

## Chapter VIII

# TAXES UNDER SPECIAL LAWS

### A. MOTOR VEHICLE USER'S CHARGE

Each application for registration of motor vehicles shall be accompanied by an annual Motor Vehicle User's Charge (MVUC) pursuant to Republic Act (RA) No. 8794.<sup>334</sup> For private passenger cars registered as of July 16, 2000, the following amounts must be paid by the owners of the following vehicles:

Categories	Rates in Pesos <sup>335</sup>
<b>1. Private Vehicles</b>	
<i>Passenger Cars</i>	
<i>Light</i> [Gross Vehicle Weight (GVW) up to 1600 kg]	
Current up to 5 yrs old	2,000
Over 5 yrs old	1,400

<sup>334</sup> Entitled "An Act Imposing a Motor Vehicle User's Charge on Owners of All Types of Motor Vehicles and For Other Purposes", approved on June 27, 2000.

<sup>335</sup> Applicable for 2004 and thereafter.

Categories	Rates in Pesos
<i>Medium</i> (GVW 1601 - 2300 kg)	
Current up to 3 yrs old	6,000
Over 3 yrs and up to 5 yrs old	4,800
Over 5 yrs old	2,400
<i>Heavy</i> (GVW > 2,300 kg)	
Current up to 5 yrs old	12,000
Over 5 yrs old	5,600

For all other types of motor vehicles not covered by the preceding schedule:

Categories	Rates in Pesos
<b>2. Private and Government Vehicles</b>	
<i>Passenger Cars</i>	
<i>Light</i> (GVW up to 1,600 kg)	1,600
<i>Medium</i> (GVW > 1,601-2,300 kg)	3,600
<i>Heavy</i> (GVW > 2,300 kg)	8,000
<i>Utility Vehicles</i>	
GVW up to 2,700 kg	2,000
GVW > 2,700 to 4,500 kg	2,000 + 0.40 x GVW in excess of 2,700 kg
<i>Sports Utility Vehicles</i>	
GVW up to 2,700 kg	2,300
GVW > 2,700 to 4,500 kg	2,300 + 0.46 x GVW in excess of 2,700 kg

Categories	Rates in Pesos
<i>Motorcycles</i>	
Without sidecars	240
With sidecars	300
<i>Buses and Trucks</i>	
GVW > 4,500 kg	1,800 + 0.24 x GVW in excess of 2,700 kg
<i>Trailers</i>	
GVW > 4,500 kg	0.24 x GVW
<b>3. For Hire</b>	
<i>Passenger Cars</i>	
Light (GVW up to 1,600 kg)	900
Medium (GVW > 1,601-2,300 kg)	1,800
Heavy (GVW > 2,300 kg)	5,000
<i>Utility Vehicles</i>	
GVW up to 4,500 kg	0.30 x GVW
<i>Sports Utility Vehicles</i>	
GVW up to 2,700 kg	2,300
GVW > 2,700 to 4,500 kg	2,300 + 0.46 x GVW in excess of 2,700 kg
<i>Motorcycles</i>	
Without sidecars	300
With sidecars	300

Categories	Rates in Pesos
<i>Buses</i>	
GVW > 4,500 kg	0.30 x GVW
<i>Trucks</i>	
GVW > 4,500 kg	1,800 + 0.24 x GVW in excess of 2,700 kg
<i>Trailers</i>	
GVW > 4,500 kg	0.24 x GVW

Under the Department of Transportation and Communication's (DOTC) Administrative Order No. 010-2005<sup>336</sup>, all brand new motor vehicles<sup>337</sup> are required to have an initial registration which shall be valid and effective for three (3) years from its registration. Such initial registration shall require the Certificate of Conformity (COC), issued by the Department of Environment and Natural Resources (DENR), and the Compulsory Third Party Liability insurance policy valid for three (3) years. The rates of the MVUC as set forth and imposed under RA 8794 shall be collected from the owner of the covered motor vehicles for the registration of the said units.

<sup>336</sup> Subject: Initial Registration Scheme for Brand New Motor Vehicles Valid for Three (3) years, dated January 3, 2005.

<sup>337</sup> The DOTC AO covers the following: (1) new and unregistered motor vehicles manufactured, assembled, imported, distributed and/or sold by corporations or companies accredited by or member/s of the following, to wit: (a) Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI); (b) Truck Manufacturers' Association (TMA); and Motorcycle Development Program Participants Association (MDPPA); (2) brand new motor vehicles imported by other LTO-accredited entities; and (3) motorcycles with engine displacement of above 200 cc. The AO also notes that backyard-assembled and imported used motor vehicles are not covered under the issuance.

Section 6 of RA 8794, as implemented under Article I, paragraph 7(c) of its Implementing Rules and Regulations (IRR)<sup>338</sup>, as amended, also provides for penalty for overloading in an amount equivalent to twenty five percent (25%) of the MVUC on trucks and trailers for loading beyond their prescribed gross vehicle weight (GVW), provided that no axle load shall exceed thirteen thousand five hundred kilograms (13,500 kgs.).

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<sup>338</sup> In November 19, 2001, the Department of Public Works and Highways (DPWH), the Department of Transportation and Communication (DOTC) and the Department of Interior and Local Government (DILG) issued a Joint Circular which provided the mechanics of implementation and enforcement of the provisions on overloading. This Joint Circular provided for a table which prescribes the maximum allowable GVWs depending on the configuration of the trucks/trailers. The anti-overloading provision of RA 8794 was further strengthened with the issuance of the Joint DPWH and DOTC Resolution Amending the IRR of RA 8794 which was made effective on June 1, 2013. The Resolution provided for the following: (a) definition of the term “overloading”; (b) required a Special Permit to Travel for certain vehicles with inseparable or special cargoes which exceeds the corresponding GVW and vehicles with different configuration than those prescribed in the table contained in the aforementioned Joint Circular; (c) stated the steps or measures to be taken by the concerned agencies to ensure the proper and effective enforcement of the anti-overloading provisions of the law; and (d) emphasized the responsibility of truck/trailer owners.

In the case, however, of trucks/trailers under codes 12-2 [Truck/Semi-Trailer with 3 axles at motor vehicle and 2 axles at trailer (18 wheels)] and 12-3 [Truck/Semi-Trailer with 3 axles at motor vehicle and 3 axles at trailer (22 wheels)], the DPWH has set a moratorium on the implementation of the anti-overloading policy or the maximum allowable GVW until July 31, 2016 on said vehicles. The anti-overloading policy on the said types of trucks/trailers has been extended for a number of times already since 2013. The extension is in response to truckers’ request for more time to acquire units that will conform with the GVW requirement under the amended IRR of RA 8794. According to the Confederation of Truckers Association of the Philippines (CTAP), more than fifty percent (50%) of trucks nationwide are classified under the two (2) codes, and that the only way truckers can comply with the directive is if the allowable GVW is upgraded to 54,000 kgs., higher than the 41,500 kgs. and 42,000 kgs. GVW, respectively set for the said codes of trucks/trailers under the amended IRR of RA 8794.

Sources:

<<http://www.dpwh.gov.ph/pdf/antioverload.pdf>>, viewed on April 5, 2016.

<<http://www.bworldonline.com/content.php?section=Nation&title=anti-overloading-policy-deferred-anew&id=114852>>, viewed on April 5, 2016.

<<http://www.portcalls.com/oneyear-freeze-antioverloading-law-effect/>>, viewed on April 5, 2016.

Under the Land Transportation Office (LTO) AO No. RPC-2016-033<sup>339</sup>, motor vehicles falling under the category of vintage<sup>340</sup> or antique motor vehicles are required to be registered or recorded<sup>341</sup> with the LTO<sup>342</sup>. For purposes of collecting the MVUC, vintage motor vehicles (VMVs) shall carry the applicable classification as provided for under existing laws, rules and regulations. The collectible MVUC, on the other hand, shall be the rates prescribed under RA 8794 depending on the classification/denomination where the status and configuration of the VMV fall.

## B. TRAVEL TAX<sup>343</sup>

### 1. *Persons Covered by the Travel Tax*

The travel tax is a levy imposed by the Philippine government on the following individuals who are leaving the country irrespective of the place where the air ticket is issued and the form or place of payment:

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<sup>339</sup> Subject: Registration and/or Recording of Vintage Motor Vehicles (VMV). Dated March 1, 2016.

<sup>340</sup> Vintage motor vehicle, as defined under the AO, refers to a motor vehicle manufactured at least 40 years prior to the current year or with year model earlier than 1975, not a reproduction, and which has been maintained in or restored to a condition in conformity with the manufacture specifications and appearance.

<sup>341</sup> Registration, as defined under the AO refers to the act of compliance to the requirements of the law particularly to the documentary requirements, standards, and payment of MVUC with the end in view of operating the motor vehicle on public roads and highways. Recording, on the other hand, is defined as an act of entering into the official records of the LTO the information of identity of a certain motor vehicle, which is not intended to be operated on public roads and highways, in compliance to RA 6539, otherwise known as the “Anti-Carnapping Act.”

<sup>342</sup> Excluded from the AO are public utility vehicles, cargo trucks (private/for-hire), service vehicles (hotel limousines, tourist vehicles, car rentals, ambulance, funeral hearse), government vehicles, and Diplomatic/OEV.

<sup>343</sup> Presidential Decree (PD) No. 1183 dated August 21, 1977, as amended by PD 1205 (October 3, 1977), PD 1307 (March 2, 1978), Batas Pambansa (BP) Blg. 38 (September 7, 1979), PD 1867 (July 1, 1983), PD 1957 (October 10, 1984) and Executive Order (EO) No. 283 (July 25, 1987).

- a. Citizens of the Philippines;
- b. Permanent resident aliens; and
- c. Non-resident aliens who have stayed in the Philippines for more than one (1) year.

## 2. *Travel Tax Rates:*

Classification	First Class Passage	Economy Class Passage
a. Full Rate	PhP2,700	PhP1,620
b. Standard Reduced Rate	PhP1,350	PhP810
c. Privileged Reduced Rate for Dependents of Overseas Contract Workers (OCWs)	PhP400	PhP300

## 3. *Persons Entitled to the Standard Reduced Rate*

- a. Minors from 2 to 12 years old;
- b. Accredited Filipino journalists on journalistic assignments; and
- c. Those authorized by the President of the Republic of the Philippines.

## 4. *Persons Entitled to the Privileged Reduced Rate*

- a. Legitimate spouse of an overseas contract worker (OCW); and
- b. Legitimate unmarried children of OCWs below 21 years old.

## 5. *Persons Exempted from the Travel Tax*<sup>344</sup>

- a. Foreign diplomatic and consular officials and members of their staff who are duly accredited to the Philippines, including the immediate

<sup>344</sup> Sec. 2 of PD 1183, as amended.

members of their families and household domestics whose entry as such has been authorized by the Philippine Government;

- b. Officials, consultants, experts and employees of the United Nations Organization and of its agencies, and those exempted under existing laws, treaties and international agreements;
- c. United States (US) military personnel and other US Nationals, including their dependents in proper cases as indicated below, who are traveling on US government-owned or chartered transport facilities or with fares expended out of US government funds, to wit:
  - (1) US military personnel and their dependents;
  - (2) Filipinos in the US military service and their dependents;
  - (3) Filipino employees of the US government traveling on US Government business; and
  - (4) US State Department visitor-grantees traveling on US government business.
- d. Migrant workers<sup>345</sup> and Filipino overseas contract workers;
- e. Crew members of ships and airplanes plying international routes who are leaving the country to assume their positions therein or to join their vessels or airplanes;
- f. Filipino permanent residents abroad whose stay in the Philippines is less than one (1) year;
- g. Members of the Philippine foreign service officially assigned abroad who are leaving the country to assume their posts, including their dependents;

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<sup>345</sup>RA 10022 [Lapsed into law on March 8, 2010 without the signature of the President, in accordance with Article VI, Section 27(1) of the Constitution].



- h. Officials and employees of the Philippine Government or any of its departments, bureaus and agencies traveling on official business;
- i. Persons whose travel is provided or funded by foreign governments with which the Philippine Government maintains diplomatic relations;
- j. Bonafide students whose scholarships have been approved by the appropriate government agency;
- k. Infants who are two (2) years old or less;
- l. Personnel of multinational companies with regional headquarters at, but not engaged in business in the Philippines, and their dependents if joining them during the period of their assignments in the Philippines, as certified to by the Board of Investments;
- m. Those authorized by the President of the Philippines for reasons of national interest; and
- n. Exporters participating in international trade fairs, exhibitions, selling missions, international conferences and seminars on trade.<sup>346</sup>

**6. *Persons Exempted under “The Balikbayan Program of the Philippines”***<sup>347</sup>

- a. Filipino citizen who has been continuously out of the Philippines for a period of at least one (1) year;
- b. Filipino overseas worker; and
- c. Former Filipino citizen and his or her family, who had been naturalized in a foreign country and comes or returns to the Philippines.

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<sup>346</sup> EO 589 (December 8, 2006).

<sup>347</sup> RA 6768 was enacted on November 13, 1989 and amended by RA 9174 on November 7, 2002. The exemption is available only if the individual does not fall under any of the exempted categories provided under Sec. 2 of PD 1183, as amended.

Every passenger entitled to travel tax exemption should first secure a Travel Tax Exemption Certificate from the Philippine Tourism Authority (PTA), now the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), prior to leaving the country. As per PTA Memorandum Circular No. 03-2003 effective January 1, 2004, the processing fee collected for every Travel Tax Certificate issued whether for exemption, reduced rate or refund, is Two Hundred Pesos (PhP200.00).

### ***7. Payment, Collection and Remittance of the Tax***

For those whose tickets are issued in the Philippines, payment of the travel tax may be done through the carriers or travel agencies which collect and remit the tax to the TIEZA. For carriers or travel agencies that do not include travel tax in the tickets, as well as for those with tickets issued outside the Philippines, international departing passengers must pay through TIEZA travel tax counters at the airport, or online via [www.tieza.gov.ph](http://www.tieza.gov.ph) and authorized travel tax collecting entities.

The TIEZA shall retain its share as specified below and remit to the Bureau of Treasury on a quarterly basis the balance of the travel tax collection pertaining to the Commission on Higher Education (CHED) and National Commission for Culture and the Arts (NCCA).

### ***8. Travel Tax Allocation***

Proceeds from the travel tax accrue to different agencies with the following shares:

- a. Tourism Infrastructure and Enterprise Zone Authority (TIEZA) – 50%;
- b. National Endowment Fund of the National Commission for Culture and Arts (NCCA)<sup>348</sup> – 10%;

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<sup>348</sup> Sec. 20a (2) of RA 7356 dated April 3, 1991.

- c. Higher Education Development Fund of the Commission on Higher Education (CHED)<sup>349</sup> – 40%.

### **C. HEAD TAX**

The Head Tax is imposed under Commonwealth Act (CA) No. 613, as amended, and implemented pursuant to Sec. 54, Chapter 12, Book IV of the Revised Administrative Code of 1987 and Unnumbered Bureau of Immigration Memorandum dated May 12, 2000.

Every alien over 16 years of age admitted into the Philippines for a stay exceeding fifty-nine days; aliens with permanent residence status in the Philippines upon return from travel abroad and retrieval of their Alien Certificate of Registration (ACR)/Immigration Certificate of Residence (ICR); and aliens applying for Re-entry Permit (RP) and the issuance/renewal/re-issuance of Special Return Certificate (SRC) have to pay, among others, a tax of PhP250. The head tax shall be paid to the Immigration Officer or to his/her duly authorized representative at the time of entry of the alien.

### **D. CHARGES ON FOREST PRODUCTS<sup>350</sup>**

Forest charges are imposed for the privilege of exploiting the country's forest resources as well as an instrument of environmental protection for sustainable development. These are applied to naturally growing timber and forest products gathered within public forestlands, alienable and disposable lands and private lands. However, the cutting and manifestation of all mangrove species are prohibited. Forest charges collected shall be in lieu of the administrative charge on environment and other fees and charges imposed thereon.

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<sup>349</sup> Sec. 10a (3) of RA 7722 dated May 18, 1994.

<sup>350</sup> RA 7161 (October 10, 1991).

Forest charges are collected per cubic meter on the following forest products:

1. Timber cut in forestland
  - a. First, second, third and fourth groups - 25% of actual Freight on Board (FOB) market price based on species and grading.
  - b. Pulpwood and matchwood - 10% of actual FOB market price.
2. Firewood, branches and other recoverable wood wastes of timber (such as timber ends, tops and stumps) when used as raw materials for the manufacture of finished products - PhP10.00 per cubic meter.
3. Minor forest products such as rattan, gums and resins, beeswax, gutta-percha, almaciga resin and bamboo - 10% of actual FOB market price.

The following forest products are exempt from forest charges:

- a. All other minor forest products not cited above; and
- b. Planted trees and other forest products harvested from industrial tree plantation area and in private lands covered by existing land titles and approved land applications.<sup>351</sup>

The actual FOB market price is determined once a year by the Secretary of Environment and Natural Resources, through a Committee created for the purpose. The Committee is composed of representatives from the Department of Environment and Natural Resources (DENR), National Economic and Development Authority (NEDA), Department of Trade and Industry (DTI), Bureau of Internal Revenue (BIR), wood and furniture industry and consumers sectors. In the determination of the actual FOB market price, the Committee takes into account the production cost (developing cost, contingencies and miscellaneous cost), species and grade of timber and forest products.

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<sup>351</sup> However planted, trees harvested in compliance with timber license agreement's (TLA's) reforestation activities shall be subject to 30% government share based on gross sales of the timber, computed at the farm gate price as determined by the Regional Office concerned.

Thus, the prevailing rates of forest charges pursuant to DENR Administrative Order No. 2000-63 (July 31, 2000) are as follows:

SPECIES	FOREST CHARGES (In Pesos)		
	Luzon	Visayas	Mindanao
1. Timber (per cubic meter)			
a. Philippine Mahogany Group, Mangasinoro Group, Manggachapui Group, Narig Group, Palosapis Group and Guijo Group.	1,400.00	1,400.00	1,425.00
b. Yakal Group	1,500.00	1,500.00	1,530.00
c. Apitong Group	1,260.00	1,260.00	1,260.00
d. Softwood Species except Igem	715.00	715.00	715.00
e. Igem	1,275.00	1,275.00	1,275.00
f. Nato	1,000.00	1,000.00	1,000.00
g. Furniture/Construction Hardwood	950.00	950.00	950.00
h. Premium species, if allowed to be cut	3,000.00	3,000.00	3,000.00
i. Lesser-Used Species	700.00	700.00	700.00
2. Pulpwood, chipwood and matchwood species (per cubic meter)	95.00	95.00	80.00
3. Firewood, branches and other recoverable wood wastes of timber (per cubic meter)	10.00	10.00	10.00

SPECIES	FOREST CHARGES (In Pesos)		
	Luzon	Visayas	Mindanao
4. Rattan-unsplit (per linear meter)			
4.a. Palasan, Calape and Kurakling			
4.a.1. Over 2 cm. in diameter	1.40	1.40	1.40
4.a.2. 2 cm. or less in diameter	0.95	0.95	0.95
4.b. Sika and Arorong	0.10	0.10	0.10
4.c. Tumalin, Limuran, Ditaan and other species of rattan			
4.c.1. Over 2 cm. in diameter	1.40	1.40	1.40
4.c.2. 2 cm. or less in diameter	0.80	0.80	0.80
5. Rattan-split (per kilogram)	5.50	5.50	5.50
6. Bamboo (per piece)			
6.a. Kawayan Tinik/Kawayan Kiling	0.60	0.60	0.60
6.b. Bayog	0.30	0.30	0.30
6.c. Boho/Bolo	0.20	0.20	0.20
6.d. Other species of Erect Bamboos	0.15	0.15	0.15

## E. ENERGY CONSUMPTION TAX ON ELECTRIC POWER CONSUMPTION

### 1. Tax Base

Batas Pambansa (BP) Blg. 36 (September 7, 1979) imposes an electric energy consumption tax on the monthly electric power consumption of every residential customer of electric power utilities.

### 2. Tax Rate<sup>352</sup>

#### *WITHIN METRO MANILA*

Monthly Consumption	Rate
Not over 650 KWH	Exempt
Over 650 KWH but not over 1,000 KWH	PhP0.10/KWH in excess of 650 KWH
Over 1,000 KWH but not over 1,500 KWH	PhP35.00 plus PhP0.20/KWH in excess of 1,000 KWH
Over 1,500 KWH	PhP135.00 plus PhP0.35/KWH in excess of 1,500 KWH

<sup>352</sup> Sec. 3 of BP Blg. 36.

*OUTSIDE METRO MANILA*

Monthly Consumption	Rate
If the electric power rates (excluding the energy tax) are equal to or higher than the electric power rates (including the energy tax) prevailing in Metro Manila	Exempt
If the prevailing electric power rates (excluding the energy tax) are less than the prevailing electric power rates (including the energy tax) in Metro Manila	The tax is equal to the difference or the full amount of energy tax, whichever is lower

**3. Payment and Remittance of Tax<sup>353</sup>**

The tax shall be paid to and withheld by electric utilities from their respective residential customers along with their monthly electric billings.

Within twenty (20) calendar days at the end of each calendar month, the owner, proprietor, operator or any person in charge of the electric utility shall:

- a. Remit the total amount of tax collection; and
- b. File a true and correct return with the Commissioner of Internal Revenue.

<sup>353</sup> Sec. 2 of PB Blg. 36.



4. Penalty<sup>354</sup>

Grounds	Surcharge
a. Non-remittance of tax by the owner, proprietor, operator or any person in charge of the electric utility;	25% of the tax due
b. Willfully neglecting to file the return within the prescribed period; and	50% of the tax due
c. Willfully making a false or fraudulent return.	50% of the tax due

The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax unless the tax has been paid before the discovery of the falsity or fraud, in which case, the amount so assessed shall be collected in the same manner as the tax.



<sup>354</sup> The rate for Visayas was computed using the Luzon price data.