the time of his death is situated in the Philippines:</p> <p>[(1) Expenses, Losses, Indebtedness and Taxes. - That proportion of the deductions specified in paragraph (1) of Subsection (A) of this Section which the value of such part bears to the value of his entire gross estate wherever situated;]</p> <p>(2) Property Previously Taxed. - An amount equal to the value specified below of any property forming part of the gross estate situated in the Philippines of any person who died within five (5) years prior to the death of the decedent, or transferred to the decedent by gift within five (5) years prior to his death, where such property can be identified as having been received by the decedent from the donor by gift, or from such prior decedent by gift, bequest, devise or inheritance, or which can be identified as having been acquired in exchange for property so received:</p> <p>One hundred percent (100%) of the value if the prior decedent died within one (1) year prior to the death of the decedent, or if the property</p>	<p>(8) Amount Received by Heirs Under Republic Act No. 4917. – Any amount received by the heirs from the decedent’s employee as a consequence of the death of the decedent-employee in accordance with Republic Act No. 4917: <i>Provided</i>, That such amount is included in the gross estate of the decedent.</p> <p>(B) Deductions Allowed to Nonresident Estates. – In the case of a nonresident not a citizen of the Philippines, by deducting from the value of that part of his gross estate which at the time of his death is situated in the Philippines:</p> <p>(1) Standard Deduction. – <u>An amount equivalent to Five hundred thousand pesos (P500,000);</u></p> <p>(2) That proportion of the deductions specified in paragraphs (2), (3), and (4) of Subsection (A) of this Section which the value of such part bears to the value of his entire gross estate wherever situated;</p> <p>(3) <i>Property Previously Taxed.</i> – x x x</p>
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<p>was transferred to him by gift, within the same period prior to his death;</p> <p>Eighty percent (80%) of the value, if the prior decedent died more than one (1) year but not more than two (2) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Sixty percent (60%) of the value, if the prior decedent died more than two (2) years but not more than three (3) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death;</p> <p>Forty percent (40%) of the value, if the prior decedent died more than three (3) years but not more than four (4) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death; and</p> <p>Twenty percent (20%) of the value, if the prior decedent died more than four (4) years but not more than five (5) years prior to the death of the decedent, or if the property was transferred to him by gift within the same period prior to his death.</p> <p>These deductions shall be allowed only where a donor's tax, or estate tax imposed under this Title is finally determined and paid by or on behalf of such donor, or the estate of such prior decedent, as the case may be, and only in the amount finally determined as the value of such property in determining the value of the gift, or the gross estate of such prior decedent, and only to the extent that the value of such property is included in that part of the decedent's gross estate which at the time of his death is situated in the Philippines; and only if, in determining the value of the net estate of the prior decedent, no deduction is allowable under paragraph (2) of Subsection (B) of this Section, in respect of the property or properties given in exchange therefore. Where a deduction was allowed of any mortgage or other lien in determining the donor's tax, or the estate tax of the prior decedent, which was paid in whole or in part prior to the decedent's death, then the deduction allowable</p>		
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<p>under said paragraph shall be reduced by the amount so paid. Such deduction allowable shall be reduced by an amount which bears the same ratio to the amounts allowed as deductions under paragraphs (1) and (3) of this Subsection as the amount otherwise deductible under paragraph (2) bears to the value of that part of the decedent's gross estate which at the time of his death is situated in the Philippines. Where the property referred to consists of two (2) or more items, the aggregate value of such items shall be used for the purpose of computing the deduction.</p> <p>(3) Transfers for Public Use. - The amount of all bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines or any political subdivision thereof, for exclusively public purposes.</p> <p>(C) Share in the Conjugal Property. - the net share of the surviving spouse in the conjugal partnership property as diminished by the obligations properly chargeable to such property shall, for the purpose of this Section, be deducted from the net estate of the decedent.</p> <p>(D) Miscellaneous Provisions. - No deduction shall be allowed in the case of a nonresident not a citizen of the Philippines, unless the executor, administrator, or anyone of the heirs, as the case may be, includes in the return required to be filed under Section 90 the value at the time of his death of that part of the gross estate of the nonresident not situated in the Philippines. -]</p> <p>(E) Tax Credit for Estate Taxes paid to a Foreign Country. -</p> <p>(1) In General. - The tax imposed by this Title shall be credited with the amounts of any estate tax imposed by the authority of a foreign country.</p> <p>(2) Limitations on Credit. - The amount of the credit taken under this</p>	<p>(4) Transfers for Public Use. – The amount of all bequests, legacies, devises or transfers to or for the use of the Government of the Republic of the Philippines or any political subdivision thereof, for exclusively public purposes.</p> <p>(C) Share in the Conjugal Property. – The net share of the surviving spouse in the conjugal partnership property as diminished by the obligations properly chargeable to such property shall, for the purpose of this Section, be deducted from the net estate of the decedent.</p> <p>(D) Tax Credit for Estate Taxes Paid to a Foreign Country. –</p> <p>(1) In General. – The tax imposed by this Title shall be credited with the amounts of any estate tax imposed by the authority of a foreign country.</p> <p>(2) Limitations on Credit. – The amount of the credit taken under this Section shall be subject to each of the following limitations:</p>	
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	<p>Section shall be subject to each of the following limitations:</p> <p>(a) The amount of the credit in respect to the tax paid to any country shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated within such country taxable under this Title bears to his entire net estate; and</p> <p>(b) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated outside the Philippines taxable under this Title bears to his entire net estate.</p>	<p>(a) The amount of the credit in respect to the tax paid to any country shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated within such country taxable under this Title bears to his entire net estate; and</p> <p>(b) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the decedent's net estate situated outside the Philippines taxable under this Title bears to his entire net estate."</p>	
<p style="text-align: center;">89</p>	<p>SEC. 89. Notice of Death to be Filed. - In all cases of transfers subject to tax, or where, though exempt from tax, the gross value of the estate exceeds Twenty thousand pesos (P20,000), the executor, administrator or any of the legal heirs, as the case may be, within two (2) months after the decedent's death, or within a like period after qualifying as such executor or administrator, shall give a written notice thereof to the Commissioner.]</p>	<p>Repealed</p>	
<p style="text-align: center;">90</p>	<p>SEC. 90. Estate Tax Returns. -</p> <p>(A) Requirements. - In all cases of transfers subject to the tax imposed herein, or where, [though exempt from tax, the gross value of the estate exceeds Two hundred thousand pesos (P200,000).] or regardless of the gross value of the estate, where the said estate consists of registered or registrable property such as real property, motor vehicle, shares of stock or other similar property for which a clearance from the Bureau of Internal Revenue is required as a condition precedent for the transfer of ownership thereof in the name of the transferee, the executor, or the administrator, or any of the legal heirs, as the case may be, shall file a return under oath in duplicate, setting forth:</p> <p>(1) The value of the gross estate of the decedent at the time of his death, or in case of a nonresident, not a citizen of the Philippines, of that part of his gross estate situated in the Philippines;</p>	<p>SEC. 90. Estate Tax Returns. -</p> <p>(A) Requirements. - In all cases of transfers subject to the tax imposed herein, or regardless of the gross value of the estate, where the said estate consists of registered or registrable property such as real property, motor vehicle, shares of stock or other similar property for which a clearance from the Bureau of Internal Revenue is required as a condition precedent for the transfer of ownership thereof in the name of the transferee, the executor, or the administrator, or any of the legal heirs, as the case may be, shall file a return under oath in duplicate, setting forth:</p> <p>“(1) x x x “(2) x x x</p>	

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<p>(2) The deductions allowed from gross estate in determining the estate as defined in Section 86; and</p> <p>(3) Such part of such information as may at the time be ascertainable and such supplemental data as may be necessary to establish the correct taxes.</p> <p>Provided, however, That estate tax returns showing a gross value exceeding Two million pesos (P2, 000,000) shall be supported with a statement duly certified to by a Certified Public Accountant containing the following:</p> <p>(a) Itemized assets of the decedent with their corresponding gross value at the time of his death, or in the case of a nonresident, not a citizen of the Philippines, of that part of his gross estate situated in the Philippines;</p> <p>(b) Itemized deductions from gross estate allowed in Section 86; and</p> <p>(c) The amount of tax due whether paid or still due and outstanding.</p> <p>(B) Time for Filing. - For the purpose of determining the estate tax provided for in Section 84 of this Code, the estate tax return required under the preceding Subsection (A) shall be filed within six (6) months from the decedent's death.</p> <p>A certified copy of the schedule of partition and the order of the court approving the same shall be furnished the Commissioner within thirty (30) days after the promulgation of such order.</p> <p>(C) Extension of Time. - The Commissioner shall have authority to grant, in meritorious cases, a reasonable extension not exceeding thirty (30) days for filing the return.</p> <p>(D) Place of Filing. - Except in cases where the Commissioner</p>	<p>(3) Such part of such information as may at the time be ascertainable and such supplemental data as may be necessary to establish the correct taxes.</p> <p><i>Provided, however, That estate tax returns showing a gross value exceeding Five million pesos (P5,000,000) shall be supported with a statement duly certified to by a Certified Public Accountant containing the following:</i></p> <p>“x x x</p> <p>(B) Time for Filing. – For the purpose of determining the estate tax provided for in Section 84 of this Code, the estate tax return required under the preceding Subsection (A) shall be filed within one (1) year from the decedent's death.</p> <p>“x x x.”</p>
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	<p>otherwise permits, the return required under Subsection (A) shall be filed with an authorized agent bank, or Revenue District Officer, Collection Officer, or duly authorized Treasurer of the city or municipality in which the decedent was domiciled at the time of his death or if there be no legal residence in the Philippines, with the Office of the Commissioner.</p>		
<p style="text-align: center; font-size: 24pt;">91</p>	<p>SEC. 91. Payment of Tax. -</p> <p>(A) Time of Payment. - The estate tax imposed by Section 84 shall be paid at the time the return is filed by the executor, administrator or the heirs.</p> <p>(B) Extension of Time. - When the Commissioner finds that the payment on the due date of the estate tax or of any part thereof would impose undue hardship upon the estate or any of the heirs, he may extend the time for payment of such tax or any part thereof not to exceed five (5) years, in case the estate is settled through the courts, or two (2) years in case the estate is settled extrajudicially.</p> <p>In such case, the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension, and the running of the Statute of Limitations for assessment as provided in Section 203 of this Code shall be suspended for the period of any such extension.</p> <p>Where the taxes are assessed by reason of negligence, intentional disregard of rules and regulations, or fraud on the part of the taxpayer, no extension will be granted by the Commissioner.</p> <p>If an extension is granted, the Commissioner may require the executor, or administrator, or beneficiary, as the case may be, to furnish a bond in such amount, not exceeding double the amount of the tax and with such sureties as the Commissioner deems necessary, conditioned</p>	<p>SEC. 91. Payment of Tax. -</p> <p><i>“(A) Time of Payment. – x x x</i></p> <p><i>“(B) Extension of Time. – x x x</i> <i>“x x x</i></p> <p><i>“(C) Payment by Installment. – In case the available cash of the estate is insufficient to pay the total estate tax due, payment by installment shall be allowed within two (2) years from the statutory date for its payment without civil penalty and interest.</i></p>	

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	<p>upon the payment of the said tax in accordance with the terms of the extension.</p> <p>(C) Liability for Payment. - The estate tax imposed by Section 84 shall be paid by the executor or administrator before delivery to any beneficiary of his distributive share of the estate. Such beneficiary shall to the extent of his distributive share of the estate, be subsidiarily liable for the payment of such portion of the estate tax as his distributive share bears to the value of the total net estate.</p> <p>For the purpose of this Chapter, the term 'executor' or 'administrator' means the executor or administrator of the decedent, or if there is no executor or administrator appointed, qualified, and acting within the Philippines, then any person in actual or constructive possession of any property of the decedent.</p>	<p>“(D) <i>Liability for Payment.</i> – x x x</p> <p>“x x x.”</p>	
<p style="text-align: center; font-size: 24pt;">97</p>	<p>SEC. 97. Payment of Tax Antecedent to the Transfer of Shares, Bonds or Rights. - There shall not be transferred to any new owner in the books of any corporation, sociedad anonima, partnership, business, or industry organized or established in the Philippines any share, obligation, bond or right by way of gift inter vivos or mortis causa, legacy or inheritance, unless a certification from the Commissioner that the taxes fixed in this Title and due thereon have been paid is shown.</p> <p>If a bank has knowledge of the death of a person, who maintained a bank deposit account alone, or jointly with another, <u>it shall not allow any withdrawal from the said deposit account, unless the Commissioner has certified that the taxes imposed thereon by this Title have been paid: Provided, however, That the administrator of the estate or any one (1) of the heirs of the decedent may, upon authorization by the Commissioner, withdraw an amount not exceeding Twenty thousand pesos (P20,000) without the said certification.</u> For this purpose, all withdrawal slips shall contain a statement to the effect that all of the joint depositors are still living at the time of withdrawal by</p>	<p><i>SEC. 97. Payment of Tax Antecedent to the Transfer of Shares, Bonds or Rights.</i> – x x x.</p> <p>If a bank has knowledge of the death of a person, who maintained a bank deposit account alone, or jointly with another, <u>it shall allow any withdrawal from the said deposit account, subject to a final withholding tax of six percent (6%).</u> For this purpose, all withdrawal slips shall contain a statement to the effect that all of the joint depositors are still living at the time of withdrawal by any one of the joint depositors and such statement shall be under oath by the said depositors.”</p>	

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	<p>any one of the joint depositors and such statement shall be under oath by the said depositors.</p>																																														
99	<p>SEC. 99. Rates of Tax Payable by Donor. –</p> <p>(A) In General. - The tax for each calendar year shall be computed on the basis of the total net gifts made during the calendar year in accordance with the following schedule:</p> <p>If the net gift is:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;">Over</th> <th style="width: 15%;">But Not Over</th> <th style="width: 15%;">The Tax Shall be</th> <th style="width: 15%;">Plus</th> <th style="width: 15%;">Of the Excess</th> </tr> </thead> <tbody> <tr> <td></td> <td>P 100,000</td> <td>Exempt</td> <td></td> <td>Over</td> </tr> <tr> <td>P 100,000</td> <td>200,000</td> <td>0</td> <td>2%</td> <td>P100,000</td> </tr> <tr> <td>200,000</td> <td>500,000</td> <td>2,000</td> <td>4%</td> <td>200,000</td> </tr> <tr> <td>500,000</td> <td>1,000,000</td> <td>14,000</td> <td>6%</td> <td>500,000</td> </tr> <tr> <td>1,000,000</td> <td>3,000,000</td> <td>44,000</td> <td>8%</td> <td>1,000,000</td> </tr> <tr> <td>3,000,000</td> <td>5,000,000</td> <td>204,000</td> <td>10%</td> <td>3,000,000</td> </tr> <tr> <td>5,000,000</td> <td>10,000,000</td> <td>404,000</td> <td>12%</td> <td>5,000,000</td> </tr> <tr> <td>10,000,000</td> <td></td> <td>1,004,000</td> <td>15%</td> <td>10,000,000</td> </tr> </tbody> </table> <p>(B) Tax Payable by Donor if Donee is a Stranger. – When the donee or beneficiary is stranger, the tax payable by the donor shall be thirty percent (30%) of the net gifts. For the purpose of this tax, a 'stranger', is a person who is not a:</p> <p>(1) Brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or</p> <p>(2) Relative by consanguinity in the collateral line within the fourth degree of relationship.</p> <p>(C) Any contribution in cash or in kind to any candidate, political party or coalition of parties for campaign purposes shall be governed by the Election Code, as amended.</p>	Over	But Not Over	The Tax Shall be	Plus	Of the Excess		P 100,000	Exempt		Over	P 100,000	200,000	0	2%	P100,000	200,000	500,000	2,000	4%	200,000	500,000	1,000,000	14,000	6%	500,000	1,000,000	3,000,000	44,000	8%	1,000,000	3,000,000	5,000,000	204,000	10%	3,000,000	5,000,000	10,000,000	404,000	12%	5,000,000	10,000,000		1,004,000	15%	10,000,000	<p>SEC. 99. Rate of Tax Payable by Donor. –</p> <p>(A) In General. – The tax for each calendar year shall be <u>six percent (6%) computed on the basis of the total gifts in excess of Two hundred fifty thousand pesos (P250,000) exempt gift made during the calendar year.</u></p> <p>(B) Any contribution in cash or in kind to any candidate, political party or coalition of parties for campaign purposes shall be governed by the Election Code, as amended.”</p>
Over	But Not Over	The Tax Shall be	Plus	Of the Excess																																											
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DELA FUENTE

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100	<p>SEC. 100. Transfer for Less Than Adequate and Full Consideration. - Where property, other than real property referred to in Section 24(D), is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the fair market value of the property exceeded the value of the consideration shall, for the purpose of the tax imposed by this Chapter, be deemed a gift, and shall be included in computing the amount of gifts made during the calendar year.</p>	<p>“SEC. 100. <i>Transfer for Less Than Adequate and Full Consideration.</i> – Where property, other than real property referred to in Section 24(D), is transferred for less than an adequate and full consideration in money or money’s worth, then the amount by which the fair market value of the property exceeded the value of the consideration shall, for the purpose of the tax imposed by this Chapter, be deemed a gift, and shall be included in computing the amount of gifts made during the calendar year: Provided, however, That a sale, exchange, or other transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm’s length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money’s worth.”</p>	
101	<p>SEC. 101. Exemption of Certain Gifts. - The following gifts or donations shall be exempt from the tax provided for in this Chapter:</p> <p>(A) In the Case of Gifts Made by a Resident. -</p> <p>“(1) Dowries or gifts made on account of marriage and before its celebration or within one year thereafter by parents to each of their legitimate, recognized natural, or adopted children to the extent of the first Ten thousand pesos (P10,000).”</p> <p>(2) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government; and</p> <p>(3) Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization: Provided, however, That not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. For the purpose of this exemption, a ‘non-profit educational and/or charitable corporation, institution, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization’ is a school, college or</p>	<p>SEC. 101. <i>Exemption of Certain Gifts.</i> – The following gifts or donations shall be exempt from the tax provided for in this Chapter:</p> <p>“(A) In the Case of Gifts Made by a Resident.</p> <p>“(1) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government; and</p> <p>“(2) Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization: <i>Provided, however,</i> That not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. For the purpose of this exemption, a ‘non-profit educational and/or charitable corporation, institution, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization’ is a school, college or university and/or</p>	

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<p>university and/or charitable corporation, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization, incorporated as a non-stock entity, paying no dividends, governed by trustees who receive no compensation, and devoting all its income, whether students' fees or gifts, donation, subsidies or other forms of philanthropy, to the accomplishment and promotion of the purposes enumerated in its Articles of Incorporation.</p> <p>(B) In the Case of Gifts Made by a Nonresident not a Citizen of the Philippines. -</p> <p>(1) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government.</p> <p>(2) Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, foundation, trust or philanthropic organization or research institution or organization: Provided, however, That not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes.</p> <p>(C) Tax Credit for Donor's Taxes Paid to a Foreign Country. -</p> <p>(1) In General. - The tax imposed by this Title upon a donor who was a citizen or a resident at the time of donation shall be credited with the amount of any donor's tax of any character and description imposed by the authority of a foreign country.</p> <p>(2) Limitations on Credit. - The amount of the credit taken under this Section shall be subject to each of the following limitations:</p> <p>(a) The amount of the credit in respect to the tax paid to any country shall not exceed the same proportion of the tax against which such credit is taken, which the net gifts situated within such country taxable</p>	<p>charitable corporation, accredited nongovernment organization, trust or philanthropic organization and/ or research institution or organization, incorporated as a non-stock entity, paying no dividends, governed by trustees who receive no compensation, and devoting all its income, whether students' fees or gifts, donation, subsidies or other forms of philanthropy, to the accomplishment and promotion of the purposes enumerated in its Articles of Incorporation.</p> <p>"X X X."</p>	
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	<p>under this Title bears to his entire net gifts; and</p> <p>(b) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the donor's net gifts situated outside the Philippines taxable under this title bears to his entire net gifts.</p>		
<p style="text-align: center;">106</p>	<p>SEC. 106. Value-Added Tax on Sale of Goods or Properties. -</p> <p>(A) Rate and Base of Tax. - There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, value-added tax equivalent to ten percent (10%) of the gross selling price or gross value in money of the goods or properties sold, bartered or exchanged, such tax to be paid by the seller or transferor. Provided, That the President, upon the recommendation of the Secretary of Finance, shall, effective January 1, 2006, raise the rate of value-added tax to twelve percent (12%), after any of the following conditions has been satisfied:</p> <p>(i) Value-added tax collection as a percentage of Gross Domestic Product (GDP) of the previous year exceeds two and four-fifth percent (2 4/5%); or</p> <p>(ii) National Government deficit as a percentage of GDP of the previous year exceeds one and one-half percent (1 1/2%).^[45]</p> <p>(1) "Goods or Properties." The term "goods" or "properties" shall mean all tangible and intangible objects which are capable of pecuniary estimation and shall include:</p> <p>(a) Real properties held primarily for sale to customers or held for</p>	<p>SEC. 106. Value-added Tax on Sale of Goods or Properties. -</p> <p>(A) Rate and Base of Tax. - There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a value-added tax equivalent to twelve percent (12%) of the gross selling price or gross value in money of the goods or properties sold, bartered or exchanged, such tax to be paid by the seller or transferor.</p> <p>"(1) x x x</p>	<p>"the president also vetoed the zero-rating of sales of goods and services to separate customs territory and tourism zones.. violates the principle of limiting the VAT zero-rating to direct importers"</p>

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<p>lease in the ordinary course of trade or business;</p> <p>(b) The right or the privilege to use patent, copyright, design or model, plan, secret formula or process, goodwill, trademark, trade brand or other like property or right;</p> <p>(c) The right or the privilege to use in the Philippines of any industrial, commercial or scientific equipment;</p> <p>(d) The right or the privilege to use motion picture films, tapes and discs; and</p> <p>(e) Radio, television, satellite transmission and cable television time.</p> <p>The term "gross selling price" means the total amount of money or its equivalent which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax. The excise tax, if any, on such goods or properties shall form part of the gross selling price.</p> <p>(2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate</p> <p>(a) Export Sales. - The term "export sales" means:</p> <p>(1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p> <p>(a) Export Sales. – The term ‘export sales’ means:</p> <p>(1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>“(2) Sale and delivery of goods to:</p> <p>“(i) Registered enterprises within a separate customs territory as</p>
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<p>(2) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(3) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed seventy percent (70%) of total annual production;</p> <p>(4) Sale of gold to the Bangko Sentral ng Pilipinas (BSP); and</p> <p>(5) Those considered export sales under Executive Order NO. 226, otherwise known as the "Omnibus Investment Code of 1987", and other special laws; and</p> <p>(6) The sale of goods, supplies, equipment and fuel to persons engaged in international shipping or international air transport operations.</p> <p>(b) Foreign Currency Denominated Sale. - The phrase "foreign currency denominated sale" means sale to a nonresident of goods, except those mentioned in Sections 149 and 150, assembled or manufactured in the Philippines for delivery to a resident in the Philippines, paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng</p>	<p>provided under special laws; and</p> <p>"(ii) Registered enterprises within tourism enterprise zones as declared by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) subject to the provisions under Republic Act No. 9593 or The Tourism Act of 2009." (VETOED)</p> <p>(3) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(4) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed seventy percent (70%) of total annual production;</p> <p>(5) Those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and other special laws; and</p> <p>(6) The sale of goods, supplies, equipment and fuel to persons engaged in international shipping or international air transport operations: Provided, That the goods, supplies, equipment and fuel shall be used for international shipping or air transport operations.</p> <p>Provided, That subparagraphs (3), (4), and (5) hereof shall be subject to the twelve percent (12%) value-added tax and no longer be considered export sales subject to zero percent (0%) VAT rate upon satisfaction of the following conditions:</p>
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<p>Pilipinas (BSP).</p> <p>(c) Sales to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate.</p> <p>(B) Transactions Deemed Sale. - The following transactions shall be deemed sale:</p> <p>(1) Transfer, use or consumption not in the course of business of goods or properties originally intended for sale or for use in the course of business;</p> <p>(2) Distribution or transfer to:</p> <p>(a) Shareholders or investors as share in the profits of the VAT-registered persons; or</p> <p>(b) Creditors in payment of debt;</p> <p>(3) Consignment of goods if actual sale is not made within sixty (60) days following the date such goods were consigned; and</p> <p>(4) Retirement from or cessation of business, with respect to inventories of taxable goods existing as of such retirement or cessation.</p> <p>(C) Changes in or Cessation of Status of a VAT-registered Person. - The tax imposed in Subsection (A) of this Section shall also apply to goods disposed of or existing as of a certain date if under circumstances to be prescribed in rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner, the status of a person as a VAT-registered person changes or is terminated.</p>	<p>(1) The successful establishment and implementation of an enhanced VAT refund system that grants refunds of creditable input tax within ninety (90) days from the filing of the VAT refund application with the Bureau: Provided, That, to determine the effectivity of item no. 1, all applications filed from January 1, 2018 shall be processed and must be decided within ninety (90) days from the filing of the VAT refund application; and</p> <p>(2) All pending VAT refund claims as of December 31, 2017 shall be fully paid in cash by December 31, 2019.</p> <p>Provided, That the Department of Finance shall establish a VAT refund center in the Bureau of Internal Revenue (BIR) and in the Bureau of Customs (BOC) that will handle the processing and granting of cash refunds of creditable input tax.</p> <p>An amount equivalent to five percent (5%) of the total VAT collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the General Fund or as trust receipts for the purpose of funding claims for VAT refund: Provided, That any unused fund, at the end of the year shall revert to the General Fund.</p> <p>Provided, further, That the BIR and the BOC shall be required to submit to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP) a quarterly report of all pending claims for refund and any unused fund.</p> <p>(b) Sales to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate.</p> <p>“x x x.”</p>	
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	<p>(D) Sales Returns, Allowances and Sales Discounts. - The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the gross sales or receipts for the quarter in which a refund is made or a credit memorandum or refund is issued. Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given.</p> <p>(E) Authority of the Commissioner to Determine the Appropriate Tax Base. - The Commissioner shall, by rules and regulations prescribed by the Secretary of Finance, determine the appropriate tax base in cases where a transaction is deemed a sale, barter or exchange of goods or properties under Subsection (B) hereof, or where the gross selling price is unreasonably lower than the actual market value.</p>		
<p style="text-align: center;">107</p>	<p>SEC. 107. Value-Added Tax on Importation of Goods. -</p> <p>(A) In General. - There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to ten percent (10%)¹⁴⁷¹ based on the total value used by the Bureau of Customs in determining tariff and customs duties plus customs duties, excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: <i>Provided</i>, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any <i>Provided, further, That the President, upon the recommendation of the Secretary of Finance, shall, effective January 1, 2006, raise the rate of the value-added tax to twelve percent (12%), after any of the following conditions has been satisfied:</i></p> <p><i>(i) Value added tax collection as a percentage of Gross Domestic Product (GDP) of the previous year exceeds two and four-fifth percent</i></p>	<p>SEC. 107. Value-added Tax on Importation of Goods. –</p> <p>(A) In General. – There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to twelve percent (12%) based on the total value used by the Bureau of Customs in determining tariff and customs duties, plus customs duties, excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: <i>Provided</i>, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any.</p> <p>“(B) <i>Transfer of Goods by Tax-exempt Persons. – x x x.</i>”</p>	

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	<p>(2 4/5%); or</p> <p>(iii) National government deficit as a percentage of GDP of the previous year exceeds one and one-half percent (1 1/2%).^[48]</p> <p>(B) Transfer of Goods by Tax-exempt Persons. - In the case of tax-free importation of goods into the Philippines by persons, entities or agencies exempt from tax where such goods are subsequently sold, transferred or exchanged in the Philippines to non-exempt persons or entities, the purchasers, transferees or recipients shall be considered the importers thereof, who shall be liable for any internal revenue tax on such importation. The tax due on such importation shall constitute a lien on the goods superior to all charges or liens on the goods, irrespective of the possessor thereof</p>		
<p style="text-align: center;">108</p>	<p>SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties. -</p> <p>(A) Rate and Base of Tax. - There shall be levied, assessed and collected, a value-added tax equivalent to ten percent (10%)¹⁰ of gross receipts derived from the sale or exchange of services, including the use or lease of properties: Provided, That the President, upon the recommendation of the Secretary of Finance, shall, effective January 1, 2006, raise the value-added tax to twelve percent (12%), after any of the following conditions has been satisfied:</p> <p>(i) Value-added tax collection as a percentage of Gross Domestic Product (GDP) of the previous year exceeds two and four-fifth percent (2 4/5%); or</p> <p>(ii) National government deficit as a percentage of GDP of the previous year exceeds one and one-half percent (1 1/2%).^[49]</p> <p>The phrase "sale or exchange of services" means the performance</p>	<p>SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties. -</p> <p>(A) Rate and Base of Tax. - There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of gross receipts derived from the sale or exchange of services, including the use or lease of properties.</p> <p>"The phrase 'sale or exchange of services' means the performance of all kinds of services in the Philippines for others for a fee, remuneration</p>	<p>"the president also vetoed the zero-rating of sales of goods and services to separate customs territory and tourism zones.. violates the principle of limiting the VAT zero-rating to direct importers"</p>

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<p>of all kinds of services in the Philippines for others for a fee, remuneration or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors of cinematographic films; persons engaged in milling processing, manufacturing or repacking goods for others; proprietors, operators or keepers of hotels, motels, rest houses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire another domestic common carriers by land relative to their transport of goods or cargoes; common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines; sales of electricity by generation companies, transmission, and distribution companies; services of franchise grantees of electric utilities.^[50] telephone and telegraph, radio and television broadcasting and all other franchise grantees except those under section 119 of this Code, and non-life insurance companies (except their crop insurances), including surety, fidelity, indemnity, and bonding companies; and similar services regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties. The phrase "sale or exchange of services" shall likewise include:</p> <p>(1) The lease or the use of or the right or privilege to use any copyright, patent, design or model, plan secret formula or process, goodwill, trademark, trade brand or other like property or right;</p> <p>(2) The lease of the use of, or the right to use of any industrial, commercial or scientific equipment;</p> <p>(3) The supply of scientific, technical, industrial or commercial</p>	<p>or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors of cinematographic films; persons engaged in milling, processing, manufacturing or repacking goods for others; proprietors, operators or keepers of hotels, motels, rest houses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire and other domestic common carriers by land relative to their transport of goods or cargoes; common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines; sales of electricity by generation companies, transmission by any entity, and distribution companies, including electric cooperatives; services of franchise grantees of electric utilities, telephone and telegraph, radio and television broadcasting and all other franchise grantees except those under Section 119 of this Code and non-life insurance companies (except their crop insurances), including surety, fidelity, indemnity and bonding companies; and similar services regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties. The phrase 'sale or exchange of services' shall likewise include:</p> <p>(1) The lease or the use of or the right or privilege to use any copyright, patent, design or model, plan, secret formula or process, goodwill, trademark, trade brand or other like property or right;</p> <p>(2) The lease or the use of, or the right to use of any industrial, commercial or scientific equipment;</p> <p>(3) The supply of scientific, technical, industrial or commercial knowledge or information;</p>	
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<p>knowledge or information;</p> <p>(4) The supply of any assistance that is ancillary and subsidiary to and is furnished as a means of enabling the application or enjoyment of any such property, or right as is mentioned in subparagraph (2) or any such knowledge or information as is mentioned in subparagraph (3);</p> <p>(5) The supply of services by a nonresident person or his employee in connection with the use of property or rights belonging to, or the installation or operation of any brand, machinery or other apparatus purchased from such nonresident person.</p> <p>(6) The supply of technical advice, assistance or services rendered in connection with technical management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme;</p> <p>(7) The lease of motion picture films, films, tapes and discs; and</p> <p>(8) The lease or the use of or the right to use radio, television, satellite transmission and cable television time.</p> <p>Lease of properties shall be subject to the tax herein imposed irrespective of the place where the contract of lease or licensing agreement was executed if the property is leased or used in the Philippines.</p> <p>The term "gross receipts" means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.</p>	<p>(4) The supply of any assistance that is ancillary and subsidiary to and is furnished as a means of enabling the application or enjoyment of any such property, or right as is mentioned in subparagraph (2) or any such knowledge or information as is mentioned in subparagraph (3);</p> <p>(5) The supply of services by a nonresident person or his employee in connection with the use of property or rights belonging to, or the installation or operation of any brand, machinery or other apparatus purchased from such nonresident person;</p> <p>(6) The supply of technical advice, assistance or services rendered in connection with technical management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme;</p> <p>(7) The lease of motion picture films, films, tapes and discs; and</p> <p>(8) The lease or the use of or the right to use radio, television, satellite transmission and cable television time.</p> <p>Lease of properties shall be subject to the tax herein imposed irrespective of the place where the contract of lease or licensing agreement was executed if the property is leased or used in the Philippines.</p> <p>The term 'gross receipts' means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.</p> <p>(B) <i>Transactions Subject to Zero Percent (0%) Rate.</i> – The following</p>
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<p>(B) Transactions Subject to Zero Percent (0%) Rate - The following services performed in the Philippines by VAT- registered persons shall be subject to zero percent (0%) rate.</p> <p>(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(2) Services other than those mentioned in the preceding paragraph, rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed,¹⁵¹ the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP)</p> <p>(3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate;</p> <p>(4) Services rendered to persons engaged in international shipping or international air transport operations, including leases of property for use thereof.¹⁵²</p> <p>(5) Services performed by subcontractors and/or contractors in processing, converting, of manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of total annual production.</p> <p>(6) Transport of passengers and cargo by air or sea vessels from the Philippines to a foreign country; and</p>	<p>services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:</p> <p>(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(2) Services other than those mentioned in the preceding paragraph, rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate;</p> <p>(4) Services rendered to persons engaged in international shipping or international air transport operations, including leases of property for use thereof: Provided, That these services shall be exclusive for international shipping or air transport operations;</p> <p>(5) Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of total annual production;</p> <p>(6) Transport of passengers and cargo by domestic air or sea vessels from the Philippines to a foreign country; and</p> <p>(7) Sale of power or fuel generated through renewable sources of</p>	
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	<p>(7) Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels.^[53]</p>	<p>energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels.</p> <p>“(8) Services rendered to:</p> <p>“(i) Registered enterprises within a separate customs territory as provided under special law; and</p> <p>“(ii) Registered enterprises within tourism enterprise zones as declared by the TIEZA subject to the provisions under Republic Act No. 9593 or The Tourism Act of 2009.](VETOED)</p> <p>“Provided, That subparagraphs (B)(1) and (B)(5) hereof shall be subject to the twelve percent (12%) value-added tax and no longer be subject to zero percent (0%) VAT rate upon satisfaction of the following conditions:</p> <p>“(1) The successful establishment and implementation of an enhanced VAT refund system that grants refunds of creditable input tax within ninety (90) days from the filing of the VAT refund application with the Bureau: Provided, That, to determine the effectivity of item no. 1, all applications filed from January 1, 2018 shall be processed and must be decided within ninety (90) days from the filing of the VAT refund application; and</p> <p>“(2) All pending VAT refund claims as of December 31, 2017 shall be fully paid in cash by December 31, 2019.</p> <p>“Provided, That the Department of Finance shall establish a VAT refund center in the Bureau of Internal Revenue (BIR) and in the Bureau of Customs (BOC) that will handle the processing and granting of cash refunds of creditable input tax.</p> <p>“An amount equivalent to five percent (5%) of the</p>	
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		<p><i>total value-added tax collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the General Fund or as trust receipts for the purpose of funding claims for VAT Refund: Provided, That any unused fund, at the end of the year shall revert to the General Fund.</i></p> <p><i>“Provided, further, That the BIR and the BOC shall be required to submit to the COCTRP a quarterly report of all pending claims for refund and any unused fund.”</i></p>	
<p>109</p>	<p>SEC. 109. Exempt Transactions. - ^[54]</p> <p>(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax.</p> <p>(A) Sale or importation of agricultural and marine food products in their original state, livestock and poultry of or kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefor.</p> <p>Products classified under this paragraph shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, smoking or stripping. Polished and/or husked rice, corn grits, raw cane sugar and molasses, ordinary salt and copra shall be considered in their original state; ^[55]</p> <p>(B) Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn, livestock and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds (except specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets);</p> <p>(C) Importation of personal and household effects belonging to the residents of the Philippines returning from abroad and nonresident</p>	<p>SEC. 109. Exempt Transactions. –</p> <p>(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:</p> <p>“(A) x x x “(B) x x x “(C) x x x</p>	

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<p>citizens coming to resettle in the Philippines: Provided, That such goods are exempt from customs duties under the Tariff and Customs Code of the Philippines;</p> <p>(D) Importation of professional instruments and implements, wearing apparel, domestic animals, and personal household effects (except any vehicle, vessel, aircraft, machinery other goods for use in the manufacture and merchandise of any kind in commercial quantity) belonging to persons coming to settle in the Philippines, for their own use and not for sale, barter or exchange, accompanying such persons, or arriving within ninety (90) days before or after their arrival, upon the production of evidence satisfactory to the Commissioner, that such persons are actually coming to settle in the Philippines and that the change of residence is bona fide;</p> <p style="text-align: center; font-size: 2em; opacity: 0.3;">GIALOGO DELA FUENTE & ASSOCIATES</p> <p>(E) Services subject to percentage tax under Title V;</p> <p>(F) Services by agricultural contract growers and milling for others of palay into rice, corn into grits and sugar cane into raw sugar;</p> <p>(G) Medical, dental, hospital and veterinary services except those rendered by professionals. ^[56]</p> <p>(H) Educational services rendered by private educational institutions, duly accredited by the Department of Education (DepED), the Commission on Higher Education (CHED), the Technical Education and Skills Development Authority (TESDA) and those rendered by government educational institutions; ^[57]</p>	<p>(D) Importation of professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects belonging to persons coming to settle in the Philippines or Filipinos or their families and descendants who are now residents or citizens of other countries, such parties hereinafter referred to as overseas Filipinos, in quantities and of the class suitable to the profession, rank or position of the persons importing said items, for their own use and not for barter or sale, accompanying such persons, or arriving within a reasonable time: Provided, That the Bureau of Customs may, upon the production of satisfactory evidence that such persons are actually coming to settle in the Philippines and that the goods are brought from their former place of abode, exempt such goods from payment of duties and taxes: Provided, further, That vehicles, vessels, aircrafts, machineries and other similar goods for use in manufacture, shall not fall within this classification and shall therefore be subject to duties, taxes and other charges;</p> <p>(E) Services subject to percentage tax under Title V;</p> <p>(F) Services by agricultural contract growers and milling for others of palay into rice, corn into grits and sugar cane into raw sugar;</p> <p>(G) Medical, dental, hospital and veterinary services except those rendered by professionals;</p> <p>(H) Educational services rendered by private educational institutions, duly accredited by the Department of Education (DepEd), the Commission on Higher Education (CHED), the Technical Education and Skills Development Authority (TESDA) and those rendered by government educational institutions;</p>	
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<p>(I) Services rendered by individuals pursuant to an employer-employee relationship;</p> <p>(J) Services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region and do not earn or derive income from the Philippines;</p> <p>(K) Transactions which are exempt under international agreements to which the Philippines is a signatory or under special laws, except those under Presidential Decree No. 529; ^[58]</p> <p>(L) Sales by agricultural cooperatives duly registered with the Cooperative Development Authority to their members as well as sale of their produce, whether in its original state or processed form, to non-members; their importation of direct farm inputs, machineries and equipment, including spare parts thereof, to be used directly and exclusively in the production and/or processing of their produce;</p> <p>(M) Gross receipts from lending activities by credit or multi-purpose cooperatives duly registered with the Cooperative Development Authority;</p> <p>(N) Sales by non-agricultural, non- electric and non-credit cooperatives duly registered with the Cooperative Development Authority: Provided, That the share capital contribution of each member does not exceed Fifteen thousand pesos (P15, 000) and regardless of the aggregate capital and net surplus ratably distributed among the members;</p> <p>(O) Export sales by persons who are not VAT-registered;</p> <p>(P) Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business or real property utilized for low-cost and socialized housing as defined by</p>	<p>(I) Services rendered by individuals pursuant to an employer-employee relationship;</p> <p>(J) Services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region and do not earn or derive income from the Philippines;</p> <p>(K) Transactions which are exempt under international agreements to which the Philippines is a signatory or under special laws, except those under Presidential Decree No. 529;</p> <p>(L) Sales by agricultural cooperatives duly registered with the Cooperative Development Authority to their members as well as sale of their produce, whether in its original state or processed form, to non-members; their importation of direct farm inputs, machineries and equipment, including spare partsthereof, to be used directly and exclusively in the production and/or processing of their produce;</p> <p>(M) Gross receipts from lending activities by credit or multi-purpose cooperatives duly registered with the Cooperative Development Authority;</p> <p>(N) Sales bynon-agricultural, non-electric and non-credit cooperatives duly registered with the Cooperative Development Authority: Provided, That the share capital contribution of each member does not exceed Fifteen thousand pesos (P15,000) and regardless of the aggregate capital and net surplus ratably distributed among the members;</p> <p>(O) Export sales by persons who are not VAT-registered;</p> <p>(P) Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business or real property utilized for low-cost and socialized housing as defined by</p>	
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<p>Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and other related laws, residential lot valued at One million pesos (P1,500,000) ^[59] and below, house and lot, and other residential dwellings valued at Two million five hundred thousand pesos (P2, 500, 000) ^[60] and below: Provided, That not later than January 31, 2009 and every three (3) years thereafter, the amount herein stated shall be adjusted to their present values using the Consumer Price Index, as published by the National Statistics Office (NSO); ^[61]</p> <p><u>(Q) Lease of a residential unit with a monthly rental not exceeding Ten thousand pesos (P10, 000):</u> ^[62] Provided, That not later than January 31, 2009 and every three (3) years thereafter, the amount herein stated shall be adjusted to its present value using the Consumer Price Index as published by the National Statistics Office (NSO); ^[63]</p> <p>(R) Sale, importation, printing or publication of books and any newspaper, magazine review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of paid advertisements;</p> <p>(S) Transport of passengers by international carriers;</p> <p>(T) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations;</p> <p>(U) Importation of fuel, goods and supplies by persons engaged in</p>	<p>Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and other related laws, residential lot valued at One million five hundred thousand pesos (P1,500,000) and below, house and lot, and other residential dwellings valued at Two million five hundred thousand pesos (P2,500,000) and below: Provided, That beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business, sale of real property utilized for socialized housing as defined by Republic Act No. 7279, sale of house and lot, and other residential dwellings with selling price of not more than Two million pesos (P2,000,000): Provided, further, That every three (3) years thereafter, the amount herein stated shall be adjusted to its present value using the Consumer Price Index, as published by the Philippine Statistics Authority (PSA);</p> <p><u>(Q) Lease of a residential unit with a monthly rental not exceeding Fifteen thousand pesos (P15,000):</u></p> <p>(R) Sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices or subscription and sale and which is not devoted principally to the publication of paid advertisements;</p> <p>(S) Transport of passengers by international carriers;</p> <p>(T) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations;</p> <p>(U) Importation of fuel, goods and supplies by persons engaged in international shipping or air transport operations: Provided, That the fuel, goods, and supplies shall be used for international shipping</p>
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<p>international shipping or air transport operations;</p> <p>(V) Services of bank, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries; and</p> <p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p> <p>(W) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of <u>One million five hundred thousand pesos (P1,500,000)</u>: [Provided, That not later than January 31, 2009 and every three (3) years thereafter, the amount herein stated shall be adjusted to its present With footnote in the book value using the Consumer Price Index, as published by the National Statistics Office (NSO).]</p> <p><u>(2) A VAT-registered person may elect that Subsection (1) not apply to its sale of goods or properties or services: Provided, that an election made under this subsection shall be irrevocable for a period of three</u></p>	<p><u>or air transport operations;</u></p> <p>(V) Services of bank, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries;</p> <p><u>(W) Sale or lease of goods and services to senior citizens and persons with disability, as provided under Republic Act Nos. 9994 (Expanded Senior Citizens Act of 2010) and 10754 (An Act Expanding the Benefits and Privileges of Persons With Disability), respectively;</u></p> <p><u>(X) Transfer of property pursuant to Section 40(C)(2) of the NIRC, as amended;</u></p> <p><u>(Y) Association dues, membership fees, and other assessments and charges collected by homeowners associations and condominium corporations;</u></p> <p><u>(Z) Sale of gold to the Bangko Sentral ng Pilipinas (BSP);</u></p> <p><u>(AA) Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension beginning January 1, 2019; and</u></p> <p>(BB) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of <u>Three million pesos (P3,000,000)</u>.</p>	
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110	<p><i>(3) years from the quarter the election was made.</i> ^[64]</p> <p>SEC. 110. Tax Credits. -</p> <p>A. Creditable Input Tax. -</p> <p>(1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:</p> <p>(a) Purchase or importation of goods:</p> <p>(i) For sale; or</p> <p>(ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or</p> <p>(iii) For use as supplies in the course of business; or</p> <p>(iv) For use as materials supplied in the sale of service; or</p> <p>(v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code. ^[65]</p> <p>(b) Purchase of services on which a value-added tax has been actually paid.</p> <p>(2) The input tax on domestic purchase or importation of goods or properties by a VAT-registered person ^[66] shall be creditable:</p> <p>(a) To the purchaser upon consummation of sale and on importation of goods or properties; and</p> <p>(b) To the importer upon payment of the value-added tax prior to the release of the goods from the custody of the Bureau of Customs.</p>	<p>SEC. 110. Tax Credits. -</p> <p>“(A) Creditable Input Tax. -</p> <p>“(1) x x x</p> <p>“(2) x x x</p> <p>“(a) x x x</p> <p>“(b) x x x</p>	
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<p>Provided, that the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code shall be spread evenly over the a month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (P 1, 000, 000): Provided, however, That if the estimated useful life of the capital goodis less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period:^[67] Provided, finally, that in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or license upon payment of the compensation, rental, royalty or free.</p> <p>(3) A VAT-registered person who is also engaged in transactions not subject to the value-added tax shall be allowed tax credit as follows:</p> <p>(a) Total input tax which can be directly attributed to transactions subject to value-added tax; and^[68]</p> <p>(b) A ratable portion of any input tax which cannot be directly attributed to either activity.</p> <p>The term "input tax" means the value-added tax due from or paid by a VAT-registered person in the course of his trade or business on importation of goods or local purchase of goods or services, including lease or use of property, from a VAT-registered person. It shall also include the transitional input tax determined in accordance with Section 111 of this Code.</p> <p>The term "output tax" means the value-added tax due on the sale or lease of taxable goods or properties or services by any person registered or required to register under Section 236 of this Code.</p> <p>(B) Excess Output or Input Tax.^[69] - If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the Vat-registered person. If the input tax exceeds the output tax,</p>	<p><i>Provided, That the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code shall be spread evenly over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (P1,000,000): <i>Provided, however, That if the estimated useful life of the capital good is less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period: Provided, further, That the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: Provided, finally, That in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.</i></i></p> <p>"x x x."</p>	
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	<p>the excess shall be carried over to the succeeding quarter or quarters. Provided, however, That any input tax attributable to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Section 112.</p> <p>(C) Determination of Creditable Input Tax. - The sum of the excess input tax carried over from the preceding month or quarter and the input tax creditable to a VAT-registered person during the taxable month or quarter shall be reduced by the amount of claim for refund or tax credit for value-added tax and other adjustments, such as purchase returns or allowances and input tax attributable to exempt sale.</p> <p>The claim for tax credit referred to in the foregoing paragraph shall include not only those filed with the Bureau of Internal Revenue but also those filed with other government agencies, such as the Board of Investments and the Bureau of Customs.</p>		
<p style="text-align: center;">112</p>	<p>SEC. 112. Refunds or Tax Credits of Input Tax. -</p> <p>(A) Zero-rated or Effectively Zero-rated Sales. - Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: Provided, however, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108 (B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods of properties or services, and the amount of creditable input tax due or</p>	<p>SEC. 112. Refunds or Tax Credits of Input Tax. –</p> <p>“(A) x x x “(B) x x x</p>	

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<p>paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales. Provided, finally, That for a person making sales that are zero-rated under Section 108(B) (6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales. ^[72]</p> <p>(B) Cancellation of VAT Registration. - A person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 106(C) of this Code may, within two (2) years from the date of cancellation, apply for the issuance of a tax credit certificate for any unused input tax which may be used in payment of his other internal revenue taxes.</p> <p>(C) Period within which Refund or Tax Credit of Input Taxes shall be Made. - In proper cases, the Commissioner shall grant a refund [-or issue the tax credit certificate] for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsections (A) hereof. ^[73]</p> <p>In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals.</p> <p>(D) Manner of Giving Refund. - Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of being countersigned by the Chairman, Commission on audit, the provisions of the Administrative Code of 1987 to the contrary notwithstanding: Provided, That refunds</p>	<p>(C) Period within which Refund of Input Taxes shall be Made. – In proper cases, the Commissioner shall grant a refund for creditable input taxes within <u>ninety (90) days</u> from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: Provided, That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.</p> <p style="text-align: center;">“In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: Provided, however, That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.”</p> <p>“x x x.”</p>
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	<p>under this paragraph shall be subject to post audit by the Commission on Audit.</p>		
<p style="text-align: center; font-size: 24pt;">114</p>	<p>SEC. 114. Return and Payment of Value-Added Tax. -</p> <p>(A) In General. - Every person liable to pay the value-added tax imposed under this Title shall file a quarterly return of the amount of his gross sales or receipts within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: Provided, however, That VAT-registered persons shall pay the value-added tax on a monthly basis.</p> <p>Any person, whose registration has been cancelled in accordance with Section 236, shall file a return and pay the tax due thereon within twenty-five (25) days from the date of cancellation of registration: Provided, That only one consolidated return shall be filed by the taxpayer for his principal place of business or head office and all branches.</p> <p>(B) Where to File the Return and Pay the Tax. - Except as the Commissioner otherwise permits, the return shall be filed with and the tax paid to an authorized agent bank, Revenue Collection Officer or duly authorized city or municipal Treasurer in the Philippines located within the revenue district where the taxpayer is registered or required to register.</p> <p>(C) Withholding of Value-added Tax. - The Government or any of its political subdivisions, instrumentalities or agencies, including government-owned or -controlled corporations (GOCCs) shall, before making payment on account of each purchase of goods and services which are subject to the value-added tax imposed in Sections 106 and 108 of this Code, deduct and withhold the value-added tax imposed in</p>	<p>SEC. 114. Return and Payment of Value-added Tax. –</p> <p>“(A) In General. – Every person liable to pay the value-added tax imposed under this Title shall file a quarterly return of the amount of his gross sales or receipts within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: <i>Provided, however, That VAT-registered persons shall pay the value-added tax on a monthly basis: Provided, finally, That beginning January 1, 2023, the filing and payment required under this Subsection shall be done within twenty-five (25) days following the close of each taxable quarter.</i></p> <p>“x x x</p> <p>“(B) x x x</p> <p>“(C) Withholding of Value-added Tax. – The Government or any of its political subdivisions, instrumentalities or agencies, including government-owned or -controlled corporations (GOCCs) shall, before making payment on account of each purchase of goods and services which are subject to the value-added tax imposed in Sections 106 and 108 of this Code, deduct and withhold the value-</p>	

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	<p>Sections 106 and 108 of this Code, deduct and withhold a final value-added tax at the rate of five percent (5%) of the gross payment thereof: <u>Provided, That the payment for lease or use of properties or property rights to nonresident owners shall be subject to ten percent (10%)^[78] withholding tax at the time of payment. For purposes of this Section, the payor or person in control of the payment shall be considered as the withholding agent.</u>^[79]</p> <p>The value-added tax withheld under this Section shall be remitted within ten (10) days following the end of the month the withholding was made.</p>	<p>added tax imposed in Sections 106 and 108 of this Code, deduct and withhold a final value-added tax at the rate of five percent (5%) of the gross payment thereof: <u>Provided, That beginning January 1, 2021, the VAT withholding system under this Subsection shall shift from final to a creditable system: Provided, further, That the payment for lease or use of properties or property rights to nonresident owners shall be subject to twelve percent (12%) withholding tax at the time of payment: Provided, finally, That payments for purchases of goods and services arising from projects funded by Official Development Assistance (ODA) as defined under Republic Act No. 8182, otherwise known as the ‘Official Development Assistance Act of 1996’, as amended, shall not be subject to the final withholding tax system as imposed in this Subsection. For purposes of this Section, the payor or person in control of the payment shall be considered as the withholding agent.</u></p> <p>“x x x.”</p>	
<p>116</p>	<p>SEC. 116. Tax on Persons Exempt from Value-Added Tax (VAT). - Any person whose sales or receipts are exempt under Section 109(V) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay a tax equivalent to three percent (3%) of his gross quarterly sales or receipts: Provided, That cooperatives shall be exempt from the three percent (3%) gross receipts tax herein imposed.</p>	<p>“SEC. 116. Tax on Persons Exempt from Value-added Tax (VAT). – Any person whose sales or receipts are exempt under Section 109 (BB) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay a tax equivalent to three percent (3%) of his gross quarterly sales or receipts: [Provided, That cooperatives, and beginning January 1, 2019, self-employed and professionals with total annual gross sales and/or gross receipts not exceeding Five hundred thousand pesos (P500,000) shall be exempt from the three percent (3%) gross receipts tax herein imposed.”]</p> <p>(VETOED)</p>	<p>“President Duterte likewise vetoed the exemption from percentage tax of gross sales and receipts not more than P500,000, as such will result in unnecessary erosion of revenues and would lead to abuse and leakages”</p>
<p>127</p>	<p>SEC. 127. Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange or through Initial Public Offering. -</p>	<p>“SEC. 127. Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange or through Initial Public Offering. –</p>	

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<p>(A) Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange.- There shall be levied, assessed and collected on every sale, barter, exchange, or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of one-half of one percent (1/2 of 1%) of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed which shall be paid by the seller or transferor.</p> <p>(B) Tax on Shares of Stock Sold or Exchanged Through Initial Public Offering. - There shall be levied, assessed and collected on every sale, barter, exchange or other disposition through initial public offering of shares of stock in closely held corporations, as defined herein, a tax at the rates provided hereunder based on the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed in accordance with the proportion of shares of stock sold, bartered, exchanged or otherwise disposed to the total outstanding shares of stock after the listing in the local stock exchange:</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="padding-right: 20px;">Up to twenty-five percent (25%)</td> <td style="text-align: center;">4 %</td> </tr> <tr> <td>Over twenty-five percent (25%) but not over thirty-three and one third percent (33 1/3%)</td> <td style="text-align: center;">2 %</td> </tr> <tr> <td>Over thirty-three and one third percent (33 1/3%)</td> <td style="text-align: center;">1 %</td> </tr> </table> <p>The tax herein imposed shall be paid by the issuing corporation in primary offering or by the seller in secondary offering.</p> <p>For purposes of this Section, the term '<i>closely held corporation</i>' means any corporation at least fifty percent (50%) in value of outstanding capital stock or at least fifty percent (50%) of the total</p>	Up to twenty-five percent (25%)	4 %	Over twenty-five percent (25%) but not over thirty-three and one third percent (33 1/3%)	2 %	Over thirty-three and one third percent (33 1/3%)	1 %	<p>“(A) <i>Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange.</i> – There shall be levied, assessed and collected on every sale, barter, exchange or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed which shall be paid by the seller or transferor.</p> <p>“x x x.”</p>
Up to twenty-five percent (25%)	4 %						
Over twenty-five percent (25%) but not over thirty-three and one third percent (33 1/3%)	2 %						
Over thirty-three and one third percent (33 1/3%)	1 %						

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<p>combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for not more than twenty (20) individuals.</p> <p>For purposes of determining whether the corporation is a closely held corporation, insofar as such determination is based on stock ownership, the following rules shall be applied:</p> <p>(1) Stock Not Owned by Individuals. - Stock owned directly or indirectly by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by its shareholders, partners or beneficiaries.</p> <p>(2) Family and Partnership Ownerships. - An individual shall be considered as owning the stock owned, directly or indirectly, by or for his family, or by or for his partner. For purposes of the paragraph, the <i>'family of an individual'</i> includes only his brothers and sisters (whether by whole or half-blood), spouse, ancestors and lineal descendants.</p> <p>(3) Option. - If any person has an option acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option and each one of a series of options shall be considered as an option to acquire such stock.</p> <p>(4) Constructive Ownership as Actual Ownership. - Stock constructively owned by reason of the application of paragraph (1) or (3) hereof shall, for purposes of applying paragraph (1) or (2), be treated as actually owned by such person; but stock constructively owned by the individual by reason of the application of paragraph (2) hereof shall not be treated as owned by him for purposes of again applying such paragraph in order to make another the constructive owner of such stock.</p> <p>(C) Return on Capital Gains Realized from Sale of Shares of Stocks. -</p>		
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	<p>(1) Return on Capital Gains Realized from Sale of Shares of Stock Listed and Traded in the Local Stock Exchange. - It shall be the duty of every stock broker who effected the sale subject to the tax imposed herein to collect the tax and remit the same to the Bureau of Internal Revenue within five (5) banking days from the date of collection thereof and to submit on Mondays of each week to the secretary of the stock exchange, of which he is a member, a true and complete return which shall contain a declaration of all the transactions effected through him during the preceding week and of taxes collected by him and turned over to the Bureau Of Internal Revenue.</p> <p>(2) Return on Public Offerings of Shares of Stock. - In case of primary offering, the corporate issuer shall file the return and pay the corresponding tax within thirty (30) days from the date of listing of the shares of stock in the local stock exchange. In the case of secondary offering, the provision of Subsection (C) (1) of this Section shall apply as to the time and manner of the payment of the tax.</p> <p>(D) Common Provisions. - any gain derived from the sale, barter, exchange or other disposition of shares of stock under this Section shall be exempt from the tax imposed in Sections 24(C), 27(D)(2), 28(A)(8)(c), and 28(B)(5)(c) of this Code and from the regular individual or corporate income tax. Tax paid under this Section shall not be deductible for income tax purposes.</p>		
<p style="text-align: center;">128</p>	<p>SEC. 128. Returns and Payment of Percentage Taxes. -</p> <p>(A) Returns of Gross Sales, Receipts or Earnings and Payment of Tax. -</p> <p>(1) Persons Liable to Pay Percentage Taxes. - Every person subject to the percentage taxes imposed under this Title shall file a quarterly return of the amount of his gross sales, receipts or earnings and pay the tax due thereon within twenty-five (25) days after the end of each taxable quarter: Provided, That in the case of a person whose VAT</p>	<p>SEC. 128. <i>Returns and Payment of Percentage Taxes. -</i></p> <p>“(A) x x x</p> <p>“(1) x x x</p>	

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<p>registration is cancelled and who becomes liable to the tax imposed in Section 116 of this Code, the tax shall accrue from the date of cancellation and shall be paid in accordance with the provisions of this Section.</p> <p>(2) Person Retiring from Business. - Any person retiring from a business subject to percentage tax shall notify the nearest internal revenue officer, file his return and pay the tax due thereon within twenty (20) days after closing his business.</p> <p>(3) Exceptions. - The Commissioner may, by rules and regulations, prescribe:</p> <p>(a) The time for filing the return at intervals other than the time prescribed in the preceding paragraphs for a particular class or classes of taxpayers after considering such factors as volume of sales, financial condition, adequate measures of security, and such other relevant information required to be submitted under the pertinent provisions of this Code; and</p> <p>(b) The manner and time of payment of percentage taxes other than as hereinabove prescribed, including a scheme of tax prepayment.</p> <p>(4) Determination of Correct Sales or Receipts. - When it is found that a person has failed to issue receipts or invoices, or when no return is filed, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the Commissioner, after taking into account the sales, receipts or other taxable base of other persons engaged in similar businesses under similar situations or circumstances, or after considering other relevant information may prescribe a minimum amount of such gross receipts, sales and taxable base and such amount so prescribed shall be prima facie correct for purposes of determining the internal revenue tax liabilities of such person.</p>	<p>“(2) <i>Persons Retiring from Business.</i> – x x x</p> <p>“(3) <i>Determination of Correct Sales or Receipts.</i> – x x x</p> <p>“x x x.”</p>	
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	<p>(B) Where to File. - Except as the Commissioner otherwise permits, every person liable to the percentage tax under this Title may, at his option, file a separate return for each branch or place of business, or a consolidated return for all branches or places of business with the authorized agent bank, Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality where said business or principal place of business is located, as the case may be.</p>		
129	<p>SEC.129. Goods subject to Excise Taxes. - Excise taxes apply to goods manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition and to things imported. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV.</p> <p>For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit of measurement shall be referred to as '<i>specific tax</i>' and an excise tax herein imposed and based on selling price or other specified value of the good shall be referred to as '<i>ad valorem tax</i>.'</p>	<p>SEC. 129. Goods and Services Subject to Excise Taxes. – Excise taxes apply to goods manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition and to things imported as well as services performed in the Philippines. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV.</p> <p>For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit of measurement shall be referred to as 'specific tax' and an excise tax herein imposed and based on selling price or other specified value of the good or service performed shall be referred to as 'ad valorem tax.'</p>	
145	<p>Sec. 145. Cigars and Cigarettes. ⁻¹⁹⁴¹</p> <p>(A) Cigars. - There shall be levied, assessed and collected on cigars an excise tax in accordance with the following schedule:</p> <p>(1) Effective on January 1, 2013</p> <p>(a) An ad valorem tax equivalent to twenty percent (20%) of the net retail price (excluding the excise tax and the value-added tax) per cigar; and</p> <p>(b) In addition to the ad valorem tax herein imposed a specific tax of</p>	<p>SEC. 145. Cigars and Cigarettes. –</p> <p>(A) Cigars. – x x x</p>	

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<p>Five pesos (P5.00) per cigar.</p> <p>(2) In addition to the ad valorem tax herein imposed, the specific tax rate of Five pesos (P5.00) imposed under this subsection shall be increased by four percent (4%) effective on January 1, 2014 through revenue regulations issued by the Secretary of Finance.</p> <p>(B) Cigarettes Packed by Hand. - There shall be levied, assessed and collected on cigarettes packed by hand an excise tax based on the following schedules:</p> <p>Effective on January 1, 2013, <u>Twelve pesos (P12.00) per pack;</u></p> <p>Effective on January 1, 2014, Fifteen pesos (P15.00) per pack;</p> <p>Effective on January 1, 2015, Eighteen pesos (P18.00) per pack;</p> <p>Effective on January 1, 2016, Twenty-one pesos (P21.00) per pack; and</p> <p>Effective on January 1, 2017, Thirty pesos (P30.00) per pack.</p> <p>The rates of tax imposed under this subsection shall be increased by four percent (4%) every year* effective on January 1, 2018, through revenue regulations issued by the Secretary of Finance.</p> <p>Duly registered cigarettes packed by hand shall only be packed in twenties and other packaging combinations of not more than twenty.</p> <p>'Cigarettes packed by hand' shall refer to the manner of packaging of cigarette sticks using an individual person's hands and not through any other means such as a mechanical device, machine or equipment.</p>	<p>“(B) <i>Cigarettes Packed by Hand.</i> – There shall be levied, assessed and collected on cigarettes packed by hand an excise tax based on the following schedules:</p> <p>“Effective on <u>January 1, 2018 until June 30, 2018,</u> Thirty-two pesos and fifty centavos <u>(P32.50)</u> per pack;</p> <p>“Effective on <u>July 1, 2018 until December 31, 2019,</u> Thirty-five pesos <u>(P35.00)</u> per pack;</p> <p>Effective on <u>January 1, 2020 until December 31, 2021,</u> Thirty-seven pesos and fifty centavos <u>(P37.50)</u> per pack; and</p> <p>Effective on <u>January 1, 2022 until December 31, 2023,</u> Forty pesos <u>(P40.00)</u> per pack.</p> <p><i>The rates of tax imposed under this subsection shall be increased by four percent (4%) every year effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance.</i></p> <p><i>Duly registered cigarettes packed by hand shall only be packed in twenties and other packaging combinations of not more than</i></p>
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<p>(C) Cigarettes Packed by Machine. - There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below:</p> <p>Effective on January 1, 2013</p> <p>(1) If the net retail price (excluding the excise tax and the value-added tax) is Eleven pesos and fifty centavos (P11.50) and below per pack, the tax shall be Twelve pesos (P12.00) per pack; and</p> <p>(2) If the net retail price (excluding the excise tax and the value-added tax) is more than Eleven pesos and fifty centavos (P11.50) per pack, the tax shall be Twenty-five pesos (P25.00) per pack.</p> <p>Effective on January 1, 2014</p> <p>(1) If the net retail price (excluding the excise tax and the value-added tax) is Eleven pesos and fifty centavos (P11.50) and below per pack, the tax shall be Seventeen pesos (P17.00) per pack; and</p> <p>(2) If the net retail price (excluding the excise tax and the value-added tax) is more than Eleven pesos and fifty centavos (P11.50) per pack, the tax shall be Twenty-seven pesos (P27.00) per pack.</p> <p>Effective on January 1, 2015</p> <p>(1) If the net retail price (excluding the excise tax and the value-added</p>	<p>twenty.</p> <p>Cigarettes packed by hand' shall refer to the manner of packaging of cigarette sticks using an individual person's hands and not through any other means such as a mechanical device, machine or equipment.</p> <p>“(C) Cigarettes Packed by Machine. – There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below:</p> <p>Effective on January 1, 2018 until June 30, 2018, the tax on all cigarettes packed by machine shall be Thirty-two pesos and fifty centavos (P32.50) per pack;</p> <p>Effective on July 1, 2018 until December 31, 2019, the tax on all cigarettes packed by machine shall be Thirty-five pesos (P35.00) per pack;</p> <p>Effective on January 1, 2020 until December 31, 2021, the tax on all cigarettes packed by machine shall be Thirty-seven pesos and fifty centavos (P37.50) per pack; and</p> <p>Effective on January 1, 2022 until December 31, 2023, the tax on all cigarettes packed by machine shall be Forty pesos (P40.00) per pack.</p> <p>The rates of tax imposed under this Subsection shall be increased by four percent (4%) every year thereafter effective on January 1, 2024, through revenue regulations issued by the Secretary of Finance.</p>	
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<p>tax) is Eleven pesos and fifty centavos (P11.50) and below per pack, the tax shall be Twenty-one pesos (P21.00) per pack; and</p> <p>(2) If the net retail price (excluding the excise tax and the value-added tax) is more than Eleven pesos and fifty centavos (P11.50) per pack, the tax shall be Twenty-eight pesos (P28.00) per pack.</p> <p>Effective on January 1, 2016</p> <p>(1) If the net retail price (excluding the excise tax and the value-added tax) is Eleven pesos and fifty centavos (P11.50) and below per pack, the tax shall be Twenty-five pesos (P25.00) per pack; and</p> <p>(2) If the net retail price (excluding the excise tax and the value-added tax) is more than Eleven pesos and fifty centavos (P11.50) per pack, the tax shall be Twenty-nine pesos (P29.00) per pack.</p> <p>Effective on January 1, 2017, the tax on all cigarettes packed by machine shall be Thirty pesos (P30.00) per pack.</p> <p>The rates of tax imposed under this subsection shall be increased by four percent (4%) every year thereafter effective on January 1, 2018, through revenue regulations issued by the Secretary of Finance.</p> <p>Duly registered cigarettes packed by machine shall only be packed in twenties and other packaging combinations of not more than twenty.</p> <p>Understatement of the suggested net retail price by as much as fifteen percent (15%) of the actual net retail price shall render the manufacturer or importer liable for additional excise tax equivalent to the tax due and difference between the understated suggested net retail price and the actual net retail price.</p> <p>Cigarettes introduced in the domestic market after the effectivity of this Act shall be initially tax classified according to their suggested net retail</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE</p>	
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<p>prices.</p> <p>'Suggested net retail price' shall mean the net retail price at which locally manufactured or imported cigarettes are intended by the manufacturer or importer to be sold on retail in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three (3) months from the product launch, the Bureau of Internal Revenue shall validate the suggested net retail price of the newly introduced cigarette against the net retail price as defined herein and initially determine the correct tax bracket under which a newly introduced cigarette shall be classified. After the end of nine (9) months from such validation, the Bureau of Internal Revenue shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax bracket under which a newly introduced cigarette shall be classified.</p> <p>'Net retail price' shall mean the price at which the cigarette is sold on retail in at least five (5) major supermarkets in Metro Manila (for brands of cigarettes marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For cigarettes which are marketed only outside Metro Manila, the 'net retail price' shall mean the price at which the cigarette is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax.</p> <p>Major supermarkets, as contemplated under this Act, shall be those with the highest annual gross sales in Metro Manila or the region, as the case may be, as determined by the National Statistics Office, and shall exclude retail outlets or kiosks, convenience or sari-sari stores, and others of a similar nature: Provided, That no two (2) supermarkets in the list to be surveyed are affiliated and/or branches of each other: Provided, finally, That in case a particular cigarette is not sold in major supermarkets, the price survey can be conducted in retail outlets where said cigarette is sold in Metro Manila or the region, as the case may be, upon the determination of the Commissioner of Internal</p>		
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<p>Revenue.</p> <p>The net retail price shall be determined by the Bureau of Internal Revenue through a price survey under oath.</p> <p>The methodology and all pertinent documents used in the conduct of the latest price survey shall be submitted to the Congressional Oversight Committee on the Comprehensive Tax Reform Program created under Republic Act No. 8240.</p> <p>The proper tax classification of cigarettes, whether registered before or after the effectivity of this Act, shall be determined every two (2) years from the date of effectivity of this Act.</p> <p>All cigarettes existing in the market at the time of the effectivity of this Act shall be classified according to the net retail prices and the tax rates provided above based on the latest price survey of cigarettes conducted by the Bureau of Internal Revenue.</p> <p>The methodology and all pertinent documents used in the conduct of the latest price survey shall be submitted to the Congressional Oversight Committee on the Comprehensive Tax Reform Program created under Republic Act No. 8240.</p> <p>No tobacco products manufactured in the Philippines and produced for export shall be removed from their place of manufacture or exported without posting of an export bond equivalent to the amount of the excise tax due thereon if sold domestically: Provided, however, That tobacco products for export may be transferred from the place of manufacture to a bonded facility, upon posting of a transfer bond, prior to export.</p> <p>Tobacco products imported into the Philippines and destined for foreign countries shall not be allowed entry without posting a bond equivalent to the amount of customs duty, excise and value-added</p>		
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<p>taxes due thereon if sold domestically.</p> <p>Of the total volume of cigarettes sold in the country, any manufacturer and/or seller of tobacco products must procure at least fifteen percent (15%) of its tobacco leaf raw material requirements from locally grown sources, subject to adjustments based on international treaty commitments.</p> <p>Manufacturers and importers of cigars and cigarettes shall, within thirty (30) days from the effectivity of this Act and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales for cigars and/or cigarettes sold for the three-month period immediately preceding.</p> <p>Any manufacturer or importer who, in violation of this Section, misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon final findings by the Commissioner that the violation was committed, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of cigars or cigarettes.</p> <p>Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the aggregate amount of deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.</p> <p>Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.</p> <p>If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence, without further proceedings for</p>		
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	deportation.		
148	<p>SEC. 148. Manufactured Oils and Other Fuels. - There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such:</p> <p>(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, Four pesos and fifty centavos (P4.50): Provided, however, That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: Provided, further, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, finally, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, re-refined or recycled shall likewise be subject to the tax imposed under this Section.</p> <p>(b) Processed gas, per liter of volume capacity, Five centavos (P0.05);</p> <p>(c) Waxes and petrolatum, per kilogram, Three pesos and fifty centavos (P3.50);</p> <p>(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Five centavos (P0.05): Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the</p>	<p>SEC. 148. Manufactured Oils and Other Fuels. – There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunderenumerated as soonastheyare in existence as such:</p> <p>“Effective January 1, 2018</p> <p>“(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, Eight pesos (P8.00): Provided, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, further, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Subsection;</p> <p>“(b) Processed gas, per liter of volume capacity, Eight pesos (P8.00);</p> <p>“(c) Waxes and petrolatum, per kilogram, Eight pesos (P8.00);</p> <p>“(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Eight pesos (P8.00): Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the</p>	<p>“the fourth veto involved the TRAIN’s exemption of various petroleum products from excise tax when used as input, feedstock, or as raw material in the manufacturing of petrochemical products, in the refining of petroleum products, or as replacement fuel for natural gas fired combined cycle power plants.”</p> <p>The provision runs the risk of being too general, covering all types of petroleum products, which may be subject to abuse by</p>

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<p>alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;</p> <p>(e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, <u>Four pesos and thirty five centavos (P4.35)</u>: Provided, however, That naphtha, when used as a raw material in the production of petrochemical products or as replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Energy, in consultation with the Secretary of Finance, per liter of volume capacity, Zero (P0.00): Provided, further, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;</p> <p>[(f) Leaded premium gasoline, per liter of volume capacity, Five pesos and thirty five centavos (P5.35)] unleaded premium gasoline, per liter of volume capacity, <u>Four pesos and thirty-five centavos (P4.35)</u>;</p> <p>(g) Aviation turbo jet fuel, per liter of volume capacity, <u>Three pesos and sixty-seven centavos (P3.67)</u>;</p>	<p>alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;</p> <p>“(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, <u>Seven pesos (P7.00)</u>: Provided, however, That naphtha <u>and pyrolysis gasoline</u>, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, further, That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: Provided, finally, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases, and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;</p> <p>“(f) Unleaded premium gasoline, per liter of volume capacity, <u>Seven pesos (P7.00)</u>;</p> <p>“(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, <u>Four pesos (P4.00)</u>;</p> <p>“(h) Kerosene, per liter of volume capacity, <u>Three pesos</u></p>	<p>taxpayers, and thus lead to massive revenue erosion. At any rate the Tax Code already identifies which petroleum products can be exempted.”</p>
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<p>(h) Kerosene, per liter of volume capacity, Zero (P0.00); Provided, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;</p> <p>(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, One peso and zero (P0.00);</p> <p>(j) Liquefied petroleum gas, per liter, Zero (P0.00); Provided, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;</p> <p>(k) Asphalts, per kilogram, Fifty-six centavos (P0.56); and</p> <p>(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, zero (P0.00).</p>	<p>(P3.00); Provided, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;</p> <p>“(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Two pesos and fifty centavos (P2.50);</p> <p>“(j) Liquefied petroleum gas, per kilogram, One peso (P1.00); Provided, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram;</p> <p>“<i>Provided, finally,</i> That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;</p> <p>“(k) Asphalts, per kilogram, Eight pesos (P8.00);</p> <p>“(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Two pesos and fifty centavos (P2.50); Provided, however, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and</p> <p>“(m) Petroleum coke, per metric ton, Two pesos and fifty centavos (P2.50); Provided, however, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).</p> <p>“Effective January 1, 2019</p> <p>“(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating</p>
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	<p style="text-align: center; font-size: 48px; opacity: 0.3;">GIALOGO DELA FUENTE & ASSOCIATES</p>	<p>oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, Nine pesos (P9.00): <i>Provided</i>, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: <i>Provided, further</i>, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, rerefined or recycled shall likewise be subject to the tax imposed under this Subsection.</p> <p>“(b) Processed gas, per liter of volume capacity, Nine pesos (P9.00);</p> <p>“(c) Waxes and petrolatum, per kilogram, Nine pesos (P9.00);</p> <p>“(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Nine pesos (P9.00): <i>Provided</i>, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;</p> <p>“(e) Naphtha, regular gasoline, pyrolysis gasoline, and other similar products of distillation, per liter of volume capacity, Nine pesos (P9.00): <i>Provided, however</i>, That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): <i>Provided, further</i>, That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: <i>Provided, finally</i>, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline,</p>	
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		<p>liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;</p> <p>“(f) Unleaded premium gasoline, per liter of volume capacity, Nine pesos (P9.00);</p> <p>“(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);</p> <p>“(h) Kerosene, per liter of volume capacity, Four pesos (P4.00); <i>Provided,</i> That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;</p> <p>“(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50);</p> <p>“(j) Liquefied petroleum gas, per kilogram, Two pesos (P2.00); <i>Provided,</i> That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00): <i>Provided, finally,</i> That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;</p> <p>“(k) Asphalts, per kilogram, Nine pesos (P9.00);</p>	
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	<p style="text-align: center;">GIALOGO DELA FUENTE & ASSOCIATES</p>	<p>“(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50): <i>Provided, however, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and</i></p> <p>“(m) Petroleum coke, per metric ton, Four pesos and fifty centavos (P4.50): <i>Provided, however, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).</i></p> <p>“Effective January 1, 2020</p> <p>“(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, Ten pesos (P10.00): <i>Provided, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, further, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, re-refined or recycled shall likewise be subject to the tax imposed under this Subsection.</i></p> <p>“(b) Processed gas, per liter of volume capacity, Ten pesos (P10.00);</p> <p>“(c) Waxes and petrolatum, per kilogram, Ten pesos (P10.00);</p> <p>“(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Ten pesos (P10.00): <i>Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the</i></p>	
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	<p style="text-align: center;">GIALOGO DELA FUENTE & ASSOCIATES</p>	<p>alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;</p> <p>“(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, Ten pesos (P10.00); <i>Provided, however,</i> That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products or as replacement fuel for natural-gas-fired-combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00); <i>Provided, further,</i> That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: <i>Provided, finally,</i> That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;</p> <p>“(f) Unleaded premium gasoline, per liter of volume capacity, Ten pesos (P10.00);</p> <p>“(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);</p>	
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		<p>“(h) Kerosene, per liter of volume capacity, Five pesos (P5.00); <i>Provided</i>, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;</p> <p>“(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00);</p> <p>“(j) Liquefied petroleum gas, per kilogram, Three pesos (P3.00); <i>Provided</i>, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00); <i>Provided, finally</i>, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;</p> <p>“(k) Asphalts, per kilogram, Ten pesos (P10.00);</p> <p>“(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00); <i>Provided, however</i>, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and</p> <p>“(m) Petroleum coke, per metric ton, Six pesos (P6.00); <i>Provided, however</i>, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).</p> <p>“(n) Petroleum products, including naphtha, LPG, petroleum coke, refinery fuel and other products of distillation, when used as input, feedstock or as raw material in the manufacturing of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural gas-fired combined cycle power plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the</p>	
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		<p>rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases, and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section. (VETOED)</p> <p>“For the period covering 2018 to 2020, the scheduled increase in the excise tax on fuel as imposed in this Section shall be suspended when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds Eighty dollars (USD 80) per barrel.</p> <p>“Provided, That the Department of Finance shall perform an annual review of the implementation of the excise tax on fuel and shall, based on projections provided and recommendations of the Development Budget Coordination Committee, as reconciled from the conditions as provided above, recommend the implementation or suspension of the excise tax on fuel: <i>Provided, further,</i> That the recommendation shall be given on a yearly basis: <i>Provided, finally,</i> That any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension.”</p>	
<p>148- A</p>	<p>No provision</p>	<p>“SEC. 148-A. Mandatory Marking of All Petroleum Products. – In accordance with rules and regulations to be issued by the Secretary of Finance, in consultation with the Commissioner of Internal Revenue and Commissioner of Customs and in coordination with the Secretary of Energy, the Secretary of Finance shall require the use of an official fuel marking or similar</p>	

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	<p style="text-align: center;">GIALOGO DELA FUENTE</p>	<p>technology on petroleum products that are refined, manufactured, or imported into the Philippines, and that are subject to the payment of taxes and duties, such as but not limited to, unleaded premium gasoline, kerosene, and diesel fuel oil after the taxes and duties thereon have been paid. The mandatory marking of all petroleum products shall be in accordance with the following:</p> <p>“(a) <i>Official Markers.</i> – There shall be a list of chemical additives and corresponding quantitative ratio as identified by the Secretary of Finance as official fuel markers. The official fuel markers shall be distinct and, to the greatest degree possible, impossible to imitate or replicate: <i>Provided,</i> That the official fuel marker must be unique to the Philippines and that its chemical composition and quantitative ratio must persist for at least three (3) years from their application or administration to the unmarked fuel;</p> <p>“(b) The person, entity, or taxpayer who owns or enters the petroleum products into the country, or the person to whom the petroleum products are consigned shall cause and accommodate the marking of the petroleum products with the official marking agent;</p> <p>“(c) Internal revenue or customs officers shall be on site to administer the declaration of the tax and duties imposed on the petroleum products and to oversee the application of the fuel marking;</p> <p>“(d) <i>Absence of Official or Dilution of the Official Marker; Presumptions.</i> – In the event that the petroleum products which do not contain the official marker or which contain the official marker but are diluted beyond the acceptable percentage approved by the Secretary of Finance are found in the domestic market or in the possession of anyone, or under any situation where said petroleum products are subject to duties and taxes, it</p>	
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	<p style="text-align: center; font-size: 2em; opacity: 0.5;">GIALOGO DELA FUENTE & ASSOCIATES</p>	<p>shall be presumed that the same were withdrawn with the intention to evade the payment of the taxes and duties due thereon;</p> <p>“(e) The use of fraudulent marker on the petroleum products shall be considered <i>prima facie</i> evidence that the same have been withdrawn or imported without the payment of taxes and duties due thereon;</p> <p>“(f) <i>Engagement of Fuel Marking Provider.</i>—The government shall engage only one fuel marking provider who shall, under the supervision and direction of the Commissioners of Internal Revenue and Customs, be responsible for providing, monitoring, and administering the fuel markers, provide equipment and devices, conduct field and confirmatory tests, and perform such other acts incidental or necessary to the proper implementation of the provisions of this Act: <i>Provided</i>, That the fuel marking provider shall provide an end-to-end solution to the Government, including the establishment and operation of testing facilities that are certified to ISO 17025;</p> <p>“(g) All costs pertaining to the procurement of the official fuel markers shall be borne by the refiner, manufacturer or importer, of petroleum products, as the case may be: <i>Provided</i>, That the government may subsidize the cost of official fuel markers in the first year of implementation;</p> <p>“(h) <i>Fuel Marking Program Funds.</i> – In addition to any appropriation to implement this Section and the last paragraph of Section 171 of this Act, fees or charges collected in relation to the fuel marking program may be recorded as trust receipts of the implementing agencies, and shall be exclusively disbursed to defray the cost of services or equipment required to fully implement the said program, subject to rules and regulations to be issued by the DOF-DBM-COA permanent committee;</p>	
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		<p>“(i) The marking of petroleum products shall be mandatory within five (5) years from the effectivity of this Act; and</p> <p>“(j) The term ‘random field test’ shall refer to periodic random inspections and tests performed to establish qualitative and quantitative positive result of fuel trafficking, which are conducted on fuels found in warehouses, storage tanks, gas stations and other retail outlets, and in such other properties or equipment, including mechanisms of transportation, of persons engaged in the sale, delivery, trading, transportation, distribution, or importation of fuel intended for domestic market.</p> <p>“The term ‘confirmatory tests’ shall refer to the accurate and precise analytical test of the tested unmarked, adulterated, or diluted fuel using a device, tool or equipment which will validate and confirm the result of the field test, that is immediately conducted in an accredited testing facility that is certified to ISO 17025.”</p>																	
149	<p>SEC. 149. Automobiles. - There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer's or importer's selling price, net of excise and value-added tax, in accordance with the following schedule:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><u>Net manufacturer's price/importer's selling price</u></th> <th style="text-align: left; padding: 5px;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Up to P 600,000</td> <td style="padding: 5px;">2%</td> </tr> <tr> <td style="padding: 5px;">Over P 600,000 to P 1.1 Million</td> <td style="padding: 5px;">P 12,000 + 20% of value in excess of P 600,000</td> </tr> <tr> <td style="padding: 5px;">Over P1.1 Million to P 2.1</td> <td style="padding: 5px;">P 112,000 + 40% of value in excess of P 1.1 Million</td> </tr> </tbody> </table>	<u>Net manufacturer's price/importer's selling price</u>	<u>Rate</u>	Up to P 600,000	2%	Over P 600,000 to P 1.1 Million	P 12,000 + 20% of value in excess of P 600,000	Over P1.1 Million to P 2.1	P 112,000 + 40% of value in excess of P 1.1 Million	<p>“SEC. 149. Automobiles. – There shall be levied, assessed and collected an <i>ad valorem</i> tax on automobiles based on the manufacturer's or importer's selling price, net of excise and value-added tax, in accordance with the following schedule:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><u>Effective January 1, 2018</u></th> <th style="text-align: left; padding: 5px;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">“Net manufacturer's price/ importer's selling price”</td> <td style="padding: 5px;">Rate</td> </tr> <tr> <td style="padding: 5px;">“Up to Six hundred thousand pesos (P600,000)</td> <td style="padding: 5px;">Four percent (4%)</td> </tr> <tr> <td style="padding: 5px;">“Over Six hundred thousand pesos(P600,000) to One million pesos (P1,000,000)</td> <td style="padding: 5px;">Ten percent (10%)</td> </tr> </tbody> </table>	<u>Effective January 1, 2018</u>	<u>Rate</u>	“Net manufacturer's price/ importer's selling price”	Rate	“Up to Six hundred thousand pesos (P600,000)	Four percent (4%)	“Over Six hundred thousand pesos(P600,000) to One million pesos (P1,000,000)	Ten percent (10%)	
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<p><u>Million</u></p> <p><u>Over P 2.1 Million</u></p>	<p><u>P 512,000 + 60% of value in excess of P 2.1 Million</u></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">*Over One million pesos (P1,000,000) to Four million pesos (P4,000,000)</td> <td style="padding: 2px;">Twenty percent (20%)</td> </tr> <tr> <td style="padding: 2px;">*Over Four million pesos (P4,000,000)</td> <td style="padding: 2px;">Fifty percent (50%)</td> </tr> </table>	*Over One million pesos (P1,000,000) to Four million pesos (P4,000,000)	Twenty percent (20%)	*Over Four million pesos (P4,000,000)	Fifty percent (50%)	
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*Over Four million pesos (P4,000,000)	Fifty percent (50%)						
<p>Provided, That the brackets reflecting the manufacturer's price or importer's selling price, net of excise and value added-taxes, will be indexed by the Secretary of Finance once every two years if the change in the exchange rate of the Philippine peso against the United States (U.S) dollar is more ten percent (10%) from the date of effectivity of this Act, in the case of initial adjustments and from the last revision date in the case of subsequent adjustments.</p> <p>The manufacturer's price or importer's selling price, net of excise and value added taxes, shall be indexed by the full rate of the peso depreciation or appreciation, as the case may be.</p> <p>Provided, further, That in case the change in the exchange rate of the Philippine peso against the U.S dollar is at least twenty percent (20%) at any time within the two (2) year period referred to above, the Secretary of Finance shall index the brackets reflecting the manufacturer's price or importer's selling price, net of excise and value added-taxes, by the full rate of the peso depreciation or appreciation, as the case may be.</p> <p>As used in this Section-</p> <p>(a) Automobile shall mean any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Provided, That for purposes of this Act, buses, trucks, cargo vans, jeeps/jeepneys/ shall not be considered as automobiles.</p> <p>(b) Trucks/cargo van shall mean a motor vehicle of any configuration that is exclusively designed for the carriage of goods and with any number of wheels and axles: <u>provided, that</u></p>		<p>“Provided, That hybrid vehicles shall be subject to fifty percent (50%) of the applicable excise tax rates on automobiles under this Section: <i>Provided, further</i>, That purely electric vehicles and pick-ups shall be exempt from excise tax on automobiles.</p> <p>“As used in this Section –</p> <p>“(a) Automobile shall mean any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power: <i>Provided</i>, That for purposes of this Act, buses, trucks, cargo vans, jeepneys/jeepney substitutes, single cab chassis, and special-purpose vehicles shall not be considered as automobiles.</p> <p>“(b) Truck/cargo van shall mean a motor vehicle of any configuration</p>					

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<p><u><i>pick-ups shall not be considered as trucks.</i></u></p> <p>(c) Jeep/jeepney/jeepney substitutes shall mean as "Philippine jeep or jeepney " which are of the jitney type locally designed and manufactured generally from surplus parts and components. It shall also include jeepney substitutes that are manufactured from brand-new single cab chassis or cowl chassis and locally customized rear body that has continuous sideway row seats with open rear door and without retractable glass windows.</p> <p>(d) Bus shall mean a motor vehicle of any configuration with gross vehicle weight of 4.0 tons or more with any number of wheels and axles, which is generally accepted and specifically designed for mass or public transportation.</p> <p>(e) Single cab chassis shall mean a motor vehicle with complete engine power train and chassis equipped with a cab that has a maximum of two (2) doors and only one (1) row of seats.</p> <p>(f) Special purpose vehicle shall mean a motor vehicle designed for specific applications such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for recreational activities.</p> <p>Provided, That in the case of imported automobiles not for sale, the tax imposed herein shall be based on the total landed value, including transaction value, customs duty and all other charges.</p> <p>Automobiles used exclusively within the Freeport zone shall be exempt from excise tax.</p>	<p>that is exclusively designed for the carriage of goods and with any number of wheels and axles: <i>Provided, <u>That pick-ups shall be considered as trucks.</u></i></p> <p>“(c) Jeepney/jeepney substitutes shall mean as ‘Philippine jeep or jeepney’ which are of the jitney type locally designed and manufactured generally from surplus parts and components. It shall also include jeepney substitutes that are manufactured from brand-new single cab chassis or cowl chassis and locally customized rear body that has continuous sideway row seats with open rear door and without retractable glass windows.</p> <p>“(d) Bus shall mean a motor vehicle of any configuration with gross vehicle weight of 4.0 tons or more with any number of wheels and axles, which is generally accepted and specially designed for mass or public transportation.</p> <p>“(e) Single cab chassis shall mean a motor vehicle with complete engine power train and chassis equipped with a cab that has a maximum of two (2) doors and only one (1) row of seats.</p> <p>“(f) Special purpose vehicle shall mean a motor vehicle designed for specific applications such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for recreational activities.</p> <p>“(g) Hybrid electric vehicle shall mean a motor vehicle powered by electric energy, with or without provision for off-vehicle charging, in combination with gasoline, diesel or any other motive power: Provided, That, for purposes of this Act, a hybrid electric vehicle must be able to propel itself from a stationary condition using solely electric motor.</p> <p>“Provided, That in the case of imported automobiles not for sale, the</p>
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		<p>tax imposed herein shall be based on the total landed value, including transaction value, customs duty and all other charges.</p> <p>“Automobiles used exclusively within the freeport zone shall be exempt from excise tax.”</p>	
<p>150-A</p>	<p>No provision</p>	<p><u>“SEC. 150-A. Non-essential Services. – There shall be levied, assessed, and collected a tax equivalent to five percent (5%) based on the gross receipts derived from the performance of services, net of excise tax and value-added tax, on invasive cosmetic procedures, surgeries, and body enhancements directed solely towards improving, altering, or enhancing the patient’s appearance and do not meaningfully promote the proper function of the body or prevent or treat illness or disease: Provided, That this tax shall not apply to procedures necessary to ameliorate a deformity arising from, or directly related to, a congenital or developmental defect or abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease, tumor, virus or infection: Provided, further, That cases or treatments covered by the National Health Insurance Program shall not be subject to this tax.”</u></p>	
<p>150-B</p>	<p>No provision</p>	<p><u>“SEC. 150-B. Sweetened Beverages. –</u></p> <p><u>“(A) Rate and Base of Tax. – Effective January 1, 2018:</u></p> <p><u>“(1) A tax of Six pesos (P6.00) per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners: Provided, That this tax rate shall not apply to sweetened beverages using high fructose corn syrup: Provided, further, That sweetened beverages using purely coconut sap sugar and purely steviol glycosides shall be exempt from this tax; and</u></p>	

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“(2) A tax of Twelve pesos (P12.00) per liter of volume capacity shall be levied, assessed, and collected on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener.

“(B) Definition of Terms. – As used in this Act:

“(1) Sweetened beverages (SBs) refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following, as described in the Food Category System from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2017 or the latest) as adopted by the FDA:

“(a) Sweetened juice drinks;

“(b) Sweetened tea;

“(c) All carbonated beverages;

“(d) Flavored water;

“(e) Energy and sports drinks;

“(f) Other powdered drinks not classified as milk, juice, tea, and coffee;

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“(g) Cereal and grain beverages; and

Other non-alcoholic beverages that

**“(h) contain
added sugar.**

“(2) Caloric sweetener refers to a substance that is sweet and includes sucrose, fructose, and glucose that produces a certain sweetness;

“(3) High fructose corn syrup refers to a sweet saccharide mixture containing fructose and glucose which is derived from corn and added to provide sweetness to beverages, and which includes other similar fructose syrup preparations; and

“(4) Non-caloric sweetener refers to substances that are artificially or chemically processed that produces a certain sweetness. These are substances which can be directly added to beverages, such as aspartame, sucralose, saccharin, acesulfame potassium, neotame, cyclamates and other non-nutritive sweeteners approved by the Codex Alimentarius and adopted by the FDA.

“(C) Exclusions. – The following products, as described in the food category system from Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2017 or the latest) as adopted by the FDA, are excluded from the scope of this Act:

“(1) All milk products, including plain milk, infant formula milk, follow-on milk, growing up milk, powdered milk, ready-to-drink milk and flavored milk, fermented milk, soymilk, and flavored soymilk;

“(2) One Hundred Percent (100%) Natural Fruit Juices –

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	<p style="text-align: center; font-size: 48px; opacity: 0.3;">GIALOGO DELA FUENTE & ASSOCIATES</p>	<p><u>Original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of natural fruit juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural fruit juice that do not have added sugar or caloric sweetener;</u></p> <p><u>“(3) One Hundred Percent (100%) Natural Vegetable Juices – Original liquid resulting from the pressing of vegetables, the liquid resulting from the reconstitution of natural vegetable juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural vegetable juice that do not have added sugar or caloric sweetener;</u></p> <p><u>“(4) Meal Replacement and Medically Indicated Beverages – Any liquid or powder drink/product for oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or as a source of necessary nutrition used due to a medical condition and an oral electrolyte solution for infants and children formulated to prevent dehydration due to illness; and</u></p> <p><u>“(5) Ground coffee, instant soluble coffee, and pre-packaged powdered coffee products.</u></p> <p><u>“(D) Filing of Return and Payment of Excise Tax and Penalty. –</u></p> <p><u>“(1) Filing of Return and Payment of Excise Tax on Domestic and Imported Sweetened Beverages.</u></p> <p><u>– The provision of Sections 130 and 131 of the NIRC, as appropriate, shall apply to sweetened beverages.</u></p> <p><u>“(2) Penalty. – Upon final findings by the Commissioner of Internal Revenue and/or Customs that any manufacturer or importer, in violation of this Section, misdeclares or misrepresents in the sworn statement provided in Section 130(c)</u></p>	
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of the NIRC, as amended, any pertinent data or information, the penalty of summary cancellation or withdrawal of the permit to engage in business as manufacturer or importer of sweetened beverages as provided under Section 268 of the NIRC, as amended, shall be imposed.

“Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharges, and interest which may be assessed pursuant to this Section.

“Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of the NIRC, as amended. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

“If not a citizen of the Philippines, the offender shall be deported immediately after serving the sentence without further proceedings for deportation.

“(E) Specific Responsibility of the Food and Drug Administration (FDA). – Starting June 1, 2018, the FDA shall require all manufacturers and importers of sweetened beverages covered by this Act to indicate on the label the type of sweetener used, and on sweetened beverages in powder form to indicate on the label the equivalent of each serving per liter of volume capacity.

“The FDA shall also conduct post- marketing surveillance of the sweetened beverages on display in supermarkets, groceries or retail stores and/or inspection of manufacturing sites to determine compliance with the requirements of this Section. Violations of the provisions of this Act, including but not limited to, mislabeling or misbranding, shall, to the extent applicable, be

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	<p style="font-size: 48px; opacity: 0.3;">GIALOGO D</p>	<p><u>punishable under existing laws.</u></p> <p><u>“(F) Duty of the Commissioner to Ensure Payment of Taxes. – It shall be the duty of the Commissioner, among other things, to prescribe a materially unique, secure and non removable identification, such as codes, stamps or other markings, to be firmly and conspicuously affixed on and form part of the label of all excisable sweetened beverages.</u></p> <p><u>“For this purpose, the abovementioned control measure shall be caused by the Commissioner to be printed with adequate security features to ensure the payment of excise tax on sweetened beverages.</u></p> <p><u>“(G) Review of Implementation of the Sweetened Beverage Tax. – At the start of the implementation of the sugar sweetened beverage tax and every year thereafter, the Department of Health, Department of Science and Technology, and Department of Finance shall review the impact of these provisions on its health objectives with the view to making recommendations on the tax rate on these beverages.”</u></p>	
<p style="font-size: 24px;">151</p>	<p>SEC. 151. Mineral Products. -</p>	<p>SEC. 151. Mineral Products. –</p>	
	<p>(A) Rates of Tax. - There shall be levied, assessed and collected on minerals, mineral products and quarry resources, excise tax as follows:</p> <p>(1) <u>On coal and coke, a tax of Ten pesos (P10.00) per metric ton;</u></p>	<p>(A) <i>Rates of Tax.</i> – There shall be levied, assessed and collected on minerals, mineral products and quarry resources, excise tax as follows:</p> <p>(1) <u>On domestic or imported coal and coke, notwithstanding any incentives granted in any law or special law:</u></p> <p style="padding-left: 40px;"><u>“Effective January 1, 2018, Fifty pesos (P50.00) per metric ton;</u></p> <p style="padding-left: 40px;"><u>“Effective January 1, 2019, One hundred pesos (P100.00) per metric ton; and</u></p> <p style="padding-left: 40px;"><u>“Effective January 1, 2020, One hundred fifty pesos (P150.00)</u></p>	

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<p>(2) On all nonmetallic minerals and quarry resources, a tax of <u>two percent (2%)</u> based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation.</p> <p>Notwithstanding the provision of paragraph (4) of Subsection (A) of this Section, locally extracted natural gas and liquefied natural gas shall not be subject to the excise tax imposed herein.</p> <p>(3) On all metallic minerals, a tax based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation, in accordance with the following schedule;</p> <p><u>(a) Copper and other metallic minerals:</u></p> <p><u>(i) On the first three (3) years upon the effectivity of Republic Act No. 7729, one percent (1%);</u></p> <p><u>(ii) On the fourth and the fifth years, one and a half percent (1 1/2%);</u> <u>and</u></p> <p><u>(iii) On the sixth year and thereafter, two percent (2%);</u></p> <p><u>(b) Gold and chromite, two percent (2%).</u></p>	<p><u>per metric ton.</u></p> <p>(2) On all nonmetallic minerals and quarry resources, a tax of <u>four percent (4%)</u> based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax in the case of importation.</p> <p>“x x x:</p> <p>“(a) Copper and other metallic minerals, <u>four percent (4%)</u>; and</p> <p>“(b) Gold and chromite, <u>four percent (4%)</u>.</p>
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<p>(4) On indigenous petroleum, a tax of three percent (3%) of the fair international market price thereof, on the first taxable sale, barter, exchange or such similar transaction, such tax to be paid by the buyer or purchaser before removal from the place of production. The phrase 'first taxable sale, barter, exchange or similar transaction' means the transfer of indigenous petroleum in its original state to a first taxable transferee. The fair international market price shall be determined in consultation with an appropriate government agency;</p> <p>For the purpose of this Subsection, 'indigenous petroleum' shall include locally-extracted mineral oil, hydrocarbon gas, bitumen, crude asphalt, mineral gas and all other similar or naturally associated substances with the exception of coal, peat, bituminous shale and/or stratified mineral deposits.</p> <p>(B) For purposes of this Section, the term -</p> <p>(1) 'Gross output' shall be interpreted as the actual market value of minerals or mineral products or of bullion from each mine or mineral land operated as a separate entity, without any deduction from mining, milling, refining (including all expenses incurred to prepare the said minerals or mineral products in a marketable state), as well as transporting, handling, marketing or any other expenses: Provided, That if the minerals or mineral products are sold or consigned abroad by the lessee or owner of the mine under C.I.F. terms, the actual cost of ocean freight and insurance shall be deducted: provided, however, That in the case of mineral concentrate, not traded in commodity exchanges in the Philippines or abroad, such as copper concentrate, the actual market value shall be the world price quotations of the refined mineral products content thereof prevailing in the said commodity exchanges, after deducting the smelting, refining and other charges incurred in the process of converting the mineral concentrates into refined metal traded in those commodity exchanges.</p> <p>(2) 'Minerals' shall mean all naturally occurring inorganic substances (found in nature) whether in solid, liquid, gaseous or any intermediate</p>	<p>“(4) On indigenous petroleum, a tax of six percent (6%) of the fair international market price thereof, on the first taxable sale, barter, exchange or such similar transaction, such tax to be paid by the buyer or purchaser before removal from the place of production. x x x. “x x x.”</p>	
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	<p>state.</p> <p>(3) 'Mineral products' shall mean things produced and prepared in a marketable state by simple treatment processes such as washing or drying, but without undergoing any chemical change or process or manufacturing by the lessee, concessionaire or owner of mineral lands.</p> <p>(4) 'Quarry resources' shall mean any common stone or other common mineral substances as the Director of the Bureau of Mines and Geo-Sciences may declare to be quarry resources such as, but not restricted to, marl, marble, granite, volcanic cinders, basalt, tuff and rock phosphate: Provided, That they contain no metal or other valuable minerals in economically workable quantities.</p>		
<p>155</p>	<p>SEC. 155. Manufacturers to Provide Themselves with Counting or Metering Devices to Determine Production. - Manufacturers of cigarettes, alcoholic products, oil products and other articles subject to excise tax that can be similarly measured shall provide themselves with such necessary number of suitable counting or metering devices to determine as accurately as possible the volume, quantity or number of the articles produced by them under rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner.</p>	<p>SEC. 155. Manufacturers and/or Importers to Provide Themselves with Counting or Metering Devices to Determine Volume of Production and Importation. - Manufacturers of cigarettes, alcoholic products, oil products, and other articles subject to excise tax that can be similarly measured shall provide themselves with such necessary number of suitable counting or metering devices to determine as accurately as possible the volume, quantity or number of the articles produced by them under rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner: <u>Provided, That the Department of Finance shall maintain a registry of all petroleum manufacturers and/or importers and the articles being manufactured and/or imported by them: Provided, further, That the Department of Finance shall mandate the creation of a real-time inventory of petroleum articles being manufactured, imported or found in storage depots of such petroleum manufacturers and/or importers: Provided, finally, That importers of finished petroleum products shall also provide themselves with Bureau-accredited metering devices to determine as accurately as possible the volume of petroleum products imported by them.</u></p>	

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	<p>This requirement shall be complied with before commencement of operations.</p>	<p>“This requirement shall be complied with before commencement of operations.”</p>	
<p>171</p>	<p>SEC. 171. Authority of Internal Revenue Officer in Searching for Taxable Articles. -Any internal revenue officer may, in the discharge of his official duties, enter any house, building or place where articles subject to tax under this Title are produced or kept, or are believed by him upon reasonable grounds to be produced or kept, so far as may be necessary to examine, discover or seize the same.</p> <p>He may also stop and search any vehicle or other means of transportation when upon reasonable grounds he believes that the same carries any article on which the excise tax has not been paid.</p>	<p>SEC. 171. Authority of Internal Revenue Officer in Searching for and Testing Taxable Articles.—Any internal revenue officer may, in the discharge of his official duties, enter any house, building or place where articles subject to tax under this Title are produced or kept, or are believed by him upon reasonable grounds to be produced or kept, so far as may be necessary to examine, test, discover or seize the same.</p> <p>“He may also stop and search any vehicle or other means of transportation when upon reasonable grounds he believes that the same carries any article on which the excise tax has not been paid.</p> <p>“Subject to rules and regulations to be issued by the Secretary of Finance, the Commissioner of Internal Revenue or his authorized representatives may conduct periodic random field tests and confirmatory tests on fuel required to be marked under Section 148-A found in warehouses, storage tanks, gas stations and other retail outlets, and in such other properties of persons engaged in the sale, delivery, trading, transportation, distribution, or importation of fuel intended for the domestic market: Provided, the following shall be complied with:</p> <p>“(a) Random field testing shall be conducted in the presence of revenue or customs officers, fuel marking provider, and the authorized representative of the owner of the fuel to be tested: Provided, That an employee assigned or working at the place where the random field test is conducted shall be deemed an authorized representative of the owner;</p> <p>“(b) All field tests shall be properly filmed or video-</p>	

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		<p><u>taped, and documented; and</u></p> <p><u>“(c) A sample of the randomly tested fuel shall be immediately obtained by the revenue or customs officer upon discovering that the same is unmarked, adulterated, or diluted;</u></p> <p><u>“Provided, further, That confirmatory fuel test certificates issued by fuel testing facilities shall be valid for any legal purpose from the date of issue, and shall constitute admissible and conclusive evidence before any court.”</u></p>	
174	<p>SEC. 174. Stamp Tax on Original Issue of Shares of Stock. - On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company or corporation, there shall be collected a documentary stamp tax of <u>One peso (P1.00)</u> on each Two hundred pesos (P200), or fractional part thereof, of the par value, of such shares of stock: Provided, That in the case of the original issue of shares of stock without par value the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: provided, further, That in the case of stock dividends, on the actual value represented by each share.</p>	<p>“SEC. 174. <i>Stamp Tax on Original Issue of Shares of Stock.</i> – On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company, or corporation, there shall be collected a documentary stamp tax of <u>Two pesos (P2.00)</u> on each Two hundred pesos (P200), or fractional part thereof, of the par value, of such shares of stock: <i>Provided</i>, That in the case of the original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: <i>Provided, further</i>, That in the case of stock dividends, on the actual value represented by each share.”</p>	
175	<p>SEC. 175. Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Due-bills, Certificates of Obligation, or Shares of Certificates of Stock. - On all sales, or agreements to sell, or memoranda of sale, or deliveries, or transfer of due-bills, certificates of obligation, or shares of certificates of stock in any association, company, or corporation, or transfer of such securities by assignment in blank, or by delivery, or by any paper or agreement, or memorandum or other evidences of transfer or sale whether entitling the holder in any manner to the benefit of such due-bills,</p>	<p>“SEC. 175. <i>Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares or Certificates of Stock.</i> – On all sales, or agreements to sell, or memoranda of sales, or deliveries, or transfer of shares or certificates of stock in any association, company, or corporation, or transfer of such securities by assignment in blank, or by delivery, or by any paper or agreement, or memorandum or other evidences of transfer or sale whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money, or for the future transfer of any stock, there</p>	

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	<p>certificates of obligation or stock, or to secure the future payment of money, or for the future transfer of any due-bill, certificate of obligation or stock, there shall be collected a documentary stamp tax of Seventy five centavos (P0.75) on each Two hundred pesos (P200) or fractional part thereof, of the par value of such due-bill, certificate of obligation or stock; Provided, That only one tax shall be collected on each sale or transfer of stock or securities from one person to another, regardless of whether or not a certificate of stock or obligation is issued, indorsed, or delivered in pursuance of such sale or transfer: and Provided, further, That in the case of stock without par value the amount of documentary stamp tax herein prescribed shall be equivalent to twenty-five percent (25%) of the documentary stamp tax paid upon the original issue of said stock.</p>	<p>shall be collected a documentary stamp tax of One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional part thereof, of the par value of such stock: <i>Provided</i>, That only one tax shall be collected on each sale or transfer of stock from one person to another, regardless of whether or not a certificate of stock is issued, indorsed, or delivered in pursuance of such sale or transfer: and <i>Provided, further</i>, That in the case of stock without par value the amount of the documentary stamp tax herein prescribed shall be equivalent to fifty percent (50%) of the documentary stamp tax paid upon the original issue of said stock.”</p>	
177	<p>SEC. 177. Stamp Tax on Certificates of Profits or Interest in Property or Accumulations. - On all certificates of profits, or any certificate or memorandum showing interest in the property or accumulations of any association, company or corporation, and on all transfers of such certificates or memoranda, there shall be collected a documentary stamp tax of Fifty centavos (P0.50) on each Two hundred pesos (P200), or fractional part thereof, of the face value of such certificate or memorandum.</p>	<p>“SEC. 177. <i>Stamp Tax on Certificates of Profits or Interest in Property or Accumulations.</i> – On all certificates of profits, or any certificate or memorandum showing interest in the property or accumulations of any association, company or corporation, and on all transfers of such certificates or memoranda, there shall be collected a documentary stamp tax of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the face value of such certificates or memorandum.”</p>	
178	<p>SEC. 178. Stamp Tax on Bank Checks, Drafts, Certificates of Deposit not Bearing Interest, and Other Instruments. - On each bank check, draft, or certificate of deposit not drawing interest, or order for the payment of any sum of money drawn upon or issued by any bank, trust company, or any person or persons, companies or corporations, at sight or on demand, there shall be collected a documentary stamp tax of One peso and fifty centavos (P1.50).</p>	<p>“SEC. 178. <i>Stamp Tax on Bank Checks, Drafts, Certificates of Deposit not Bearing Interest, and Other Instruments.</i> – On each bank check, draft, or certificate of deposit not drawing interest, or order for the payment of any sum of money drawn upon or issued by any bank, trust company, or any person or persons, companies or corporations, at sight or on demand, there shall be collected a documentary stamp tax of Three pesos (P3.00).”</p>	
179	<p>SEC. 179. Stamp tax on All Debt Instruments. - On every original issue of debt instruments, there shall be collected documentary stamp</p>	<p>“SEC. 179. <i>Stamp Tax on All Debt Instruments.</i> – On every original issue of debt instruments, there shall be collected a documentary</p>	

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	<p>tax of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instrument: Provided, That for such debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of proportional amount in accordance with the ratio of its terms in number of days to three hundred sixty days (365): Provided, further, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan.</p> <p>For purposes of this section, the term 'debt instrument' shall mean debt instrument representing borrowing and lending transactions including but not limited to debentures, certificates of indebtedness, due bills, bonds, loan agreements, including those signed abroad wherein the object of contract is located or used in the Philippines, instruments and securities issued by the government or any of its instrumentalities, deposit substitute debt instruments, certificates or other evidences of deposits that are either drawing interest significantly higher than the regular savings deposit taking into consideration the size of the deposit and the risks involved or drawing interest and having a specific maturity date, orders for payment of any sum of money otherwise than at sight or on demand, promissory notes, whether negotiable or non-negotiable, except bank notes issued for circulation.</p>	<p>stamp tax of One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instruments: <i>Provided</i>, That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days: <i>Provided, further</i>, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan.</p> <p>"x x x."</p>	
180	<p>SEC. 180 Stamp Tax on All Bills of Exchange or Drafts. - On all bill of exchange (between points within the Philippines) or drafts, there shall be collected a documentary stamp tax of thirty centavo (P0.30) on each Two hundred peso (P200), or fractional part thereof, of the face value of any such bill of exchange or draft.</p>	<p>"SEC. 180. <i>Stamp Tax on All Bills of Exchange or Drafts.</i> – On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a documentary stamp tax of Sixty centavos (P0.60) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or draft."</p>	
181	<p>SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and Others. - Upon any acceptance or payment of any bill of exchange or order for the payment of money purporting to be drawn in a foreign country but payable in the Philippines, there shall be collected a</p>	<p>"SEC. 181. <i>Stamp Tax Upon Acceptance of Bills of Exchange and Others.</i> – Upon any acceptance or payment of any bill of exchange or order for the payment of money purporting to be drawn in a foreign country but payable in the Philippines, there shall be collected a</p>	

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	documentary stamp tax of <u>Thirty centavos (P0.30)</u> on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange, or order, or the Philippine equivalent to such value, if expressed in foreign currency.	documentary stamp tax of <u>Sixty centavos (P0.60)</u> on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange, or order, or the Philippine equivalent of such value, if expressed in foreign currency.”																	
182	SEC. 182. Stamp Tax on Foreign Bills of Exchange and Letters of Credit. - On all foreign bills of exchange and letters of credit (including orders, by telegraph or otherwise, for the payment of money issued by express or steamship companies or by any person or persons) drawn in but payable out of the Philippines in a set of three (3) or more according to the custom of merchants and bankers, there shall be collected a documentary stamp tax of <u>Thirty centavos (P0.30)</u> on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or letter of credit, or the Philippine equivalent of such face value, if expressed in foreign currency.	“SEC. 182. <i>Stamp Tax on Foreign Bills of Exchange and Letters of Credit.</i> – On all foreign bills of exchange and letter of credit (including orders, by telegraph or otherwise, for the payment of money issued by express or steamship companies or by any person or persons) drawn in but payable out of the Philippines in a set of three (3) or more according to the custom of merchants and bankers, there shall be collected a documentary stamp tax of <u>Sixty centavos (P0.60)</u> on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or letter of credit, or the Philippine equivalent of such face value, if expressed in foreign currency.”																	
183	SEC. 183. Stamp Tax on Life Insurance Policies. - On all policies of insurance or other instruments by whatever name the same may be called, whereby any insurance shall be made or renewed upon any life or lives, there shall be collected a one-time documentary stamp tax at the following rates: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;"><u>If the amount of insurance does not exceed P 100,000</u></td> <td style="padding: 5px; text-align: center;"><u>Exempt</u></td> </tr> <tr> <td style="padding: 5px;"><u>If the amount of insurance exceeds P100,000 but does not exceed P300,000</u></td> <td style="padding: 5px; text-align: center;"><u>Php 10.00</u></td> </tr> <tr> <td style="padding: 5px;"><u>If the amount of insurance exceeds P300,000 but does not exceed P500,000</u></td> <td style="padding: 5px; text-align: center;"><u>Php 25.00</u></td> </tr> <tr> <td style="padding: 5px;"><u>If the amount of insurance exceeds P500,000</u></td> <td style="padding: 5px; text-align: center;"><u>Php 50.00</u></td> </tr> </table>	<u>If the amount of insurance does not exceed P 100,000</u>	<u>Exempt</u>	<u>If the amount of insurance exceeds P100,000 but does not exceed P300,000</u>	<u>Php 10.00</u>	<u>If the amount of insurance exceeds P300,000 but does not exceed P500,000</u>	<u>Php 25.00</u>	<u>If the amount of insurance exceeds P500,000</u>	<u>Php 50.00</u>	“SEC. 183. <i>Stamp Tax on Life Insurance Policies.</i> – On all policies of insurance or other instruments by whatever name the same may be called, whereby any insurance shall be made or renewed upon any life or lives, there shall be collected a one-time documentary stamp tax at the following rates: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;"><u>“If the amount of insurance does not exceed P100,000</u></td> <td style="padding: 5px; text-align: center;"><u>Exempt</u></td> </tr> <tr> <td style="padding: 5px;"><u>“If the amount of insurance exceeds P100,000 but does not exceed P300,000</u></td> <td style="padding: 5px; text-align: center;"><u>P20.00</u></td> </tr> <tr> <td style="padding: 5px;"><u>“If the amount of insurance exceeds P300,000 but does not exceed P500,000</u></td> <td style="padding: 5px; text-align: center;"><u>P50.00</u></td> </tr> <tr> <td style="padding: 5px;"><u>“If the amount of insurance exceeds P500,000 but does not exceed P750,000</u></td> <td style="padding: 5px; text-align: center;"><u>P100.00</u></td> </tr> </table>	<u>“If the amount of insurance does not exceed P100,000</u>	<u>Exempt</u>	<u>“If the amount of insurance exceeds P100,000 but does not exceed P300,000</u>	<u>P20.00</u>	<u>“If the amount of insurance exceeds P300,000 but does not exceed P500,000</u>	<u>P50.00</u>	<u>“If the amount of insurance exceeds P500,000 but does not exceed P750,000</u>	<u>P100.00</u>	
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<u>“If the amount of insurance exceeds P500,000 but does not exceed P750,000</u>	<u>P100.00</u>																		

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	<p><i>If the amount of insurance exceeds P150,000 but does not exceed P750,000</i></p> <p><i>If the amount of insurance exceeds P750,000 but does not exceed P1,000,000</i></p> <p><i>If the amount of insurance exceeds P1,000,000</i></p>	<p><i>Php 75.00</i></p> <p><i>Php 100.00</i></p>	<table border="1"> <tr> <td><i>"If the amount of insurance exceeds P750,000 but does not exceed P1,000,000"</i></td> <td><i>P150.00</i></td> </tr> <tr> <td><i>"If the amount of insurance exceeds P1,000,000"</i></td> <td><i>P200.00"</i></td> </tr> </table>	<i>"If the amount of insurance exceeds P750,000 but does not exceed P1,000,000"</i>	<i>P150.00</i>	<i>"If the amount of insurance exceeds P1,000,000"</i>	<i>P200.00"</i>	
<i>"If the amount of insurance exceeds P750,000 but does not exceed P1,000,000"</i>	<i>P150.00</i>							
<i>"If the amount of insurance exceeds P1,000,000"</i>	<i>P200.00"</i>							
<p>186</p>	<p>SEC. 186. Stamp Tax on Policies of Annuities and Pre-Need Plans. - On all policies of annuities, or other instruments by whatever name the same may be called, whereby an annuity may be made, transferred or redeemed, there shall be collected a documentary stamp tax of <i>Fifty centavos (P0.50)</i> on each Two hundred pesos (P200) or fractional part thereof, of the capital of the annuity, or should this be unknown, then on each Two hundred (P200) pesos, or fractional part thereof, of the premium or installment payment or contract price collected. On pre-need plans, the documentary stamp tax shall be Twenty centavos (P0.20) on each Two hundred pesos (P200), or fractional part thereof, of the premium or contribution collected.</p>	<p>"SEC. 186. <i>Stamp Tax on Policies of Annuities and Pre-Need Plans.</i> – On all policies of annuities, or other instruments by whatever name the same may be called, whereby an annuity may be made, transferred or redeemed, there shall be collected a documentary stamp tax of <i>One peso (P1.00)</i> on each Two hundred pesos (P200), or fractional part thereof, of the premium or installment payment on contract price collected. On pre-need plans, the documentary stamp tax shall be Forty centavos (P0.40) on each Two hundred pesos (P200), or fractional part thereof, of the premium or contribution collected."</p>						
<p>188</p>	<p>SEC. 188. Stamp Tax on Certificates. - On each certificate of damages or otherwise, and on every certificate or document issued by any customs officer, marine surveyor, or other person acting as such, and on each certificate issued by a notary public, and on each certificate of any description required by law or by rules or regulations of a public office, or which is issued for the purpose of giving information, or establishing proof of a fact, and not otherwise specified herein, there shall be collected a documentary stamp tax of <i>Fifteen pesos (P15.00)</i>.</p>	<p>"SEC. 188. <i>Stamp Tax on Certificates.</i> – On each certificate of damage or otherwise, and on every other certificate or document issued by any customs officer, marine surveyor, or other person acting as such, and on each certificate issued by a notary public, and on each certificate of any description required by law or by rules or regulations of a public office, or which is issued for the purpose of giving information, or establishing proof of a fact, and not otherwise specified herein, there shall be collected a documentary stamp tax of <i>Thirty pesos (P30.00)</i>."</p>						

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189	<p>SEC. 189. Stamp Tax on Warehouse Receipts. - On each warehouse receipt for property held in storage in a public or private warehouse or yard for any person other than the proprietor of such warehouse or yard, there shall be collected a documentary stamp tax of Fifteen pesos (P15.00); Provided, That no tax shall be collected on each warehouse receipt issued to any one person in any one calendar month covering property the value of which does not exceed Two hundred pesos (P200).</p>	<p>“SEC. 189. <i>Stamp Tax on Warehouse Receipts.</i> – On each warehouse receipt for property held in storage in a public or private warehouse or yard for any person other than the proprietor of such warehouse or yard, there shall be collected a documentary stamp tax of Thirty pesos (P30.00); Provided, That no tax shall be collected on each warehouse receipt issued to any one person in any one calendar month covering property the value of which does not exceed Two hundred pesos (P200).”</p>	
190	<p>SEC. 190. Stamp Tax on Jai-Alai, Horse Racing Tickets, lotto or Other Authorized Numbers Games. - On each jai-alai, horse race ticket, lotto, or other authorized number games, there shall be collected a documentary stamp tax of Ten centavos (P0.10); Provided, That if the cost of the ticket exceeds One peso (P1.00), an additional tax of Ten centavos (P0.10) on every One peso (P1.00, or fractional part thereof, shall be collected.</p>	<p>“SEC. 190. <i>Stamp Tax on Jai-alai, Horse Race, Tickets, Lotto or Other Authorized Numbers Games.</i> – On each jai-alai, horse race ticket, lotto, or other authorized numbers games, there shall be collected a documentary stamp tax of Twenty centavos (P0.20); Provided, That if the cost of the ticket exceed One peso (P1.00), an additional tax of Twenty centavos (P0.20) on every One peso (P1.00), or fractional part thereof, shall be collected.”</p>	
191	<p>SEC. 191. Stamp Tax on Bills of Lading or Receipts. - On each set of bills of lading or receipts (except charter party) for any goods, merchandise or effects shipped from one port or place in the Philippines to another port or place in the Philippines (except on ferries across rivers), or to any foreign port, there shall be collected documentary stamp tax of One peso (P1.00), if the value of such goods exceeds One hundred pesos (P100) and does not exceed One Thousand pesos (P1,000); Ten pesos (P10), if the value exceeds One thousand pesos (P1,000); Provided, however, That freight tickets covering goods, merchandise or effects carried as accompanied baggage of passengers on land and water carriers primarily engaged in the transportation of passengers are hereby exempt.</p>	<p>“SEC. 191. <i>Stamp Tax on Bills of Lading or Receipts.</i> – On each set of bills of lading or receipts (except charter party) for any goods, merchandise or effects shipped from one port or place in the Philippines (except on ferries across rivers), or to any foreign port, there shall be collected a documentary stamp tax of Two pesos (P2.00), if the value of such goods exceeds One hundred pesos (P100) and does not exceed One thousand pesos (P1,000); Twenty pesos (P20.00), if the value exceeds One thousand pesos (P1,000); Provided, however, That freight tickets covering goods, merchandise or effects carried as accompanied baggage of passengers on land and water carriers primarily engaged in the transportation of passengers are hereby exempt.”</p>	
192	<p>SEC. 192. Stamp Tax on Proxies. - On each proxy for voting at any election for officers of any company or association, or for any other purpose, except proxies issued affecting the affairs of associations or</p>	<p>“SEC. 192. <i>Stamp Tax on Proxies.</i> – On each proxy for voting at any election of officers of any company or association, or for any other purpose, except proxies issued affecting the affairs of associations or</p>	

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	corporations organized for religious, charitable or literary purposes, there shall be collected a documentary stamp tax of Fifteen pesos (P15.00) .	corporations organized for religious, charitable or literary purposes, there shall be collected a documentary stamp tax of Thirty pesos (P30.00) .	
193	SEC. 193. Stamp Tax on Powers of Attorney. - On each power of attorney to perform any act whatsoever, except acts connected with the collection of claims due from or accruing to the Government of the Republic of the Philippines, or the government of any province, city or municipality, there shall be collected a documentary stamp tax of Five pesos (P5.00) .	<i>“SEC. 193. Stamp Tax on Powers of Attorney.</i> –On each power of attorney to perform any act whatsoever, except acts connected with the collection of claims due from or accruing to the Government of the Republic of the Philippines, or the government of any province, city or municipality, there shall be collected a documentary stamp tax of Ten pesos (P10.00) .”	
194	SEC. 194. Stamp tax on Lease and Other Hiring Agreements. - On each lease, agreement, memorandum, or contract for hire, use or rent of any lands or tenements, or portions thereof, there shall be collected a documentary stamp tax of Three pesos (P3.00) for the first Two thousand pesos (P2,000), or fractional part thereof, and an additional One peso (P1.00) for every One Thousand pesos (P1,000) or fractional part thereof, in excess of the first Two thousand pesos (P2,000) for each year of the term of said contract or agreement.	<i>“SEC. 194. Stamp Tax on Leases and Other Hiring Agreements.</i> – On each lease, agreement, memorandum, or contract for hire, use or rent of any lands or tenements, or portions thereof, there shall be collected a documentary stamp tax of Six pesos (P6.00) for the first Two thousand pesos (P2,000), or fractional part thereof, and an additional Two pesos (P2.00) for every One thousand pesos (P1,000) or fractional part thereof, in excess of the first Two thousand pesos (P2,000) for each year of the term of said contract or agreement.”	
195	SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust. - On every mortgage or pledge of lands, estate, or property, real or personal, heritable or movable, whatsoever, where the same shall be made as a security for the payment of any definite and certain sum of money lent at the time or previously due and owing of forborne to be paid, being payable and on any conveyance of land, estate, or property whatsoever, in trust or to be sold, or otherwise converted into money which shall be and intended only as security, either by express stipulation or otherwise, there shall be collected a documentary stamp tax at the following rates: (a) When the amount secured does not exceed Five thousand pesos	<i>“SEC. 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust.</i> – On every mortgage or pledge of lands, estate, or property, real or personal, heritable or movable, whatsoever, where the same shall be made as a security for the payment of any definite and certain sum of money lent at the time or previously due and owing or forborne to be paid, being payable, and on any conveyance of land, estate, or property whatsoever, in trust or to be sold, or otherwise converted into money which shall be and intended only as security, either by express stipulation or otherwise, there shall be collected a documentary stamp tax at the following rates: “(a) When the amount secured does not exceed Five thousand pesos (P5,000), Forty pesos (P40.00) .	

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	<p>(P5,000), <u>Twenty pesos (P20.00)</u>.</p> <p>(b) On each Five thousand pesos (P5,000), or fractional part thereof in excess of Five thousand pesos (P5,000), an additional tax of <u>Ten pesos (P10.00)</u>.</p> <p>On any mortgage, pledge, or deed of trust, where the same shall be made as a security for the payment of a fluctuating account or future advances without fixed limit, the documentary stamp tax on such mortgage, pledge or deed of trust shall be computed on the amount actually loaned or given at the time of the execution of the mortgage, pledge or deed of trust, additional documentary stamp tax shall be paid which shall be computed on the basis of the amount advanced or loaned at the rates specified above: Provided, however, That if the full amount of the loan or credit, granted under the mortgage, pledge or deed of trust shall be computed on the amount actually loaned or given at the time of the execution of the mortgage, pledge or deed of trust. However, if subsequent advances are made on such mortgage, pledge or deed of trust, additional documentary stamp tax shall be paid which shall be computed on the basis of the amount advanced or loaned at the rates specified above: Provided, however, That if the full amount of the loan or credit, granted under the mortgage, pledge or deed of trust is specified in such mortgage, pledge or deed of trust, the documentary stamp tax prescribed in this Section shall be paid and computed on the full amount of the loan or credit granted.</p>	<p>“(b) On each Five thousand pesos (P5,000), or fractional part thereof in excess of Five thousand pesos (P5,000), an additional tax of <u>Twenty pesos (P20.00)</u>.</p> <p>“x x x.”</p>	
<p>196</p>	<p>SEC. 196. Stamp tax on Deeds of Sale and Conveyances of Real Property. - On all conveyances, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement, or other realty sold shall be granted, assigned, transferred or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair</p>	<p>“SEC. 196. <i>Stamp Tax on Deeds of Sale, Conveyances and Donation of Real Property.</i> – On all conveyances, donations, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement, or other realty sold shall be granted, assigned, transferred, donated or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, or donee, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based</p>	

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	<p>market value determined in accordance with Section 6(E) of this Code, whichever is higher: Provided, That when one of the contracting parties is the Government the tax herein imposed shall be based on the actual consideration.</p> <p>(a) When the consideration, or value received or contracted to be paid for such realty after making proper allowance of any encumbrance, does not exceed One thousand pesos (P1,000) fifteen pesos (P15.00).</p> <p>(b) For each additional One thousand Pesos (P1,000), or fractional part thereof in excess of One thousand pesos (P1,000) of such consideration or value, Fifteen pesos (P15.00).</p> <p>When it appears that the amount of the documentary stamp tax payable hereunder has been reduced by an incorrect statement of the consideration in any conveyance, deed, instrument or writing subject to such tax the Commissioner, provincial or city Treasurer, or other revenue officer shall, from the assessment rolls or other reliable source of information, assess the property of its true market value and collect the proper tax thereon.</p>	<p>on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: <i>Provided</i>, That when one of the contracting parties is the Government, the tax herein imposed shall be based on the actual consideration:</p> <p>“(a) When the consideration, or value received or contracted to be paid for such realty, after making proper allowance of any encumbrance, does not exceed One thousand pesos (P1,000), Fifteen pesos (P15.00).”</p> <p>“(b) For each additional One thousand pesos (P1,000), or fractional part thereof in excess of One thousand pesos (P1,000) of such consideration or value, Fifteen pesos (P15.00).”</p> <p>“Transfers exempt from donor’s tax under Section 101(a) and (b) of this Code shall be exempt from the tax imposed under this Section.”</p> <p>“When it appears that the amount of the documentary stamp tax payable hereunder has been reduced by an incorrect statement of the consideration in any conveyance, deed, instrument or writing subject to such tax the Commissioner, provincial or city Treasurer, or other revenue officer shall, from the assessment rolls or other reliable source of information, assess the property of its true market value and collect the proper tax thereon.”</p>	
<p style="text-align: center;">197</p>	<p>SEC. 197. Stamp Tax on Charter Parties and Similar Instruments. - On every charter party, contract or agreement for the charter of any ship, vessel or steamer, or any letter or memorandum or other writing between the captain, master or owner, or other person acting as agent of any ship, vessel or steamer, and any other person or persons for or relating to the charter of any such ship, vessel or steamer, and on any renewal or transfer of such charter, contract, agreement, letter or memorandum, there shall be collected a documentary stamp tax at the</p>	<p>“SEC. 197. <i>Stamp Tax on Charter Parties and Similar Instruments.</i> – On every charter party, contract or agreement for the charter of any ship, vessel or steamer, or any letter or memorandum or other writing between the captain, master or owner, or other person acting as agent of any ship, vessel or steamer, and any other person or persons for or relating to the charter of any such ship, vessel or steamer, and on any renewal or transfer of such charter, contract, agreement, letter or memorandum, there shall be collected a documentary stamp tax at the following rates:</p>	

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	<p>following rates:</p> <p>(a) If the registered gross tonnage of the ship, vessel or steamer does not exceed one thousand (1,000) tons, and the duration of the charter or contract does not exceed six (6) months, Five hundred pesos (P500); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>Fifty pesos (P50.00)</u> shall be paid.</p> <p>(b) If the registered gross tonnage exceeds one thousand (1,000) tons and does not exceed ten thousand (10,000) tons, and the duration of the charter or contract does not exceed six (6) months, One thousand pesos (P1,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>One hundred pesos (P100)</u> shall be paid.</p> <p>(c) If the registered gross tonnage exceeds ten thousand (10,000) tons and the duration of the charter or contract does not exceed six (6) months, One thousand five hundred pesos (P1,500); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>One hundred fifty pesos (P150)</u> shall be paid.</p>	<p>“(a) If the registered gross tonnage of the ship, vessel or steamer does not exceed one thousand (1,000) tons, and the duration of the charter or contract does not exceed six (6) months, One thousand pesos (P1,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>One hundred pesos (P100)</u> shall be paid.</p> <p>“(b) If the registered gross tonnage exceeds one thousand (1,000) tons and does not exceed ten thousand (10,000) tons, and the duration of the charter or contract does not exceed six (6) months, Two thousand pesos (P2,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>Two hundred pesos (P200)</u> shall be paid.</p> <p>“(c) If the registered gross tonnage exceeds ten thousand (10,000) tons and the duration of the charter or contract does not exceed six (6) months, Three thousand pesos (P3,000); and for each month or fraction of a month in excess of six (6) months, an additional tax of <u>Three hundred pesos (P300)</u> shall be paid.”</p>	
<p>232</p>	<p>SEC. 232. Keeping of Books of Accounts. -</p> <p>(A) Corporations, Companies, Partnerships or Persons Required to Keep Books of Accounts. - All corporations, companies, partnerships or persons required by law to pay internal revenue taxes shall <u>keep a journal and a ledger or their equivalents: Provided, however, That those whose quarterly sales, earnings, receipts, or output do not exceed Fifty thousand pesos (P50,000) shall keep and use simplified set of bookkeeping records duly authorized by the Secretary of Finance where in all transactions and results of operations are shown and from which all taxes due the Government</u></p>	<p>“SEC. 232. <i>Keeping of Books of Accounts. –</i></p> <p>“(A) <i>Corporations, Companies, Partnerships or Persons Required to Keep Books of Accounts. –</i> All corporations, companies, partnerships or persons required by law to pay internal revenue taxes <u>shall keep and use relevant and appropriate set of bookkeeping records duly authorized by the Secretary of Finance wherein all transactions and results of operations are shown and from which all taxes due the Government may readily and accurately be ascertained and determined any time of the year: Provided, That corporations, companies, partnerships or persons whose gross annual sales, earnings, receipts or output exceed Three million pesos (P3,000,000),</u></p>	

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	<p><i>may readily and accurately be ascertained and determined any time of the year:</i> Provided, further, That corporations, companies, partnerships or persons whose gross quarterly sales, earnings, receipts or output exceed One hundred fifty thousand pesos (P150,000) shall have their books of accounts audited and examined yearly by independent Certified Public Accountants and their income tax returns accompanied with a duly accomplished Account Information Form (AIF) which shall contain, among others, information lifted from certified balance sheets, profit and loss statements, schedules listing income-producing properties and the corresponding income therefrom and other relevant statements.</p> <p>(B) Independent Certified Public Accountant Defined. - The term '<i>Independent Certified Public Accountant</i>', as used in the preceding paragraph, means an accountant who possesses the independence as defined in the rules and regulations of the Board of Accountancy promulgated pursuant to Presidential Decree No. 692, otherwise known as the Revised Accountancy Law.</p>	<p>shall have their books of accounts audited and examined yearly by independent Certified Public Accountants and their income tax returns accompanied with a duly accomplished Account Information Form (AIF) which shall contain, among others, information lifted from certified balance sheets, profit and loss statements, schedules listing income-producing properties and the corresponding income therefrom and other relevant statements.</p> <p>“x x x.”</p>	
<p>236</p>	<p>SEC. 236. Registration Requirements. -</p> <p>(A) Requirements. - Every person subject to any internal revenue tax shall register once with the appropriate Revenue District Officer:</p> <p>(1) Within ten (10) days from date of employment, or</p> <p>(2) On or before the commencement of business, or</p> <p>(3) Before payment of any tax due, or</p> <p>(4) Upon filing of a return, statement or declaration as required in this Code.</p> <p>The registration shall contain the taxpayer's name, style, place of</p>	<p>“SEC. 236. <i>Registration Requirements.</i> -</p> <p>“(A) <i>Requirements.</i> - x x x</p> <p>“x x x</p> <p>“The registration shall contain the taxpayer’s name, style, place of</p>	

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<p>residence, business and such other information as may be required by the Commissioner in the form prescribed therefor.</p> <p>A person maintaining a head office, branch or facility shall register with the Revenue District Officer having jurisdiction over the head office, branch or facility. For purposes of this Section, the term 'facility' may include but not be limited to sales outlets, places of production, warehouses or storage places.</p> <p>(B) Annual Registration Fee - An annual registration fee in the amount of Five hundred pesos (P500) for every separate or distinct establishment or place of business, including facility types where sales transactions occur, shall be paid upon registration and every year thereafter on or before the last day of January: Provided, however, That cooperatives, individuals earning purely compensation income, whether locally or abroad, and overseas workers are not liable to the registration fee herein imposed.</p> <p>The registration fee shall be paid to an authorized agent bank located within the revenue district, or to the Revenue Collection Officer, or duly authorized Treasurer of the city of municipality where each place of business or branch is registered.</p> <p>(C) Registration of Each Type of Internal Revenue Tax.- Every person who is required to register with the Bureau of Internal Revenue under Subsection (A) hereof, shall register each type of internal revenue tax for which he is obligated, shall file a return and shall pay such taxes, and shall updates such registration of any changes in accordance with Subsection (E) hereof.</p> <p>(D) Transfer of Registration. - In case a registered person decides to transfer his place of business or his head office or branches, it shall be his duty to update his registration status by filing an application for registration information update in the form prescribed therefor.</p> <p>(E) Other Updates. - Any person registered in accordance with this</p>	<p>residence, business, and such other information as may be required by the Commissioner in the form prescribed therefor: Provided, That the Commissioner shall simplify the business registration and tax compliance requirements of self-employed individuals and/or professionals.</p> <p>"x x x"</p>
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<p>Section shall, whenever applicable, update his registration information with the Revenue District Office where he is registered, specifying therein any change in type and other taxpayer details.</p> <p>(F) Cancellation of Registration. -</p> <p>(1) General Rule. - The registration of any person who ceases to be liable to a tax type shall be cancelled upon filing with the Revenue District Office where he is registered an application for registration information update in a form prescribed therefor.</p> <p>(2) Cancellation of Value-Added Tax Registration. - A VAT-registered person may cancel his registration fo VAT if:</p> <p>(a) He makes written application and can demonstrate to the Commissioner's satisfaction the his gross sales or receipts for the following twelve(12) months, other than those that are exempt under Section 109 (A) to (U) (sic), will not exceed One million five hundred thousand pesos (P1,500,000) or</p> <p>(b) He has ceased to carry on his trade of business, and does not expect to recommence any trade or business within the next (12) months.</p> <p>The cancellation of registration will be effective from the first day of the following month.</p> <p>(G) Persons Required to Register for Value-Added Tax. -^[95]</p> <p>(1) Any person who, in the course of trade or business, sells, barter or exchanges goods or properties, or engages in the sale or exchange of services, shall be liable to register for value-added tax if:</p> <p>(a) His gross sales or receipts for the past twelve (12) months, other than those that are exempt under Section 109(A) to (V), have</p>	<p style="text-align: center; font-size: 2em; opacity: 0.3;">GIALOGO DELA FUENTE</p> <p>“(G) <i>Persons Required to Register for Value-Added Tax. –</i></p> <p>“(1) x x x</p> <p style="padding-left: 40px;">“(a) His gross sales or receipts for the past twelve (12) months, other than those that are exempt under Section 109(A) to (BB), have exceeded Three million pesos (P3,000,000); or</p> <p style="padding-left: 40px;">“(b) There are reasonable grounds to believe that his gross</p>
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<p>exceeded One million five hundred thousand pesos (P1,500,000); or</p> <p>(b) There are reasonable grounds to believe that his gross sales or receipts for the next twelve (12) months, other than those that are exempt under Section 109(A) to (V), will exceed One million five hundred thousand pesos (P1,500,000); or</p> <p>(2) Every person who becomes liable to be registered under paragraph (1) of this Subsection shall register with the Revenue District Office which has jurisdiction over the head office or branch of that person, and shall pay the annual registration fee prescribed in Subsection (B) hereof. If he fails to register, he shall be liable to pay the tax under Title IV as if he were a VAT-registered person, but without the benefit of input tax credits for the period in which he was not properly registered.</p> <p>(H) Optional Registration for Value-Added Tax of Exempt Person. -</p> <p>(1) Any person who is not required to register for value-added tax under Subsection (G) hereof may elect to register for value-added tax by registering with the Revenue District Office that has a jurisdiction over the head office of that person, and paying the annual registration fee in Subsection (B) hereof.</p> <p>(2) Any person who elects to register under this Subsection shall not be entitled to cancel his registration under Subsection (F) (2) for the next three (3) years.</p> <p>For purposes of Title IV of this code, any person who has registered value-added tax as a tax type in accordance with the provisions of Subsection (C) hereof shall be referred to as a "VAT-registered person" who shall be assigned only one Taxpayer Identification Number (TIN).</p>	<p>sales or receipts for the next twelve (12) months, other than those that are exempt under Section 109(A) to (BB), will exceed Three million pesos (P3,000,000). "x x x</p> <p><i>"(H) Optional Registration for Value-Added Tax of Exempt Person. –</i></p> <p>(1) Any person who is not required to register for value-added tax under Subsection (G) hereof may elect to register for value-added tax by registering with the Revenue District Office that has jurisdiction over the head office of that person, and paying the annual registration fee in Subsection (B) hereof.</p> <p>"(2) Any person who elects to register under this Subsection shall not be entitled to cancel his registration under Subsection (F)(2) for the next three (3) years.</p> <p>"Provided, That any person taxed under Section 24(A)(2)(b) and 24(A)(2)(c)(2)(a) of the NIRC who elected to pay the eight percent (8%) tax on gross sales or receipts shall not be allowed to avail of this option.</p> <p>"For purposes of Title IV of this Code, any person who has registered value-added tax as a tax type in accordance with the provisions of Subsection (C) hereof shall be referred to as a 'VAT-registered person' who shall be assigned only one Taxpayer</p>
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<p>(I) Supplying of Taxpayer Identification Number (TIN). -</p> <p>Any person required under the authority of this Code to make, render or file a return, statement or other document shall be supplied with or assigned a Taxpayer Identification Number (TIN) which he shall indicate in such return, statement or document filed with the Bureau of Internal Revenue for his proper identification for tax purposes, and which he shall indicate in certain documents, such as, but not limited to the following:</p> <p>(1) Sugar quedans, refined sugar release order or similar instruments;</p> <p>(2) Domestic bills of lading;</p> <p>(3) Documents to be registered with the Register of Deeds of Assessor's Office;</p> <p>(4) Registration certificate of transportation equipment by land, sea or air;</p> <p>(5) Documents to be registered with the Securities and Exchange Commission;</p> <p>(6) Building construction permits;</p> <p>(7) Application for loan with banks, financial institutions, or other financial intermediaries;</p> <p>(8) Application for mayor's permit;</p> <p>(9) Application for business license with the Department of Trade & Industry; and</p> <p>(10) Such other documents which may hereafter be required under rules and regulations to be promulgated by the Secretary of Finance,</p>	<p>Identification Number (TIN). "x x x."</p>
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	<p>upon recommendation of the Commissioner.</p> <p>In cases where a registered taxpayer dies, the administrator or executor shall register the estate of the decedent in accordance with Subsection (A) hereof and a new Taxpayer Identification Number (TIN) shall be supplied in accordance with the provisions of this Section.</p> <p>In the case of a nonresident decedent, the executor or administrator of the estate shall register the estate with the Revenue District Office where he is registered: Provided, however, That in case such executor or administrator is not registered, registration of the estate shall be made with the Taxpayer Identification Number (TIN) supplied by the Revenue District Office having jurisdiction over his legal residence.</p> <p>Only one Taxpayer identification Number (TIN) shall be assigned to a taxpayer. Any person who shall secure more than one Taxpayer Identification Number shall be criminally liable under the provision of Section 275 on '<i>Violation of Other Provisions of this Code or Regulations in General</i>'.</p>		
<p>237</p>	<p>SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. - All persons subject to an internal revenue tax shall, for each sale or transfer of merchandise or for services rendered valued at Twenty-five pesos (P25.00) or more, issue duly registered receipts or sales or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensations, fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client: Provided, further, That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser.</p>	<p>“SEC. 237. <i>Issuance of Receipts or Sales or Commercial Invoices. –</i></p> <p>“(A) <i>Issuance. –</i> All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (P100) or more, issue duly registered receipts or sale or commercial invoices, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: <i>Provided, however,</i> That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client: <i>Provided, further,</i> That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification</p>	

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	<p>The original of each receipt or invoice shall be issued to the purchaser, customer or client at the time the transaction is effected, who, if engaged in business or in the exercise of profession, shall keep and preserve the same in his place of business for a period of three (3) years from the close of the taxable year in which such invoice or receipt was issued, while the duplicate shall be kept and preserved by the issuer, also in his place of business, for a like period.</p> <p>The Commissioner may, in meritorious cases, exempt any person subject to internal revenue tax from compliance with the provisions of this Section.</p>	<p>Number (TIN) of the purchaser.</p> <p>“Within five (5) years from the effectivity of this Act and upon the establishment of a system capable of storing and processing the required data, the Bureau shall require taxpayers engaged in the export of goods and services, taxpayers engaged in e-commerce, and taxpayers under the jurisdiction of the Large Taxpayers Service to issue electronic receipts or sales or commercial invoices in lieu of manual receipts or sales or commercial invoices, subject to rules and regulations to be issued by the Secretary of Finance upon recommendation of the Commissioner and after a public hearing shall have been held for this purpose: <i>Provided, That taxpayers not covered by the mandate of this provision may issue electronic receipts or, sales or commercial invoices, in lieu of manual receipts, and sales and commercial invoices.</i></p> <p>“The original of each receipt or invoice shall be issued to the purchaser, customer or client at the time the transaction is effected, who, if engaged in business or in the exercise of profession, shall keep and preserve the same in his place of business for a period of three (3) years from the close of the taxable year in which such invoice or receipt was issued, while the duplicate shall be kept and preserved by the issuer, also in his place of business, for a like period: <i>Provided, That in case of electronic receipts or sales or commercial invoices, the digital records of the same shall be kept by the purchaser, customer or client and the issuer for the same period above stated.</i></p> <p>“The Commissioner may, in meritorious cases, exempt any person subject to internal revenue tax from compliance with the provisions of this Section.”</p>	
<p>237-</p>	<p>No provision</p>	<p>“SEC. 237-A. <i>Electronic Sales Reporting System.</i> – Within five (5) years from the effectivity of this Act and upon the establishment of a system capable of storing and processing the required data, the</p>	

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A		<p>Bureau shall require taxpayers engaged in the export of goods and services, and taxpayers under the jurisdiction of the Large Taxpayers Service to electronically report their sales data to the Bureau through the use of electronic point of sales systems, subject to rules and regulations to be issued by the Secretary of Finance as recommended by the Commissioner of Internal Revenue: <i>Provided</i>, That the machines, fiscal devices, and fiscal memory devices shall be at the expense of the taxpayers.</p> <p>“The data processing of sales and purchase data shall comply with the provisions of Republic Act No. 10173, otherwise known as the “Data Privacy Act” and Section 270 of the NIRC, as amended, on unlawful divulgence of taxpayer information and such other laws relating to the confidentiality of information.</p> <p>“The Bureau shall also establish policies, risk management approaches, actions, trainings, and technologies to protect the cyber environment, organization, and data in compliance with Republic Act No. 10175 or the “Cybercrime Prevention Act of 2012.</p>	
249	<p>SEC. 249. Interest. -</p> <p>(A) In General. - There shall be assessed and collected on any unpaid amount of tax, interest <u>at the rate of twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations, from the date prescribed for payment until the amount is fully paid.</u></p> <p>(B) Deficiency Interest. - Any deficiency in the tax due, as the term is defined in this Code, shall be subject to the interest prescribed in Subsection (A) hereof, which interest shall be assessed and collected from the date prescribed for its payment until the full payment thereof.</p>	<p>“SEC. 249. <i>Interest.</i> -</p> <p>“(A) <i>In General.</i> – There shall be assessed and collected on any unpaid amount of tax, interest <u>at the rate of double the legal interest rate for loans or forbearance of any money in the absence of an express stipulation as set by the Bangko Sentral ng Pilipinas from the date prescribed for payment until the amount is fully paid.</u> Provided, That in no case shall the deficiency and the delinquency interest prescribed under Subsections (B) and (C) hereof, be imposed simultaneously.</p> <p>“(B) <i>Deficiency Interest.</i> – Any deficiency in the tax due, as the term is defined in this Code, shall be subject to the interest prescribed in Subsection (A) hereof, which interest shall be assessed and collected from the date prescribed for its payment until the full payment thereof, or upon issuance of a notice and demand by the Commissioner of Internal Revenue, whichever comes earlier.</p>	<p>Per BSP Circular No. 799, Ser. Of 2013, the int. rate is 6%.</p> <p>Therefore, 12%.</p>

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	<p>(C) Delinquency Interest. - In case of failure to pay:</p> <p>(1) The amount of the tax due on any return to be filed, or</p> <p>(2) The amount of the tax due for which no return is required, or</p> <p>(3) A deficiency tax, or any surcharge or interest thereon on the due date appearing in the notice and demand of the Commissioner, there shall be assessed and collected on the unpaid amount, interest at the rate prescribed in Subsection (A) hereof until the amount is fully paid, which interest shall form part of the tax.²</p> <p>(D) Interest on Extended Payment. - If any person required to pay the tax is qualified and elects to pay the tax on installment under the provisions of this Code, but fails to pay the tax or any installment hereof, or any part of such amount or installment on or before the date prescribed for its payment, or where the Commissioner has authorized an extension of time within which to pay a tax or a deficiency tax or any part thereof, there shall be assessed and collected interest at the rate hereinabove prescribed on the tax or deficiency tax or any part thereof unpaid from the date of notice and demand until it is paid.</p>	<p>“(C) <i>Delinquency Interest.</i> – x x x “x x x.”</p>	
<p style="text-align: center;">254</p>	<p>SEC. 254. Attempt to Evade or Defeat Tax. - Any person who willfully attempts in any manner to evade or defeat any tax imposed under this Code or the payment thereof shall, in addition to other penalties provided by law, upon conviction thereof, be punished by a fine not less than <u>Thirty thousand (P30,000)</u> but not more than <u>One hundred thousand pesos (P100,000)</u> and suffer imprisonment of <u>not less than two (2) years but not more than four (4) years.</u> Provided, That the conviction or acquittal obtained under this Section shall not be a bar to the filing of a civil suit for the collection of taxes.</p>	<p>“SEC. 254. <i>Attempt to Evade or Defeat Tax.</i> –Any person who willfully attempts in any manner to evade or defeat any tax imposed under this Code or the payment thereof shall, in addition to other penalties provided by law, upon conviction thereof, be punished with a fine of not less than <u>Five hundred thousand pesos (P500,000)</u> but not more than <u>Ten million pesos (P10,000,000)</u>, and imprisonment of <u>not less than six (6) years but not more than ten (10) years.</u> Provided, That the conviction or acquittal obtained under this Section shall not be a bar to the filing of a civil suit for the collection of taxes.”</p>	<p>Under probation law, the following is disqualified to avail of probation: “SEC. 9. ... “a. sentenced to serve a maximum term of imprisonment of more than six (6) years;</p>
<p style="text-align: center;">264</p>	<p>Sec. 264. Failure or refusal to Issue Receipts or Sales or Commercial Invoices, Violations related to the Printing of such</p>	<p>“SEC. 264. <i>Failure or Refusal to Issue Receipts or Sales or Commercial Invoices, Violations Related to the Printing of such Receipts or Invoices and Other Violations.</i> –</p>	

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	<p>Receipts or Invoices and Other Violations. -</p> <p>(a) Any person who, being required under Section 237 to issue receipts or sales or commercial invoices, fails or refuses to issue such receipts or invoices, issues receipts or invoices that do not truly reflect and/or contain all the information required to be shown therein, or uses multiple or double receipts or invoices, shall, upon conviction for each act or omission, be punished by a fine of not less than One thousand pesos (P1,000) but not more than Fifty thousand pesos (P50,000) and suffer imprisonment of not less than two (2) years but not more than four (4) years.</p> <p>(b) Any person who commits any of the acts enumerated hereunder shall be penalized in the same manner and to the same extent as provided for in this Section:</p> <p>(1) Printing of receipts or sales or commercial invoices without authority from the Bureau of Internal Revenue; or</p> <p>(2) Printing of double or multiple sets of invoices or receipts; or</p> <p>(3) Printing of unnumbered receipts or sales or commercial invoices, not bearing the name, business style, Taxpayer Identification Number, and business address of the person or entity.</p>	<p>“(a) x x x</p> <p>“(b) Any person who commits any of the acts enumerated hereunder shall be penalized with a fine of not less than <u>Five hundred thousand pesos (P500,000) but not more than Ten million pesos (P10,000,000), and imprisonment of not less than six (6) years but not more than ten (10) years:</u></p> <p>“(1) x x x;</p> <p>“(2) x x x;</p> <p>“(3) x x x; or</p> <p>“(4) Printing of other fraudulent receipts or sales or commercial invoices.”</p>	
<p>264-A</p>	<p>No provision</p>	<p>“SEC. 264-A. Failure to Transmit Sales Data Entered on Cash Register Machine (CRM)/Point of Sales System (POS) Machines to the BIR’s Electronic Sales Reporting System. – Any taxpayer required to transmit sales data to the Bureau’s electronic sales reporting system but fails to do so, shall pay, for each day of violation, a penalty amounting to one-tenth of one percent (1/10 of 1%) of the annual net income as reflected in the taxpayer’s audited financial statement for the second year preceding the current taxable year for each day of violation or Ten thousand</p>	

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		<p>pesos (P10,000), whichever is higher: <i>Provided</i>, That should the aggregate number of days of violation exceed one hundred eighty (180) days within a taxable year, an additional penalty of permanent closure of the taxpayer shall be imposed: <i>Provided, further</i>, That if the failure to transmit is due to <i>force majeure</i> or any causes beyond the control of the taxpayer the penalty shall not apply.”</p>	
264-B	No provision	<p>“SEC. 264-B. Purchase, Use, Possession, Sale or Offer to Sell, Installment, Transfer, Update, Upgrade, Keeping or Maintaining of Sales Suppression Devices. – Any person who shall purchase, use, possess, sell or offer to sell, install, transfer, update, upgrade, keep, or maintain any software or device designed for, or is capable of:</p> <p>(a) suppressing the creation of electronic records of sale transactions that a taxpayer is required to keep under existing tax laws and/or regulations; or</p> <p>(b) modifying, hiding, or deleting electronic records of sales transactions and providing a ready means of access to them, shall be punished by a fine of not less than Five hundred thousand pesos (P500,000) but not more than Ten million pesos (P10,000,000), and suffer imprisonment of not less than two (2) years but not more than four (4) years: <i>Provided</i>, That a cumulative suppression of electronic sales record in excess of the amount of Fifty million pesos (P50,000,000) shall be considered as economic sabotage and shall be punished in the maximum penalty provided for under this provision.”</p>	
265-A	No provision	<p>“SEC. 265-A. Offenses Relating to Fuel Marking. – All offenses relating to fuel marking shall, in addition to the penalties imposed under Title X of the NIRC, as amended, Section 1401 of Republic Act No. 10863, otherwise known as the ‘Customs Modernization and Tariff Act (CMTA)’, and other relevant laws, be punishable as follows:</p>	

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	<p style="text-align: center; font-size: 48px; opacity: 0.3;">GIALOGO DE LA FUENTE & ASSOCIATES</p>	<p>“(a) Any person who is found to be engaged in the sale, trade, delivery, distribution or transportation of unmarked fuel in commercial quantity held for domestic use or merchandise shall, upon conviction, suffer the penalties of:</p> <p>“(1) For the first offense, a fine of Two million five hundred thousand pesos (P2,500,000);</p> <p>“(2) For the second offense, a fine of Five million pesos (P5,000,000); and</p> <p>“(3) For the third offense, a fine of Ten million pesos (P10,000,000) and revocation of license to engage in any trade or business.</p> <p>“(b) Any person who causes the removal of the official fuel marking agent from marked fuel, and the adulteration or dilution of fuel intended for sale to the domestic market, or the knowing possession, storage, transfer or offer for sale of fuel obtained as a result of such removal, adulteration or dilution shall be penalized in the same manner and extent as provided for in the preceding Subsection.</p> <p>“(c) Any person who commits any of the acts enumerated hereunder shall, upon conviction, be punished by a fine of not less than One million pesos (P1,000,000) but not more than Five million pesos (P5,000,000), and suffer imprisonment of not less than four (4) years but not more than eight (8) years:</p> <p>“(1) Making, importing, selling, using or possessing fuel markers without express authority;</p> <p>“(2) Making, importing, selling, using or possessing counterfeit fuel markers;</p> <p>“(3) Causing another person or entity to commit any of the</p>	
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	<p style="font-size: 48px; opacity: 0.3;">GIALOGO DE LA FUENTE & ASSOCIATES</p>	<p>two (2) preceeding acts; or</p> <p>“(4) Causing the sale, distribution, supply or transport of legitimately imported, in-transit, manufactured or procured controlled precursors and essential chemicals, in diluted, mixtures or in concentrated form, to any person or entity penalized in Subsections (a), (b), or (c) hereof, including but not limited to, packaging, repackaging, labeling, relabeling or concealment of such transaction through fraud, destruction of documents, fraudulent use of permits, misdeclaration, use of front companies or mail fraud.</p> <p>“(d) Any person who willfully inserts, places, adds or attaches directly or indirectly, through any overt or covert act, whatever quantity of any unmarked fuel, counterfeit additive or chemical in the person, house, effects, inventory, or in the immediate vicinity of an innocent individual for the purpose of implicating, incriminating or imputing the commission of any violation of this Act shall, upon conviction, be punished by a fine of not less than Five million pesos (P5,000,000) but not more than Ten million pesos (P10,000,000), and suffer imprisonment of not less than four (4) years but not more than eight (8) years.</p> <p>“(e) Any person who is authorized, licensed or accredited under this Act and its implementing rules to conduct fuel tests, who issues false or fraudulent fuel test results knowingly, willfully or through gross negligence, shall suffer the additional penalty of imprisonment ranging from one (1) year and one (1) day to two (2) years and six (6) months.</p> <p>“The additional penalties of revocation of the license to practice his profession in case of a practitioner, and the closure of the fuel testing facility, may also be imposed at the instance of the court.”</p>	
<p>269</p>	<p>SEC. 269. Violations Committed by Government Enforcement Officers. - Every official, agent, or employee of the Bureau of Internal</p>	<p>“SEC. 269. Violations Committed by Government Enforcement Officers. – x x x</p>	

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<p>Revenue or any other agency of the Government charged with the enforcement of the provisions of this Code, who is guilty of any of the offenses herein below specified shall, upon conviction for each act or omission, be punished by a fine of not less than Fifty thousand pesos (P50,000) but not more than One hundred thousand pesos (P100,000) and suffer imprisonment of not less than ten (10) years but not more than fifteen (15) years and shall likewise suffer an additional penalty of perpetual disqualification to hold public office, to vote, and to participate in any public election:</p> <p>(a) Extortion or willful oppression through the use of his office or willful oppression and harassment of a taxpayer who refused, declined, turned down or rejected any of his offers specified in paragraph (d) hereof;</p> <p>(b) Knowingly demanding or receiving any fee, other or greater sums that are authorized by law or receiving any fee, compensation or reward, except as by law prescribed, for the performance of any duty;</p> <p>(c) Willfully neglecting to give receipts, as by law required, for any sum collected in the performance of duty or willfully neglecting to perform any other duties enjoined by law;</p> <p>(d) Offering or undertaking to accomplish, file or submit a report or assessment on a taxpayer without the appropriate examination of the books of accounts or tax liability, or offering or undertaking to submit a report or assessment less than the amount due the Government for any consideration or compensation, or conspiring or colluding with another or others to defraud the revenues or otherwise violate the provisions of this Code;</p> <p>(e) Neglecting or by design permitting the violation of the law by any other person;</p> <p>(f) Making or signing any false entry or entries in any book, or making</p>	<p>“(a) x x x;</p> <p>“x x x</p>
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	<p>or signing any false certificate or return;</p> <p>(g) Allowing or conspiring or colluding with another to allow the unauthorized retrieval, withdrawal or recall of any return, statement or declaration after the same has been officially received by the Bureau of Internal Revenue;</p> <p>(h) Having knowledge or information of any violation of this Code or of any fraud committed on the revenues collectible by the Bureau of Internal Revenue, failure to report such knowledge or information to their superior officer, or failure to report as otherwise required by law; and</p> <p>(i) Without the authority of law, demanding or accepting or attempting to collect, directly or indirectly, as payment or otherwise any sum of money or other thing of value for the compromise, adjustment or settlement of any charge or complaint for any violation or alleged violation of this Code.</p> <p>Provided, That the provisions of the foregoing paragraph notwithstanding, any internal revenue officer for which a prima facie case of grave misconduct has been established shall, after due notice and hearing of the administrative case and subject to Civil Service Laws, be dismissed from the revenue service: Provided, further, That the term 'grave misconduct', as defined in Civil Service Law, shall include the issuance of fake letters of authority and receipts, forgery of signature, usurpation of authority and habitual issuance of unreasonable assessments.</p>	<p>“(h) Having knowledge or information of any violation of this Code or of any fraud committed on the revenues collectible by the Bureau of Internal Revenue, failure to report such knowledge or information to their superior officer, or failure to report as otherwise required by law;</p> <p>“(i) x x x; and</p> <p>“(j) Deliberate failure to act on the application for refunds within the prescribed period provided under Section 112 of this Act.</p> <p>“Provided, That the provisions of the foregoing paragraph notwithstanding, any internal revenue officer for which a <i>prima facie</i> case of grave misconduct has been established shall, after due notice and hearing of the administrative case and subject to Civil Service Laws, be dismissed from the revenue service: <i>Provided, further,</i> That the term ‘grave misconduct’, as defined in the Civil Service Law, shall include the issuance of fake letters of authority and receipts, forgery of signature, usurpation of authority and habitual issuance of unreasonable assessments.”</p>	
<p style="text-align: center; font-size: 24pt;">288</p>	<p>SEC. 288. Disposition of Incremental Revenues. -</p> <p>(A) Incremental Revenues from Republic Act No. 7660. - The incremental revenues from the increase in the documentary stamp taxes under R.A. No. 7660 shall be set aside for the following</p>	<p>“SEC. 288. Disposition of Incremental Revenue. -</p> <p>“(A) x x x</p> <p>“(B) x x x</p>	<p>President Duterte also vetoed the provision involving earmarking of incremental</p>

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<p>purposes:</p>	<p>(1) In 1994 and 1995, twenty five percent (25%) thereof respectively, shall accrue to the Unified Home-Lending Program under Executive Order No. 90 particularly for mass-socialized housing program to be allocated as follows: fifty percent (50%) for mass-socialized housing; thirty percent (30%) for the community mortgage program; and twenty percent (20%) for land banking and development to be administered by the National Housing Authority: Provided, That not more than one percent (1%) of the respective allocations hereof shall be used for administrative expenses;</p>	<p>“(C) x x x “(D) x x x “(E) x x x</p>	<p>tobacco taxes, as such effectively amends the Sin Tax law.</p>
<p>(2) In 1996, twenty five percent (25%) thereof to be utilized for the National Health Insurance Program that hereafter may be mandated by law;</p> <p>(3) In 1994 and every year thereafter, twenty five percent (25%) thereof shall accrue to a Special Education Fund to be administered by the Department of Education, Culture and Sports for the construction and repair of school facilities, training of teachers, and procurement or production of instructional materials and teaching aids; and</p> <p>(4) In 1994 and every year thereafter, fifty percent (50%) thereof shall accrue to a Special Infrastructure Fund for the Construction and repair of roads, bridges, dams and irrigation, seaports and hydroelectric and other indigenous power projects: Provided, however, That for the years 1994 and 1995, thirty percent (30%), and for the years 1996, 1997 and 1998, twenty percent (20%), of this fund shall be allocated for depressed provinces as declared by the President as of the time of the effectivity of R.A. No. 7660: Provided, further, That availments under this fund shall be determined by the President on the basis of equity.</p> <p>Provided, finally, That in paragraphs (2), (3), and (4) of this Section, not more one percent (1%) of the allocated funds thereof shall be used for administrative expenses by the implementing agencies.</p>	<p>“(F) Incremental Revenues from the Tax Reform for Acceleration and Inclusion (TRAIN). – For five (5) years from the effectivity of this Act, the yearly incremental revenues generated shall be automatically appropriated as follows:</p> <p>“(1) Not more than seventy percent (70%) to fund infrastructure projects such as, but not limited to, the Build, Build, Build Program and provide infrastructure programs to address congestion through mass transport and new road networks, military infrastructure, sports facilities for public schools, and potable drinking water supply in all public places; and</p> <p>“(2) Notmore than thirty percent (30%) to fund:</p> <p>“(a) Programs under Republic Act No. 10659, otherwise known as ‘Sugarcane Industry Development Act of 2015’, to advance the self-reliance of sugar farmers that will increase productivity, provide livelihood opportunities, develop alternative farming systems and ultimately enhance farmers’ income;</p> <p>“(b) Social mitigating measures and investments in: (i) education, (ii) health, targeted nutrition, and anti-hunger programs for mothers, infants, and young children, (iii) social protection, (iv) employment, and (v) housing that prioritize and directly benefit both the poor and near poor households;</p> <p>“(c) A social welfare and benefits program where qualified beneficiaries shall be provided with a social benefits card to avail of the following social benefits:</p> <p>“(i) Unconditional cash transfer to households in the first to seventh income deciles of the National Household Targeting System for Poverty Reduction (NHTS-PR), Pantawid Pamilyang</p>	<p>“(F) Incremental Revenues from the Tax Reform for Acceleration and Inclusion (TRAIN). – For five (5) years from the effectivity of this Act, the yearly incremental revenues generated shall be automatically appropriated as follows:</p> <p>“(1) Not more than seventy percent (70%) to fund infrastructure projects such as, but not limited to, the Build, Build, Build Program and provide infrastructure programs to address congestion through mass transport and new road networks, military infrastructure, sports facilities for public schools, and potable drinking water supply in all public places; and</p> <p>“(2) Notmore than thirty percent (30%) to fund:</p> <p>“(a) Programs under Republic Act No. 10659, otherwise known as ‘Sugarcane Industry Development Act of 2015’, to advance the self-reliance of sugar farmers that will increase productivity, provide livelihood opportunities, develop alternative farming systems and ultimately enhance farmers’ income;</p> <p>“(b) Social mitigating measures and investments in: (i) education, (ii) health, targeted nutrition, and anti-hunger programs for mothers, infants, and young children, (iii) social protection, (iv) employment, and (v) housing that prioritize and directly benefit both the poor and near poor households;</p> <p>“(c) A social welfare and benefits program where qualified beneficiaries shall be provided with a social benefits card to avail of the following social benefits:</p> <p>“(i) Unconditional cash transfer to households in the first to seventh income deciles of the National Household Targeting System for Poverty Reduction (NHTS-PR), Pantawid Pamilyang</p>	

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<p>(B) Incremental Revenues from Republic Act No. 8240. - Fifteen percent (15%) of the incremental revenue collected from the excise tax on tobacco products under R. A. No. 8240 shall be allocated and divided among the provinces producing burley and native tobacco in accordance with the volume of tobacco leaf production. The fund shall be exclusively utilized for programs to promote economically viable alternatives for tobacco farmers and workers such as:</p> <p>(1) Programs that will provide inputs, training, and other support for tobacco farmers who shift to production of agricultural products other than tobacco including, but not limited to, high-value crops, spices, rice, corn, sugarcane, coconut, livestock and fisheries;</p> <p>(2) Programs that will provide financial support for tobacco farmers who are displaced or who cease to produce tobacco;</p> <p>(3) Cooperative programs to assist tobacco farmers in planting alternative crops or implementing other livelihood projects;</p> <p>(4) Livelihood programs and projects that will promote, enhance, and develop the tourism potential of tobacco-growing provinces;</p> <p>(5) Infrastructure projects such as farm to market roads, schools, hospitals, and rural health facilities; and</p> <p>(6) Agro-industrial projects that will enable tobacco farmers to be involved in the management and subsequent ownership of projects, such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization.</p> <p>The Department of Budget and Management, in consultation with the Department of Agriculture, shall issue rules and regulations governing the allocation and disbursement of this fund, not later than one hundred eighty (180) days from the effectivity of this Act.</p>	<p>Pilipino Program, and the social pension program for a period of three (3) years from the effectivity of this Act: <i>Provided, That the unconditional cash transfer shall be Two hundred pesos (P200.00) per month for the first year and Three hundred pesos (P300.00) per month for the second year and third year, to be implemented by the Department of Social Welfare and Development (DSWD);</i></p> <p>“(ii) Fuel vouchers to qualified franchise holders of Public Utility Jeeps (PUJs);</p> <p>“(iii) For minimum wage earners, unemployed, and the poorest fifty percent (50%) of the population:</p> <p>“(1) Fare discount from all public utility vehicles (except trucks for hire and school transport service) in the amount equivalent to ten percent (10%) of the authorized fare;</p> <p>“(2) Discounted purchase of National Food Authority (NFA) rice from accredited retail stores in the amount equivalent to ten percent (10%) of the net retail prices, up to a maximum of twenty (20) kilos per month; and</p> <p>“(3) Free skills training under a program implemented by the Technical Skills and Development Authority (TESDA).</p> <p>“<i>Provided, That benefits or grants contained in this Subsection shall not be availed in addition to any other discounts.</i></p> <p>“(iv) Other social benefits programs to be developed and implemented by the government.</p> <p><i>“Notwithstanding any provisions herein to the contrary, the incremental revenues from the tobacco taxes under this Act shall be subject to Section 3 of Republic Act No. 7171, otherwise known as ‘An Act to Promote the Development of the Farmer in the Virginia Tobacco</i></p>
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<p>(C) Incremental Revenues from the Excise Tax on Alcohol and Tobacco Products.-</p> <p>After deducting the allocations under Republic Act Nos. 7171 and 8240, eighty percent (80%) of the remaining balance of the incremental revenue derived from this Act shall be allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium development goals and health awareness programs; and twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance and health enhancement facilities program, the annual requirements of which shall be determined by the Department of Health (DOH).</p> <p>(D) Incremental Revenue from the Value-Added Tax - Fifty percent (50%) of the Local Government unit's share from the incremental revenue from the Value-Added Tax shall be allocated and used exclusively for the following purposes:</p> <ol style="list-style-type: none"> (1) Fifteen percent (15%) for public elementary and secondary education to finance the construction of buildings, purchases of school furniture and in-service teacher trainings; (2) Ten percent (10%) for health insurance premiums of enrolled indigents as a counterpart contribution of the local government to sustain the universal coverage of the National Health Insurance Program; (3) Fifteen percent (15%) for environmental conservation to fully implement a comprehensive national reforestation program; and (4) Ten percent (10%) for agricultural modernization to finance the construction of farm-to-market roads and irrigation facilities. <p>Such allocations shall be segregated as separate trust funds by the</p>	<p>Producing Provinces', and Section 8 of Republic Act No. 8240, otherwise known as 'An Act Amending Sections 138, 139, 140 and 142 of the National Internal Revenue Code, as Amended, and for Other Purposes:'] (VETOED)</p> <p>"An interagency committee, chaired by the Department of Budget and Management (DBM) and co-chaired by DOF and DSWD, and comprised of the National Economic and Development Authority (NEDA), Department of Transportation (DOTr), Department of Education (DepEd), Department of Health (DOH), Department of Labor and Employment (DOLE), National Housing Authority (NHA), Sugar Regulatory Administration (SRA), Department of the Interior and Local Government (DILG), Department of Energy (DOE), NFA, and TESDA, is hereby created to oversee the identification of qualified beneficiaries and the implementation of these projects and programs: <i>Provided, That qualified beneficiaries under Subsection (c) hereof shall be identified using the National ID System which may be enacted by Congress.</i></p> <p>"Within sixty (60) days from the end of the three (3)-year period from the effectivity of this Act, the interagency committee and respective implementing agencies for the above programs shall submit corresponding program assessments to the COCCTRP. The National Expenditure Program from 2019 onwards shall provide line items that correspond to the allocations mandated in the provisions above.</p> <p>"At the end of five (5) years from the effectivity of this Act, all earmarking provisions under Subsection (F), shall cease to exist and all incremental revenues derived under this Act shall accrue to the General Fund of the government."</p>
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	<p>national treasury and shall be over and above the annual appropriation for similar purposes.</p> <p>(E) The amount of Fifteen million pesos (P15, 000,000) shall be allocated for a Public Information and Education Program to be administered by the Bureau of Internal Revenue, explaining clearly to businesses their registration, invoicing and reporting requirements under the value-added tax rules. Such program should include seminars and visits to taxpayers to familiarize them with the tax and the development and publication of easy-to-read guides on the value-added tax.</p>		
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