

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

16th Congress

Third Regular Session

House Bill No. 6215

Introduced by HON. RODRIGO A. ABELLANOSA

EXPLANATORY NOTE

Our government, through the Department of Energy, is adamant in its efforts of electrification to ensure that Filipino families, even those at the farthest reaches, are provided access for improved productivity and quality of life. It is, however, quite curious, that these objectives behind the mandate of the DOE is largely hindered by the high rates of electricity being shouldered by consumers, compounded further by imposition of the valued added tax.

This bill recognizes the importance, not merely of its availability, but of its affordability, if we are indeed hoping to provide families with access to electricity. But it also recognizes the impact of value-added tax collections on the government's revenue-generation efforts, and therefore, seeks exemption from value-added tax on electricity consumption, only of residential consumers.

The Filipino consumer has been burdened with too much tax already. The exemption from VAT of electricity distributed to households should be a very welcome reprieve to residential consumers.

In light of the foregoing, immediate approval of this bill is earnestly sought

RODRIGO A. ABELLANOSA



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AN ACT
CLASSIFYING THE SALE OF ELECTRICITY BY GENERATION, TRANSMISSION, AND
DISTRIBUTION COMPANIES AND ELECTRIC COOPERATIVES TO RESIDENTIAL
CONSUMERS AS VALUE-ADDED TAX EXEMPT, AMENDING FOR THE PURPOSE, THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED BY REPUBLIC ACT NO. 9337,
AND FOR OTHER PURPOSES

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, as amended by Republic Act No. 9337, is 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) Services of banks, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries;

"(V) Sales of electricity to residential consumers by generation, transmission, and distribution companies and electric cooperatives; and

"(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 (P1,500,000). 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."

SEC. 2. *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 are hereby repealed, modified or amended accordingly.

SEC. 3. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.