

810-840

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 840

Introduced by: REPRESENTATIVE JOCELYN S. LIMKAICHONG

Explanatory Note

This bill seeks to provide an exemption from the imposition of Value Added Tax (VAT) to those imported goods donated for humanitarian, relief and similar purposes.

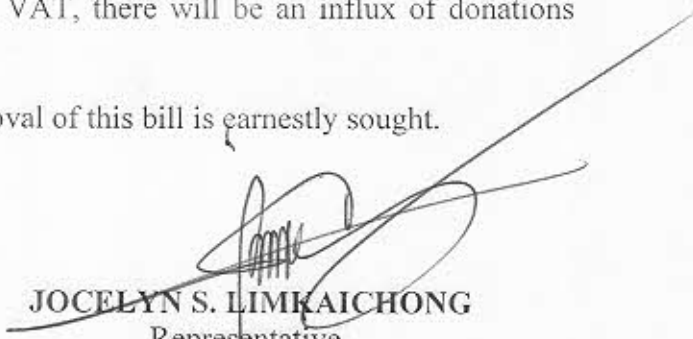
The law, under Section 109 of the National Internal Revenue Code (NIRC), as amended, provides for transactions which are exempted from VAT.

However, this provision hinders the importation of goods for humanitarian and relief purposes, because of the VAT imposed.

It is thus proposed that donated importations of articles or goods, which are for non-profit, charitable, humanitarian, relief purposes for the benefit of the poor and the needy, should be exempt from payment of the VAT.

If such imported goods are exempt from VAT, there will be an influx of donations imported for the benefit of the less fortunate.

In view of the foregoing reasons, the approval of this bill is earnestly sought.



JOCELYN S. LIMKAICHONG
Representative
1st District, Negros Oriental

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AN ACT

EXEMPTING FROM VALUE ADDED TAX THE IMPORTATIONS OF DONATED ARTICLES OR GOODS, WHICH ARE FOR CHARITABLE, HUMANITARIAN, RELIEF AND SIMILAR PURPOSES AMENDING FOR THE PURPOSE SECTION 109 OF THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AS AMENDED.

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

Section 1. Section 109 of the National Internal Revenue Code of 1977, as amended, is hereby further amended to read as follows:

“SEC. 109. *Exempt Transactions.* –

(1) Subject to the provisions of subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

“(A) x x x

x x x

x x x

(V) IMPORTATION OF DONATED ARTICLES OR GOODS SUCH AS, BUT NOT LIMITED TO, FOOD, CLOTHING, MEDICINES AND EQUIPMENT WHICH ARE INTENDED FOR CHARITABLE, HUMANITARIAN, RELIEF AND SIMILAR PURPOSES;

(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 One Million Five Hundred Thousand Pesos (Ph1,500,000.00): 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);

x x x “

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

Sec. 3. Separability Clause. – If any section or provision of this Act is declared to be unconstitutional, the other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Sec. 4. Repealing Clause. – All laws, decrees, executive orders, rules and regulations, and other issuances, or any part thereof, which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Sec. 5. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two newspaper of general circulation whichever comes earlier.

Approved.