

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

H. B. No. 3452

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

EXPLANATORY NOTE

In July 2000, tragedy befell a slum community in Payatas, Quezon City when a hill of garbage caved in, killing 218 people and leaving 300 families homeless. In September 2009, government records showed that almost a million people or about 170,000 families were adversely affected by typhoon "Ondoy" and properties worth billions of pesos damaged in 21 provinces in the country. These tragedies were primarily attributed to the government's failure to provide and implement an effective waste management program. In Metro Manila alone, 85 percent of the 6,169 tons of garbage generated daily end up in waterways, such as creeks and esteros.

Plastic waste contributes significantly to the problem of waste management worldwide. Discarded plastic products make up a growing portion of solid waste, attributed to the ever-increasing consumption of plastics. This has resulted in a multitude of environmental problems, one of which is flooding due to clogged waterways. In fact, in the aftermath of typhoon Ondoy, tons of garbage, mainly plastic items, were recovered from the Marikina River.

In a survey jointly conducted by the Eco-Waste Coalition and Greenpeace volunteers in 2006, it was revealed that plastic bags and other synthetic packaging materials retrieved from Manila Bay accounted for a staggering 76 percent of the four cubic meters of garbage found in the bay. Out of this 76 percent, 51 percent were plastic carry bags.

Because of the hazards it poses to the environment, over 100 groups and individuals in June 2009 signed a petition asking the Department of Environment and Natural Resources (DENR) and the National Solid Waste Management Commission (NSWMC) to declare a unilateral phase-out of thin film single use plastic bags to stop the plastic invasion of the environment. The petition, initiated by EcoWaste, was likewise in answer to the call of officials of the United Nations Environment Programme to phase out or ban "thin film single use plastic bags which choke marine life."

In view of its detrimental effect to the environment, there is a need to regulate the use of plastic bags to prevent their unnecessary proliferation. This bill therefore seeks to impose a levy on the use of plastic bags, which shall accrue to the "Environmental Protection Support Fund," proceeds of which will be used to finance programs and projects that are geared toward the protection of the environment, among others.

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



JUAN EDGARDO "SONNY" M. ANGARA
Representative
Lone District, Province of Aurora

H. B. No. 3452

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
IMPOSING AN EXCISE TAX TO BE KNOWN AS 'ENVIRONMENTAL LEVY"
ON THE USE OF PLASTIC BAGS IN STORES, SUPERMARKETS, MALLS,
SHOPS AND SERVICE STATIONS, CREATING 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. Policy of the State. Section 16, Article 11 of the 1987 Constitution declares that: "The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature."

SECTION 2. Imposition and Rate of Levy and Persons Liable. There shall be levied, assessed and collected a tax in the amount of **Three Pesos (PhP 3.00) to Five Pesos (PhP 5.00)**, depending on the size of the bag used at the point of sales, to be known as "environmental levy," against customers. Environmental levy shall be applicable to all stores, supermarkets, malls, shops, service stations and other similar establishments whose gross receipts in the preceding year exceeded **One Hundred Thousand Pesos (PhP100,000.00)** or for newly registered businesses, a capitalization of at least **One Hundred Thousand Pesos (PhP100,000.00)**.

SECTION 3. Exemptions. Plastic bags which are used as original packaging of the following products are exempted from the "plastic bags" mentioned in Sec. 2.

- a) Plastic bags used to contain –
 - i) Fresh fish and fresh fish products; or
 - ii) Fresh meat and meat products; or
 - iii) Fresh poultry and poultry products

Provided that interior dimension (WxDxL) of bags does not exceed two hundred twenty five millimeters by three hundred forty five millimeters by 450 millimeters (225mm x 345mm x 450mm).

- b) Plastic bag used exclusively to contain –
 - i) Fruits, nuts or vegetables; or
 - ii) Confectionery; or
 - iii) Dairy products; or
 - iv) Cooked food (hot or cold); or
 - v) Ice

Provided that such exempted bags are labeled properly and size of bags shall not exceed the dimension referred in subsection (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 purposed of transporting, warehousing, logistics, sale and/or end-use.

SECTION 4. Free Plastic Bags. Except for those plastic bags mentioned in Sec. 3, no supermarkets, malls, shops, service stations or any similar establishment shall provide plastic bags free of charge.

SECTION 5. Collecting Agent of the Government. The owners of the supermarkets, malls, shops, service stations and other similar establishments specified in Section 2 of this Act, or any person authorized by said owner, including an employee, sales clerk, cashier and/or store representative shall act as the collecting agent of the government and shall impose a charge equivalent to the amount of the levy on the customer for every plastic bag issued to the customer.

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 supermarkets, malls, shops, service stations and other similar establishments as defined in Section 2 of this Act.

SECTION 7. Return and Payment of Levy.

- a) The owner and/or any accountable person of the supermarket, mall, shop, service station and/or other similar establishment specified in Section 2, 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 the Bureau of Internal Revenue (BIR), of the amount of "environmental levy" which became payable by him or her during the accounting period. The amount shall be paid upon filing of the same return.
- b) Notwithstanding the provisions of subsection (a) hereof, the Commissioner may, from time to time, by notice in writing, require the owner and/or any accountable

person of the supermarket, mall, shop, service station and/or other similar establishment specified in Section 2, 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 the BIR, 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 Bags*

- a) The owner or any accountable person of the supermarket, mall, shop, service station and/or other similar establishment specified in Section 2, shall keep in a permanent form a full and true record of:
 - i) The number of plastic bags, other than those exempted 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, exempted 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 those exempted 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, other those exempted from 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 or any accountable person of the supermarket, mall, shop, service station and/or other similar establishment specified in Section 2, 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 Commission in Case of Non-Filing of the Required Return*

- a) If within the period specified in section 8 of this act, the owner or any accountable person of the supermarket, mall, shop, service station and/or other similar establishment specified in Section 2, 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 or the accountable person of the 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 or the accountable person of the 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 the "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 the poor communities with emphasis on biodiversity conservation, community environmental management, livelihood enhancement and promotion and ecotourism;
- d) To fund projects that clean up pollutants 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; and
- i) For such other purposes consistent with the objectives of this Act.

SECTION 13. *Implementing Rules and Regulations (IRR).* The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall issue the necessary implementing rules and regulations for the speedy and effective implementation of this Act.

SECTION 14. *Repealing Clause.* All laws, presidential decrees, executive orders, proclamations, rules and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 15. *Effectivity Clause.* This Act shall take effect immediately upon approval.

Approved,