

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress

Second Regular Session

HOUSE BILL NO. 4626



Introduced by Honorable Danilo E. Suarez

EXPLANATORY NOTE

Wireless industry seems to be a fast changing technology in these modern times. After the introduction of the first generation technology adopting the analog system, a sudden shift to the second generation technology using the GSM was undertaken to adapt to the exigencies of the changing times. Now, it is the turn of the third generation mobile telecommunications system, popularly known as 3G, to supplement the features not covered by the previous technology.

3G stands for third generation, and is a wireless industry term for a collection of international standards and technologies aimed at increasing efficiency and improving the performance of mobile wireless networks. It is a generic term covering a range of future wireless network technologies, including Wideband Code Division Multiple Access (WCDMA), Code Division Multiple Access 2000 (CDMA2000), Universal Mobile Telecommunications System (UMTS) and Enhanced Data for Global Evolution (EDGE).

3G wireless services offer enhancements to current applications, including greater data speeds, increased capacity for voice and data and the advent of packet data networks versus today's switched networks. It combines high-speed mobile access with Internet Protocol (IP) based services. This does not just mean fast mobile connection to the World Wide Web – by liberating us from slow connections, cumbersome equipment and immovable access points, 3G will enable new ways to communicate, access information, conduct business and learn.

As second-generation (2G) wireless networks evolve into third-generation systems around the globe, operators are working hard to enable 2G and 3G compatibility and worldwide roaming, including 3G UMTS, GSM, GPRS, IS-95A/B, 3G CDMA2000 1X and CDMA2000 1xEV technologies.

In order to generate revenues from 3G, this bill seeks to impose an ad valorem tax of ten percent (10%) on all cellphone calls using third generation mobile telecommunications system radio frequency bands based on the operator's charge per minute. During this period of fiscal crunch where the government is saddled with ballooning budget deficit and dearth of financial resources to finance its flagship projects, revenues that would be derived from this bill will highly contribute to the national coffers.

Approval of the bill is earnestly requested.

DANILO E. SUAREZ

Representative

3rd District of Quezon Province

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INTRODUCED BY HONORABLE DANILO E. SUAREZ

AN ACT IMPOSING A TEN PERCENT (10%) *AD VALOREM* TAX ON ALL CELLPHONE CALLS USING THIRD GENERATION MOBILE TELECOMMUNICATIONS SYSTEM (3G) RADIO FREQUENCY BANDS BY INSERTING A NEW SECTION, THEREBY AMENDING FOR THE PURPOSE CHAPTER VI, TITLE VI OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Chapter VI, Title VI of the National Internal Revenue Code of 1997, as amended is hereby amended by inserting a new section 149-A to read as follows:

"CHAPTER VI – EXCISE TAX ON MISCELLANEOUS ARTICLES"

SEC 149. Automobiles – x x x

SEC 149-A. *CELLPHONE CALLS USING THIRD GENERATION MOBILE TELECOMMUNICATIONS SYSTEM (3G) RADIO FREQUENCY BANDS.* – THERE SHALL BE LEVIED, ASSESSED AND COLLECTED A TEN PERCENT (10%) *AD VALOREM* TAX ON ALL CELLPHONE CALLS USING THIRD GENERATION MOBILE TELECOMMUNICATIONS SYSTEM (3G) RADIO FREQUENCY BANDS BASED ON THE OPERATOR'S CHARGE PER MINUTE, NET OF VALUE ADDED TAX.

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

SEC 3. Effectivity. – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,