



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
First Regular Session

House Bill No. 2509



Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

This bill seeks to repeal the Value-Added Tax on goods and services.

In her State of the Nation Address and in several interviews, President Gloria Macapagal-Arroyo had suggested measures to improve our tax collection system. Foremost of these measures is the repeal of the Value-Added Tax. Accordingly, the repeal of the value-added tax, together with the adoption of the Gross Income Taxation instead of Net Income Taxation, will make tax collection simpler because the more complex it is as in the present system, the more opportunities there are for tax evasion. Further, "the attitude of businessmen should be tax acceptance and not tax avoidance. They should not try to outrun the tax collector. They should understand that if the government has stable revenues, this gives a good climate for business."

This observation of the President is shared by majority of Filipinos and is backed by statistics. Statistics show that the government fails to collect yearly 72.7% individual income tax out of these individuals, (most of the taxes are paid by fixed-income earners and not by rich individuals and businessmen), 39.8% of corporate income tax and 49.4% of VAT. The Philippines is one of the countries with the lowest rate of tax collections. Hence, this bill, which aims to simplify our tax collection system.

In view of the foregoing considerations, approval of this bill is urgently requested.

A handwritten signature in black ink, appearing to read 'C. Figueroa', with a large, stylized initial 'C'.

CATALINO V. FIGUEROA



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AN ACT
ABOLISHING THE VALUE-ADDED TAX, REPEALING FOR THE
PURPOSE TITLE IV OF THE NATIONAL INTERNAL REVENUE
CODE, AS AMENDED.

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

SECTION 1. Title IV on Value-Added Tax, Chapters I & II of the
National Internal Revenue Code, as amended, is hereby repealed.

SEC. 2. This Act shall take effect upon its approval.

Approved,