



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

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 11465



Introduced by ATTY. MIRO S. QUIMBO

AN ACT
AMENDING SECTIONS 149 AND 150 OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

Tax systems should be designed to promote a fair, progressive, and efficient system that requires those with greater capacity to contribute a proportionately greater share toward the financing of government programs and public services. The present tax structure, however, does not fully capture consumption expenditures associated with luxury and other non-essential goods. Expanding the coverage and increasing the rate of excise tax on such goods will help address this gap while discouraging conspicuous consumption and generating additional revenues for national development.

The proposed measure aims to achieve greater tax progressivity and promote a more equitable distribution of wealth since luxury and high-value goods are generally purchased by consumers with greater disposable income and capacity to pay. By raising the cost of high-value discretionary purchases, the measure may discourage conspicuous consumption and redirect part of household resources toward savings, investment, or socially productive expenditure.

This bill amends Section 149 of the NIRC of 1997, as amended, to put a limit to the current ceiling whilst introducing a new bracket above the current ceiling: automobiles priced over Four Million Pesos (P4,000,000.00) up to Eight Million Pesos (P8,000,000.00) will be taxed at fifty percent (50%), while automobiles priced beyond Eight Million Pesos (P8,000,000.00) will be taxed at seventy-five percent (75%). It likewise amends Section 150 of the Tax Code to raise the excise tax rate on non-essential goods from twenty percent (20%) to twenty-five percent (25%), to expressly bring yachts, jet skis, speedboats, sailboats, and motorboats, aircraft, planes, jets, and helicopters within the coverage of non-essential goods when acquired for pleasure, private use, or sport, and finally to remove perfumes and toilet waters from the coverage of the tax altogether.

Crucially, this measure touches no one who cannot afford it. The tax treatment of ordinary passenger vehicles, motorcycles, and commercial vehicles such as trucks and cargo vans remains entirely untouched. Its entire burden falls on a narrow slice of transactions at the very top of the market. By removing perfumes and toilet waters from the coverage of Section 150, it also lifts an existing tax on everyday personal-care purchases that has never meaningfully reached the wealthy segment the tax was intended to target.

In exchange, it is expected to generate additional, sorely needed revenue to help fund government priority programs, without asking anything more from the ordinary Filipino taxpayer. The increase in automobile tax alone translates to an estimated annual revenue of ₱3.91 billion.

Strengthening the taxation of luxury consumption constitutes a practical means of enhancing the progressivity of the Philippine tax system. It enables the Government to tap revenue sources that are readily identifiable and administratively accessible, while ensuring that goods and assets used for essential, livelihood, public transportation, or productive purposes are not unduly burdened.

In view of the foregoing, approval of this bill is urgently sought.

A stylized, handwritten signature in black ink, consisting of a large loop and a few trailing strokes.

ATTY. MIRO S. QUIMBO

Representative
Second District, Marikina City



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AMENDING SECTIONS 149 AND 150 OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED

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

SECTION 1. Section 149 of the National Internal Revenue Code of 1997, as amended is hereby further amended to read as follows:

SEC. 149. Automobiles. - There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer's or importer's selling price, net of excise and value-added tax, in accordance with the following schedule:

Effective January 1, [2018] **2027**:

Net manufacturer's price/importer's selling	Rate
Up to Six hundred thousand pesos (P600,000)	Four percent (4%)
Over Six hundred thousand pesos (P600,000) to One Million pesos (P1,000,000)	Ten percent (10%)
Over One million pesos (P1,000,000) to Four Million pesos	Twenty percent (20%)

Net manufacturer's price/importer's selling	Rate
Over Four Million pesos (P4,000,000) TO EIGHT MILLION PESOS	Fifty percent (50%)
OVER EIGHT MILLION PESOS (P8,000,000)	SEVENTY-FIVE PERCENT (75%)

XXX

As used in this Section-

(a) XXX

(b) Trucks/cargo van shall mean a motor vehicle of any configuration that is exclusively designed for the carriage of goods and with any number of wheels and axles ~~[-: Provided, that pick-ups shall be considered as trucks].~~

XXX

SEC. 2. Section 150 of the National Internal Revenue Code of 1997, 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%)~~ **TWENTY-FIVE PERCENT (25%)** 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) XXX; **AND**

~~[(b) Perfumes and toilet waters;]~~

~~[(c)]~~—**(B) SEA VESSELS (Yachts, JETSKI, SPEEDBOATS, SAILBOATS, MOTORBOATS), AIRCRAFT (PLANES, JETS, HELICOPTERS, AND OTHER SIMILAR VEHICLES), and other SIMILAR vessels intended for pleasure, PRIVATE USE or sport.**

SEC. 3. *Implementing Rules and Regulations.* – The Department of Finance shall issue the rules and regulations necessary for the implementation of this Act within thirty (30) days from the effectivity hereof.

SEC. 4. *Separability Clause.* - If any part or provision of this Act is declared unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 5. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations inconsistent with the provisions of this Act are repealed or modified accordingly.

SEC. 6. *Effectivity.* – This Act shall take effect immediately after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,