

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

Seventeenth Congress
First Regular Session

HOUSE BILL NO. **5445**



Introduced by Representative Sharon S. Garin

EXPLANATORY NOTE

Article VI, Section 28 (1) of the 1987 Philippine Constitution provides that the rule on taxation shall be uniform and equitable. The Congress shall evolve a progressive system of taxation.

The same Constitution further mandates the House of Representatives to enact revenue-generating measures to fund the operation of the government. The citizens, under the bloodline theory, are obligated to contribute to the coffers of the government.

Pursuant to the abovementioned provision, the bill seeks to raise additional revenue by imposing higher taxes on the purchase of luxury and non-essential items.

Such principle is just and equitable pursuant to the progressive nature of taxation mandated by the Philippine Constitution.

Accordingly, passage of the measure is earnestly sought.


SHARON S. GARIN
AAMBIS-Owa Party-list



House of Representatives
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SEVENTEENTH CONGRESS
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AN ACT
EXPANDING THE LIST OF NON-ESSENTIAL GOODS SUBJECT TO EXCISE TAX.
AMENDING SECTION 150 OF THE NATIONAL INTERNAL REVENUE CODE, AS
AMENDED

Be it enacted by the Senate and 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 -

(A) There shall be levied, assessed and collected (a) an AD VALOREM TAX equivalent to twenty percent (20%) [based on] of the manufacturer's or importer's wholesale price [or the value if importation used by the Bureau of Customs in determining tariff and customs duties; net of excise tax and Value Added Tax,] INCLUDING THE AMOUNT INTENDED TO COVER THE AD VALOREM TAX IMPOSED UNDER THIS SECTION AND THE AMOUNT INTENDED TO COVER THE VALUE ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE [of] ON the following goods:

[(a)](1) All goods commonly or commercially known as jewelry, whether real or imitation, pearls, precious and semi-precious stones and imitations thereof; goods made of or ornamented, mounted or fitted with, precious metals or imitations thereof of ivory (not including surgical and dental instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in the filling mounting or fitting of teeth); opera glasses and lorgnettes. The term "precious metals" shall

1 include platinum, gold, silver and other metals of similar or greater value. The
2 term "imitations thereof" shall include platings and alloys of such metals;
3

4 [(b)](2) Perfumes and toilet water;
5

6 [(c)] (3) Yachts and other vessels [intended for pleasure or sports] FOR
7 PERSONAL OR RECREATIONAL USE, AND THEIR PARTS OR
8 ACCESSORIES;
9

10 (4) TEXTILES MADE OF WOOL OR OTHER FINE ANIMAL HAIR
11

12 (5) FURS AND MANUFACTURES THEREOF
13

14 (6) CELLULAR MOBILE PHONES, SMART PHONES, ANDROIDS AND
15 OTHER SIMILAR INSTRUMENTS AMOUNTING TO TWENTY THOUSAND
16 PESOS (PHP 20,000.00) AND ABOVE;
17

18 (7) WHIRL POOL BATH TUBS, JACUZZI AND OTHER SIMILAR TUBS;
19

20 (8) TELEVISION SETS WITH A DIAGONAL MEASUREMENT OF 43
21 INCHES AND ABOVE
22

23 (9) VIDEO GAMES OR VIDEO CONSOLES, HOME-THEATRE
24 EQUIPMENT, VIDEOGAME SYSTEMS, VIDEOKE MACHINES AND OTHER
25 SIMILAR GADGETS THAT CAN BE CONNECTED TO A SCREEN MONITOR
26 OR TV RECIEVER
27

28 (10) PRIVATE AIRCRAFTS (PLANES, HELICOPTERS AND OTHER
29 EQUIVALENT VEHICLES), AND PARTS EXCEPT THOSE FOR USE OF THE
30 PHILIPPINE GOVERNMENT OR BY AIRLINE COMPANIES;
31

32 (11) GOLF SETS, INCLUDING BAGS, CLUBS, CARTS, BALLS AND
33 OTHER EQUIPMENT
34

35 (12) EXCLUSIVE CLUB AND/OR RESORT MEMBERSHIPS
36

37 (13) HAND-HELD GADGETS SUCH AS TABLETS, IPADS AND OTHER
38 SIMILAR EQUIPMENT AMOUNTING TO TWENTY THOUSAND PESOS
39 (PHP 20,000.00) AND ABOVE
40

41 (14) POLO SETS
42

43 (15) SCUBA DIVING GEAR, WATER SKIING, SURFING AND ALL OTHER
44 REGATTA EQUIPMENT
45

1 (16) PIANOS, DRUM SETS ELECTRONIC ORGAN, ELECTRIC GUITAR,
2 ELECTRIC DRUM SETS AND SYNTHESIZERS, AMPLIFIERS, SPEAKERS
3

4 (17) REFRIGIRATORS 15 CUBIC FEET AND ABOVE;
5

6 (18) LEATHER PRODUCTS SUCH AS BAGS, WALLETs, BELTS, SHOES
7 AND OTHER SIMILAR ITEMS AMOUNTING TO MORE THAN (PHP
8 20,000.00) TWENTY THOUSAND PESOS
9

10 (19) WRIST WATCHES AMOUNTING TO MORE THAN (PHP 50,000.00)
11 FIFTY THOUSAND PESOS
12

13 (20) COSMETIC AND OTHER FORMS OF SURGERY OR SERVICES
14 FOR AESTHETIC PURPOSES
15

16 (21) E-CIGARETTES, JUICE, MACHINES AND ALL OTHER SIMILAR
17 GADGETS
18

19 (22) EXPENSIVE PAINTINGS, SCULPTURES AND OTHER SIMILAR
20 ITEMS
21

22 (23) CHANDELIERS AND OTHER ELECTRICAL CEILING OR LIGHTING
23 EQUIPMENT
24

25 (24) SPORTING, HUNTING OR TARGET SHOOTING RIFLES,
26 INCLUDING SPARE PARTS AND ACCESSORIES;
27

28 (25) BODY BUILDING, EXERCISE AND SLIMMING MACHINES AND
29 EQUIPMENT, INCLUDING SPARE PARTS AND ACCESSORIES
30

31 (26) AUTOMOBILE RIMS, SIDE SKIRT, CHIN, SPOILER, MUFFLER,
32 TURBO ENGINE, HEAD LIGHTS, REAR LIGHTS, BACK UP SENSORS, CAR
33 ACCESSORIES AND ALL OTHER SIMILAR AFTER MARKET
34 IMPROVEMENTS FOR AUTOMOBILES; AND
35

36 (27) ANTIQUES
37

38 (B) THERE SHALL BE LEVIED, ASSESSED AND COLLECTED AN AD
39 VALOREM TAX EQUIVALENT TO TWO PERCENT (2%) ON THE SALE OR
40 TRANSFER OR EXCHANGE FOR VALUEABLE CONSIDERATION OF THE
41 FOLLOWING:
42

43 (1) RESIDENTIAL BUILDINGS, TOWN HOUSES AND CONDOMINIUM
44 UNITS WITH GROSS SELLING PRICE OR ZONAL VALUE, AS
45 DETERMINED BY THE BUREAU OF INTERNAL REVENUE, OF FIVE

1 MILLION PESOS (PHP 5,000,000.00) OR MORE WHICHEVER IS
2 HIGHER

3 (2) SHARES AND MEMBERSHIPS IN GOLF AND OTHER SPORTS CLUBS,
4 RESORTS AND OTHER EXCLUSIVE CLUBS, BASED ON THE
5 PURCHASE PRICE OR FAIR MARKET VALUE, WHICHEVER IS
6 HIGHER, OF THE SHARE OR THE MEMBERSHIP FEE.
7

8 SEC. 2. *Implementing Rules and Regulations.* – Within thirty (30) days upon the
9 effectivity of this Act, the Secretary of Finance shall, upon recommendation of the
10 Commissioner of Internal Revenue, promulgate the necessary rules and regulations for
11 its effective implementation.

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

15 SEC. 4 *Repealing Clause.* – All laws, acts, presidential decrees, executive orders,
16 issuances, presidential proclamations, rules and regulations or parts thereof which are
17 contrary to and inconsistent with any provision of this Act are hereby repealed, amended
18 or modified accordingly.

19 SEC. 5 *Effectivity.* – This Act shall take effect fifteen (15) days after its complete
20 publication in the Official Gazette, or in two (2) newspapers of general circulation.

21 Approved,