

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY

FIFTEENTH CONGRESS
FIRST REGULAR SESSION

H.B. NO. 127

Introduced by **HON. AL FRANCIS C. BICHARA**

EXPLANATORY NOTE

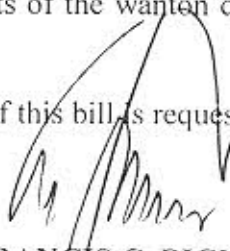
During this period of great environmental crisis as we face the effects of global warming, there is a growing international movement seeking to ban and discourage the use of plastic bags because of their environmental effects. Studies have shown that plastic bags have significant environmental impact as plastic waste kills up to One (1) Million sea birds, One Hundred Thousand (100,000) sea mammals and countless fish each year. A person's use of plastic bags may be counted in minutes but plastic bags takes between 15 years to 1,000 years to breakdown in the environment.

We cannot deny the long list of disadvantages in the use of plastic bags. Aside from the fact that plastic bags are made of "petrochemicals"—a non-renewable resource, plastic bags are not biodegradable. The unrestrained usage of plastic bags and the existing practice in their disposal hampers the efforts of our Government to protect our environment through proper garbage disposal system. Furthermore, littered plastic bags may clog roadside drains which may cause street flooding during heavy rainfall. In fact, plastic bag litter is a universal problem. It can even be found as far north as Spitsbergen (78° North Latitude) and as far south as Falklands (51° South Latitude). In Africa, cottage industry groups are harvesting about 30,000 bags each per month, out of windblown plastic bags.

At present, Governments in several countries and major cities, like Australia, China, Ireland, Bangladesh, Paris, Italy, Taiwan and Tanzania, have banned or taken action to discourage the use of plastic bags. Needless to state, the Government has a duty to protect the natural environment, and should take an active role in safeguarding the health of its citizens.

This bill seeks to discourage the use of plastic bags through the imposition of a levy which shall be specifically used to fund efforts to protect our environment, promote sustainable development and combat the pernicious effects of the wanton destruction of our natural resources.

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



AL FRANCIS C. BICHARA
2nd District, Albay

H.B. NO. 127

Introduced by HON. AL FRANCIS C. BICHARA

**AN ACT IMPOSING AN EXCISE TAX, TO BE KNOWN AS
"ENVIRONMENTAL LEVY" ON THE USE OF PLASTIC BAGS IN SHOPS,
SUPERMARKETS, SERVICE STATIONS, STORES AND/OR SALES OUTLETS,
CREATING THE ENVIRONMENTAL PROTECTION SUPPORT FUND, AND
FOR OTHER PURPOSES**

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

Section 1. *Imposition of levy, persons liable, rate of levy.*—There shall be levied, assessed and collected a tax in the amount of Two Pesos and Fifty Centavos (P2.50), to be known as "environmental levy", against customers, for every "plastic bag" used at the point of sale to them of goods or products to be placed in said plastic bags, in or at any shop, supermarket, service station, store and/or sales outlets with an annual compensation income of at least One Hundred Thousand Pesos (P100,000.00) during the preceding year prior to the effectivity of this Act, and/or with a minimum capitalization of at least One Hundred Thousand Pesos (P100,000.00), as provided for in its business registration.

Section 2. *No levy for paper bags and/or plastic bags brought in by customer.*—No customer shall pay an excise on:

- (a) paper bags;
- (b) customer's own plastic bag that he or she brought into the store and uses to carry purchased items from the store;
- (c) any bag if the customer requests that plastic bag shall not be used.

Section 3. *Excepted bags.*—Only plastic bags which are used as original packaging of the following products are excepted from the definition of plastic bags:

- (a) plastic bags used to contain—
 - (i) fresh fish and fresh fish products;
 - (ii) fresh meat and fresh meat products; or
 - (iii) fresh poultry and fresh poultry products

Provided that such bags are not greater in dimension than two hundred twenty five millimeters (225mm.) in width (exclusive of any gussets), by three hundred forty five millimeters (345mm.) in depth (inclusive of any gussets), by four hundred fifty millimeters (450mm.) in length (inclusive of handles).

- (b) plastic bags solely used to contain—
 - (i) fruits, nuts or vegetables,
 - (ii) confectionery,
 - (iii) dairy products,

- (iv) cooked food, whether cold or hot, or
- (v) ice

Provided that such excepted bags shall be accordingly labeled to be exclusively used for such purpose. Provided further, that such bags are not greater in dimension than the dimensions referred to in paragraph (a).

For purposes of this section, "original packaging" means, an enclosed plastic bag in which loose produce is placed by the manufacturer, and/or producer for purposes of transport, warehousing, logistics, sale and/or end use.

Section 4. *No free plastic bags in shops, supermarkets, service stations, or other sales outlets.*—Except for those provided in Section 2 hereof, no shop, supermarket, service station, store, and/or sales outlets shall provide plastic bags free of charge.

Section 5. *Who shall impose the charge.*—The owner of any shop, supermarket, service station or other sales outlet specified in Section 1 of this Act, or any person authorized by said owner, including an employee, sales clerk, cashier and/or store representative, shall impose a charge equivalent to the amount of the levy on a customer for every plastic bag issued to the customer, other than a plastic bag excepted under Section 2 hereof. The owner of said establishment or any person authorized thereto shall be considered the collecting agent of the Government.

Section 6. *Itemization of levy.*—Where a charge under Section 1 is imposed, the charge shall be itemized on any invoice, receipt or docket issued to the customer by the shop, supermarket, service station, store, and/or sales outlet specified in Section 1 of this Act.

Section 7. *Return and payment of the levy.*—

- (a) The owner of a shop, supermarket, service station, store and/or sales outlet specified in Section 1, or any accountable person of said shop, supermarket, service station, store and/or sales outlet, shall, upon filing of its income tax return, in addition thereto, file a full and true return, in such form as may be specified by the Commissioner of Internal Revenue, of the amount of the "environmental levy" which became payable by him or her during the accounting period. The amount shall be paid upon filing of the said return;
- (b) Notwithstanding the provisions of subsection (a) hereof, the Commissioner may from time to time, by notice in writing, require the owner of a shop, supermarket, service station, store and/or sales outlet specified in Section 1, or any accountable person of said shop, supermarket, service station, store and/or sales outlet, to file a full and true return, within thirty (30) days from said notice, in such form as may be specified by the Commissioner of Internal Revenue, of the amount of the "environmental levy" which became payable by him or her during the period specified in the notice. The amount shall be paid upon filing of the said return.

Section 8. *Inventory of plastic bag issued to shops, supermarkets, service stations, stores and/or sales outlets.*—

- (a) The owner of a shop, supermarket, service station, store and/or sales outlet specified in Section 1, or any accountable person of said shop, supermarket, service station, store and/or sales outlet shall keep in a permanent form a full and true record of:
 - (i) the number of plastic bags, other than those excepted from the definition of plastic bag by reason of Section 3 of this Act, in stock

- before the commencement of business, thirty (30) days after approval of this Act;
 - (ii) the number of plastic bags, excepted from the definition of plastic bag by reason of Section 3 of this Act, in stock before the commencement of business, thirty (30) days after approval of this Act;
 - (iii) the number of plastic bags, other than those excepted from the definition of plastic bag by reason of Section 3 of this Act, purchased by him or her in each accounting period;
 - (iv) the number of plastic bags excepted from the definition of plastic bag by reason of Section 3 of this Act, purchased or acquired by him or her in each accounting period;
 - (v) the number of plastic bags, other than those excepted by the definition of plastic bag by reason of Section 3 of this Act, supplied by him or her to customers in each accounting period.
- (b) The owner of a shop, supermarket, service station, store and/or sales outlet specified in Section 1, or any accountable person of said shop, supermarket, service station, store and/or sales outlet shall retain the records referred to in subsection (a), together with all other books and documents containing particulars on which the records are based, for a period of not less than five (5) years.

Section 9. *Remedy of Commissioner in case of non-filing of the required return.*—

- (a) If within the period specified in Section 8 of this Act, the owner of a shop, supermarket, service station, store and/or sales outlet specified in Section 1, or any accountable person of said shop, supermarket, service station, store and/or sales outlet, fails to furnish a return in respect of any period, then without prejudice to any other action which may be taken by the Commissioner under the National Internal Revenue Code, the Commissioner may estimate the amount of the “environmental levy” payable by that person in respect of that period and serve notice on that person of the amount estimated;
- (b) The owner of said establishment or any accountable person of said establishment shall be given fifteen (15) days from the date of notice to contest the estimate provided by the Commissioner and shall file the appropriate return and pay the “environmental levy” due in accordance with the return filed;
- (c) Upon the expiration of the fifteen (15) day period and no return is filed by the owner of the establishment or any accountable person of said establishment, the estimated amount of the “environmental levy” as specified in the notice shall become due and payable as if the levy was the actual amount to which the person was liable to pay for the accounting period.

Section 10. *Remedy of Commissioner for non-payment of “environmental levy”.*—Without prejudice to any other mode of recovery, the provisions of the National Internal Revenue Code, specifically Title VII thereof, shall apply to the recovery of any levy payable under this Act.

Section 11. *“Environmental Levy” to be allocated to the Department of Environment and Natural Resources (DENR) budget.*—All sums received pursuant to the “environmental levy” imposed by this Act shall accrue to the “Environmental Protection Support Fund”, which shall be automatically allocated to the DENR, through the Annual General Appropriations Bill.

Section 12. "Environmental Levy" to be used as "Environmental Protection Support Fund".—All sums received pursuant to the "environmental levy" imposed by this Act shall accrue to the "Environmental Protection Support Fund", the proceeds of which is to be used for the following purposes:

- (a) to contribute to the protection of the environment and to limit the effects of regional and global pollution in the country;
- (b) to provide technical and financial tools for industries and investments to enhance their environmental protection systems;
- (c) to improve on-the-ground environmental improvement activities for poor communities with emphasis on biodiversity conservation, community environmental management, livelihood enhancement and promotion of ecotourism;
- (d) to fund projects that clean up pollution in lakes, ponds, rivers, and streams thereby improving the health of the country's waterways;
- (e) to provide funding to local government units to enhance their solid waste recycling efforts;
- (f) to develop and enhance the solid waste management plan of our country;
- (g) to promote alternative means of solid waste disposal system
- (h) to sponsor efficient waste collection system;
- (i) for such other purposes consistent with the objectives of this Act.

Section 13. Rules and Regulations.—The Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, shall promulgate the rules and regulations to effectively implement this Act.

Section 14. Repealing Clause.—The provisions of any law, whether general or special, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 15. Effectivity.—This Act shall take effect upon its approval.

Approved.