



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6150

Introduced by Honorable **SETH FREDERICK P. JALOSJOS**

AN ACT
AMENDING SECTION 150 OF REPUBLIC ACT 8424, OTHERWISE KNOWN AS
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

EXPLANATORY NOTE

The consumption of beauty, hygiene and healthy products is rising in the Philippines even among the lower-income groups, according to a consumer research released in 2013, and the fragrance industry has benefited from the changing lifestyle of Filipinos.

More than this consumer trend, the fragrance industry has contributed largely to the Philippine economy.

With the ASEAN integration by 2015 where a single market and production base is envisioned leading to a free flow of goods, services, investment capital and skilled labor in the region, the country must remain or even improve its competitiveness in regional and global market.

Thus, the fragrance industry not only has to contend with intense competition from its Asian counterparts, it also needs government support to protect the industry.

Hence, this bill seeks to amend Section 150 of RA 8424 otherwise known as the National Internal Revenue Code, which distinguishes perfumes and toilet water as essential or non-essential goods based on the essential oil content of the products.

By clearly distinguishing perfumes and toilet water with perfume/essential oil content of more than three percent (3%), as taxable non-essential goods under Section 150 of RA 8424, such products below 3% essential oil content are impliedly essential goods and hence, exempt from excise taxes. This sound tax measure not only protects our low-income sector but also the mass fragrance industry.

In view of the foregoing reasons, the enactment of this measure is earnestly sought.



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

SECTION 1. Section 150 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Sec. 150. *Non-essential Goods.* - There shall be levied, assessed and collected a tax equivalent to twenty-percent (20%) based on the wholesale price or the value of importation used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, of the following goods:

- (a) x x x
- (b) Perfumes and toilet waters WITH PERFUME/ESSENTIAL OIL CONTENT OF MORE THAN THREE PERCENT (3%) BY WEIGHT.

SEC. 2. Implementing Rules and Regulations. - The Commissioner of the Bureau of Internal Revenue shall, within thirty (30) days from the effectivity of this Act, issue the necessary rules and regulations for the implementation of this Act.

SEC. 3. Separability Clause. - If any provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 4. Repealing Clause. - All laws, decrees, orders, rules and regulations, and other issuances, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 5. Effectivity Clause. - This Act shall take fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation

Approved,