



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL No. 3910



Introduced by REPRESENTATIVE LORDAN G. SUAN

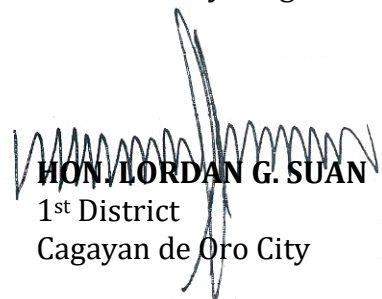
EXPLANATORY NOTE

The Tax Reform for Acceleration and Inclusion (TRAIN) law was passed in 2017 to rationalize the Philippines' tax system and meet the growing needs of its people. To achieve these goals, the law provides that an excise tax shall be imposed on domestic and imported coal. It stresses that said tax "shall be levied, assessed, and collected notwithstanding any incentives granted in any law or special law." It specifically emphasized the word "notwithstanding," which clearly means "in spite of," "despite," or "regardless of." This is consistent with the general repealing clause provided in House Bill No. 5636, passed by the 17th Congress. Senate Bill No. 1592, or the Senate's version, however, only specified the laws, decrees, executive orders, and issuances that were being repealed under the VAT provisions of the NIRC. The outcome of the Bi-Cam report carried the Senate's repeal clause, which became the TRAIN law we have to date.

Whether deliberate or not, the omission of Presidential Decree No. 972 from the repealing provision of Republic Act 10963 failed to account for the social and environmental impact of the coal industry. It has long been benefiting from government subsidies despite its negative effects on the environment, agricultural productivity, and people's health. The income tax it pays miserably compensates for the real cost. Additionally, this omission prevents the government from collecting billions of pesos, which could have been used to provide better health care and reliable public infrastructure.

This bill seeks to plug the loophole in the TRAIN law that coal companies use to get away from their obligation and accountability. This bill's amendment will enable the government to collect the necessary taxes to improve people's productivity and address the environmental impact of coal extraction and consumption.

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


HON. LORDAN G. SUAN
1st District
Cagayan de Oro City



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

AN ACT
AMENDING SECTION 86 OF REPUBLIC ACT 10963, OTHERWISE KNOWN AS THE TAX
REFORM FOR ACCELERATION AND INCLUSION (TRAIN)

SECTION 1. Section 86 of Republic Act 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN), is hereby amended to read as follows:

Section 86. *Repealing Clause.* - The following laws or provisions of laws are hereby repealed, and the persons and/or transactions affected herein are made subject to the VAT provision of Title IV **and Excise provisions of TITLE VI** of the NIRC, as amended:

(a) x xx

(bbb) x xx

Provided, That, with respect to income tax, the following laws or provisions of laws are hereby repealed or amended:

x xx

***Provided, That*, with respect to excise tax, Section 16 (a) of Presidential Decree No. 972, or The Coal Development Act of 1976, as amended, is hereby repealed or amended.**

SECTION 2. *Effectivity.* This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or a website provided for by law.

Approved,