

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

Thirteenth Congress
First Regular Session

House Bill No. 2807

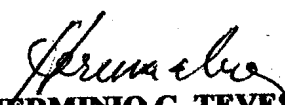
Introduced by: **HON. HERMINIO G. TEVES**

Section 117 of RA 8424 (The Tax Reform Act of 1997) more specifically on the computation of the percentage tax on the gross receipts of land transport is obsolete. It is provided that the minimum quarterly gross receipts of jeepneys for hire is P2,400.00 in Metro Manila and P1,200.00 in the provinces; taxis at P3,600.00 in Manila and other cities and P2,400.00 in the provinces, while public utility buses pay P3,600.00 for passenger capacity of not more than thirty (30); P6,000.00 with passenger capacity of over thirty to fifty (30 – 50) and P7,200.00 with passenger capacity of over fifty (50). Transport operators compute their percentage tax due based on the above-stipulated minimum gross receipts.

Based on the mandated minimum gross receipts, it appears that the daily gross receipt of jeepneys for hire and taxis will only be P 26.60 and P 40.00 respectively. Presently, the boundary paid by the drivers to the operators is P 500.00 for jeepneys and P 800.00 for taxis. For the public utility buses, it would appear that daily minimum gross receipts is only a measly P 80.00 when actual daily gross receipts is more than P 3,000.00. For jeepneys, the fare has increased by P 4.00 since 1997 yet the minimum gross receipts where the percentage tax is computed is still based on fare rates more than ten years ago.

Prescribing a minimum gross sales founded on a particular base year will eventually become outdated and obsolete hence it is more practical that Section 117 of the National Internal Revenue Code be repealed and provide for the imposition of a three percent (3%) tax on actual gross receipts. This will provide a flexible basis of computing the percentage tax and can generate P 6.255 billion in revenues as compared to CY 2003 collection of 312.8 million. The Department of Finance shall determine the appropriate minimum sales once every two years. It is a fact that boundary rates continually increase over the years hence enacting a measure that empowers the Secretary of Finance to set the gross sales based on prevailing boundary rates that is subject to change every two years will generate the much-needed revenues for the government.

It is therefore the intent of this bill to provide for a flexible revenue basis on which the common carriers tax specifically on land transportation will be computed in the years to come.


HERMINIO G. TEVES

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House Bill No. **2807**

Introduced by: **HON. HERMINIO G. TEVES**

AN ACT

AMENDING SECTION 117 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, DELETING THE QUARTERLY MINIMUM GROSS SALES ON LAND TRANSPORTATION, PROVIDING FOR A PERIODIC REVIEW OF THE GROSS SALES OF LAND TRANSPORTATION AND SETTING THE EFFECTIVE RATE THEREOF AND FOR OTHER PURPOSES

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

SECTION 1. Section 117 of the National internal Revenue code, as amended, is hereby further amended to read as follows:

SEC. 117. Percentage tax on Domestic Carriers and Keepers of Garages. -- x x x

The gross receipts x x x

[In computing the percentage tax provided in this Section, the following shall be considered the minimum quarterly gross receipts in each particular case:

Jeepney for hire --

- | | |
|----------------------------|---------|
| 1. Manila and other cities | P 2,400 |
| 2. Provincial | 1,200 |

Public Utility bus --

- | | |
|--|---------|
| Not exceeding 30 passengers | P 3,600 |
| Exceeding 30 but not exceeding 50 passengers | 6,000 |
| Exceeding 50 passengers | 7,200 |

Taxis --

- | | |
|----------------------------|---------|
| 1. Manila and other Cities | P 3,600 |
| 2. Provincial | 2,400 |

Car for hire (with chauffeur)

3,00

Car for hire (without chauffeur)

1,800

"THE SECRETARY OF FINANCE SHALL DIRECT A QUARTERLY SALES REVENUE ORDER SETTING THE GROSS SALES BASED ON THE PREVAILING BOUNDARY RATES IMPOSED BY PUBLIC UTILITY OPERATORS, SUBJECT TO CHANGE EVERY TWO (2) YEARS."

SEC. 2. The Secretary of Finance shall, upon the recommendation of the Commissioner of the Internal Revenue, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with the Act are hereby repealed or modified accordingly.

SEC. 4. This Act shall take effect after fifteen (15) days from its complete publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,