

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL No. 1010



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Introduced by Rep. CARLOS ISAGANI T. ZARATE

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AN ACT  
CLASSIFYING SERVICES RENDERED BY TOLLWAY OPERATORS AS VALUE-  
ADDED TAX EXEMPT TRANSACTIONS, AMENDING FOR THE PURPOSE  
SECTION 109 (1) OF THE NATIONAL INTERNAL REVENUE CODE, AS  
AMENDED BY REPUBLIC ACT NO. 9337, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill seeks to amend the National Internal Revenue Code of 1997, as amended by Republic Act No. 9377, by exempting tollway services and the fees tollway operators collect from the value-added tax (VAT).

During the Aquino administration, the Bureau of Internal Revenue (BIR) said the government's move to collect VAT on tollway operations will earn P2.3 to P3 billion annually to ostensibly help fund the social services and infrastructure projects.

But the VAT on tollway operations have jacked up all the toll fee rates wherein Class 1 vehicles travelling on the North Luzon Expressway (NLEX) from Balintawak to Sta. Ines pay a total of P250 from the previous rate of P218, Class 2 vehicle: P544 to P626 - Class 3 vehicle: P652 to P750

An ordinary car taking the South Luzon Expressway (SLEX) would pay P128 from Alabang to Calamba from the previous P86 while the Skyway charges P165 for the elevated portion from Makati to. Toll rates are charged based on the size of the vehicle which are defined into "classes" therefore vehicles are bigger such as trucks and buses are charged higher in which the cost is exacerbated with the imposition of the VAT on tollway operations.

Imposing the VAT on tollway operations is definitely another burden on the already over-taxed shoulders of our people, especially for those whose incomes are barely enough to cover their basic needs.

In these times of unbridled hikes in the prices of oil, food, other commodities and services, it is the duty of Congress to work for economic relief to Filipino citizens. The clear-cut removal of VAT on tollway services in the current internal revenue law is the most logical option for Congress to act on.

Furthermore, in light of the 2011 Supreme Court decision that upheld the imposition of the VAT on tollway services in the absence of a law prohibiting it, the burden is now on Congress to come to the aid of our people by removing tollway services from the VAT as a direct form of economic relief. Whatever

government revenue losses incurred will be offset by the increased purchasing power of all Filipino citizens that will prove better in the long run in making the economy a vibrant and equitable one.

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

*Approved,*

  
Rep. CARLOS ISAGANI T. ZARATE  
*Bayan Muna Party-list*

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

**SECTION 1.** Section 109 (1) of the National Internal Revenue Code, as amended by Republic Act No. 9337, is hereby 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) xxx

“(V) xxx

“(W) SERVICES RENDERED BY TOLLWAY OPERATORS.

**SECTION 2. *Repealing Clause.*** – All other laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

**SECTION 3. *Separability Clause.*** – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

**SECTION 4. *Effectivity Clause.*** – This Act shall take effect immediately after its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

*Approved,*