

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 5303



Introduced by BAYAN MUNA Rep. TEDDY A. CASIÑO

EXPLANATORY NOTE

This bill seeks to amend the National Internal Revenue Code of 1997, as amended by Republic Act No. 9377, by exempting tollway services and the fees tollway operators collect from the value-added tax (VAT).

According to the Bureau of Internal Revenue (BIR), the government's move to collect VAT on tollway operations will earn P2.3 to P3 billion a year to ostensibly help fund the Aquino government's social services and infrastructure projects.

But the VAT on tollway operations will jack up all the present toll fee rates wherein Class 1 vehicles travelling on the North Luzon Expressway (NLEX) from Balintawak to Sta. Ines will have to pay a total of P218 from the current P195, while the highest toll for Class 1 is P272 from Tipo to Tarlac from the current P243.

An ordinary car taking the South Luzon Expressway (SLEX) would have to pay P96 from Alabang to Calamba from the current P86 while the Skyway would charge P165 for the elevated portion from Makati to Alabang from the current P147. Rates for trucks and buses are greater and will become even more expensive with the imposition of the VAT on tollway operations.

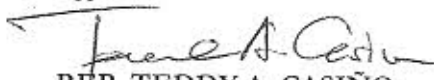
Imposing the VAT on tollway operations will definitely be another burden on the already over-taxed shoulders of our people, especially for those whose incomes are barely enough to cover their basic needs.

In these times of unbridled hikes in the prices of oil, food, other commodities and services, it is the duty of Congress to work for economic relief to Filipino citizens. The clear-cut removal of VAT on tollway services in the current internal revenue law is the most logical option for Congress to act on.

Furthermore, in light of the recent Supreme Court decision favoring the imposition of the VAT on tollway services, the burden is on Congress to protect the people by removing tollway services from the VAT as a direct form of economic relief for the Filipino people. Whatever government revenue losses incurred will be offset by the increased purchasing power of all Filipino citizens that will prove better in the long run in making the economy a vibrant and equitable one.

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

Approved,


REP. TEDDY A. CASIÑO
Bayan Muna Party-list

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HOUSE BILL No. 5303

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AN ACT
CLASSIFYING SERVICES RENDERED BY TOLLWAY OPERATORS AS VALUE-ADDED TAX
EXEMPT TRANSACTIONS, AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED BY REPUBLIC ACT NO. 9337,
AND FOR OTHER PURPOSES.

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

SECTION 1. Section 109 (1) of the National Internal Revenue Code, as amended by Republic Act No. 9337, 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) xxx

“(B) xxx

“xxx

“(U) xxx

“(V) xxx

“(W) SERVICES RENDERED BY TOLLWAY OPERATORS.

SECTION 2. *Repealing Clause.* – All other laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 3. *Separability Clause.* – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 4. *Effectivity Clause.* – This Act shall take effect immediately after its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,