

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5811



Introduced by HON. IRWIN C. TIENG
and HON. MARIANO MICHAEL M. VELARDE

EXPLANATORY

Buying school items nowadays is costly. Their prices are always increasing. To help defray the cost of purchasing these items, this bill seeks to create a holiday from paying the value added tax giving working families a break on spending, typically in preparation for the opening of the school year. It gives an opportunity for individuals to get a better bang for their money and it usually boosts sales for a few days.

The bill limits the items covered of the exemption to school supplies and wearing apparel. School supplies listed as tax-exempt range from everything from binders and crayons to instructional materials. School apparel includes items that are primarily worn for an educational institution. The tax holiday begins at 12:01 a.m. on first Friday of May and ends at 11:59 p.m. of the first Sunday of May.

The tax-free weekend is designed to help taxpayers save money and to help retailers get more customers into their places of business. In this economy, it's a way for the government to give back to people, especially those with children.

IRWIN C. TIENG

MARIANO MICHAEL M. VELARDE

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AN ACT
TO CREATE A VALUE ADDED TAX FREE WEEKEND FOR CERTAIN COVERED
ITEMS

Section 1. Short Title. - This Act shall be known as VAT-Free Weekend Act.

Section 2. Definition of Terms. - As used in this Act, the term "covered items" shall refer to the following:

(1) School apparel – items worn primarily for an educational institution which include school clothing material, ready-made uniforms and accessories, school shoes, and school PE and sports kit.

(2) School supply - an item commonly used by a student in a course of study, including but not limited to school bags, school art supplies and instructional materials.

Section 3. Exemption. - Covered items, as defined herein, are exempted from paying the value added tax during the period from 12:01 a.m. on the first Friday of May of each year and ending at twelve midnight on the first Sunday of May.

Section 4. Limitations. – (1) This Act applies to covered items that are for personal use only.

(2) The VAT-free weekend shall only be imposed on covered items with a purchase price of not more than One Thousand Pesos (P1,000) for each item.

(3) The maximum total amount of purchases for each receipt shall not exceed Ten Thousand Pesos (P10,000.00).

Section 5. Penalties. – (1) Retailers that back-date sales occurring after Sunday midnight or that forward-date sales that occurred before Friday as provided in Sec. 3 hereof in order to make them appear to qualify for the VAT-Free Weekend may be subject to the tax evasion penalties in addition to penalty of a fine of not less than Twenty thousand pesos (P20,000.00) but not exceeding One hundred thousand pesos (P100,000.00) or imprisonment of not less than one (1) month but not more than one (1) year, or both at the discretion of the court; and

(2) If the violator is a corporation, organization or any similar entity, the officials thereof directly involved shall be liable therefor.

(3) VAT erroneously collected by a retailer during the VAT-Free Weekend must be remitted to the BIR.

Section 6. Implementing Rules and Regulations. - The Commissioner of the Bureau of Internal Revenue shall promulgate the rules necessary to implement and administer this Act.

Section 7. Separability Clause. - If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

Section 8. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

Section 9. Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,