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NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
Third Regular Session

SENATE

S. NO. 2865

Introduced by **SEN. WIN GATCHALIAN**

AN ACT
AMENDING SECTIONS 22, 32, 34, 38, 39, 42, 127, 174, 176, 179, 199, AND 258 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Fostering the growth of capital markets is pertinent in facilitating the mobilization of resources, promoting savings and investments, and enhancing liquidity and market efficiency.[1] In addition, having deep capital markets also facilitate diversification of financing resources – enabling investors to tap on other sources of funding beyond traditional lenders.[2] However, the current state of the Philippines indicates that we are still far from this, as evidenced by low investor participation rates and stock market capitalization.

Based on the 2021 Financial Inclusion Survey Report of the Bangko Sentral ng Pilipinas, 8.04 million out of 77.2 million Filipino adults have investment products

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[1] Investment Banking Council of America. (n.d.). *What are capital markets and how do they contribute to economic growth?* Retrieved from https://www.investmentbankingcouncil.org/blog/what-are-capital-markets-and-how-do-they-contribute-to-economic-growth (date last accessed: November 4, 2024).

[2] Kim, C., Park, D., Park, J., & Tian, S. (2023). *Local currency bond market development and current stability amid market turmoil.* Retrieved from https://www.adb.org/sites/default/files/publication/892206/ewp-688-local-currency-bond-market-development-currency-stability.pdf (date last accessed: November 4, 2024).

ranging from stocks, bonds, government securities, among others. In other words, only 1 out of 10 Filipino adults have investment products.

Investing in the Philippines is more expensive vis-à-vis our neighboring countries. In 2023, based on the Asian Development Bank's Key Indicator Database, our stock market capitalization to Gross Domestic Product ("GDP")—essentially, the value of our stock market relative to the size of our economy—stood at only 54.1%. This is significantly lower than the average of 78.3% among our South East Asian neighbors. The importance of fostering an increase in stock market capitalization rests on the assumption that this represents an efficient savings and investment channel, where savings are mobilized to proper investment channels.[3]

A major factor to this situation is that the Philippines currently imposes the highest Stock Transaction Tax ("STT") among the South East Asian Economies which is at 0.6% tax on the value of the transaction. Our South East Asian neighbors, like Malaysia, Singapore, Thailand, Myanmar, and Cambodia, do not impose any STT. Meanwhile, Indonesia and Vietnam only impose a 0.1% STT.

According to the Philippines Stock Exchange ("PSE"), the proposed reduction in STT to 0.1% from 0.6% will lead to an aggregate value of stocks traded amounting to PhP 4.9 trillion in F.Y. 2029 – which will be 3.79 times greater than the value of stocks traded in F.Y. 2023.

Another contributing factor to the friction costs is the imposition of Documentary Stamp Taxes ("DST").

These friction costs create a barrier for Filipinos to engage in our capital markets, making investing costly and far-reaching. Thus, the proposed measure seeks to introduce the following:

1. Reduction of STT from 0.6% to 0.1% of the gross selling price or gross value in money of the shares of stock and other securities listed and traded through both local and foreign stock exchanges;
2. Reduction of DST on original issue of shares of stock from 1% to 0.75% of the par value of the shares of stock; and

[3] Armas, J. & De Guzman, N. (2022). *Introducing a multi-dimensional financial development index for the Philippines.* Retrieved from https://www.bsp.gov.ph/Media_And_Research/WPS/WPS202205.pdf (date last accessed: November 4, 2024)

3. Exemption of DST on original issuance, redemption, or other disposition of shares or units of participation in a mutual fund company and the issuance of certificate or other evidence of participation in a Unit Investment Trust Fund.

These reforms would make investments more affordable thereby boosting capital markets and investment competitiveness of the Philippines.

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

WIN GATCHALIAN

NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES)
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SENATE

S.B. NO. 2865

Introduced by **SEN. WIN GATCHALIAN**

AN ACT
AMENDING SECTIONS 22, 32, 34, 38, 39, 42, 127, 174, 176, 179, 199, AND 258 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* – This Act shall also be known as the "*Capital Markets Efficiency Promotion Act.*"

SEC. 2. *Declaration of Policy.* – The financial sector plays a significant role in the long-term growth of the national economy. A key policy consideration is to allow the capital market to develop as efficiently as possible, with the least intervention. The optimal taxation of capital markets, and the products and transactions that come with them, is an essential element in developing the capital market. Towards this end, the State recognizes the necessity of a simpler, fairer, more efficient, and regionally competitive tax system to deepen the capital markets.

In the same vein, the State recognizes that by making tax compliance easier and more equitable, progressivity is ensured, tax effort is improved, discretion is eliminated, and trust in the taxation system is built and enhanced. Accordingly, the State adopts the following policies:

(a) The State shall endeavor to simplify an otherwise complex tax system for easy compliance;

(b) The State shall promote capital market development and tax competitiveness within the context of globalization, increased capital mobility, and financial inclusion;

(c) The State shall promote and incentivize the investment in the trading of equity and debt securities; and

(d) The State shall aid the capacity of corporate entities to raise capital through the Philippine markets.

SEC. 3. Section 22 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 22. *Definitions.* – When used in this Title:

"(A) x x x

"x x x

"(L) The term *'shares of stock'* shall **[**include**] REFER TO** shares of stock of a corporation, warrants and/or options **[**to purchase shares of stock**]**, **WHETHER TO BUY OR SELL SECURITIES**, as well as units of participation in a partnership (except general professional partnerships), joint stock companies, joint accounts, joint ventures taxable as corporations, associations, and recreation or amusement clubs (such as golf, polo or similar clubs), and mutual fund certificates.

"(M) The term 'shareholder' shall **[**include**] REFER TO** holders of a share/s of stock, warrant/s and/or option/s **[**to purchase shares of stock of a corporation**], WHETHER TO BUY OR SELL SECURITIES,** as well as a holder of a unit of participation in a partnership (except general professional partnerships), in a joint stock company, a joint account, a taxable joint venture, a member of an association, recreation or amusement club **[(]**such as golf, polo, or similar clubs**[)]** and a holder of a mutual fund certificate, a member in an association, joint-stock company, or insurance company.

"x x x

"(T) The term 'securities' **[**means shares of stock in a corporation and rights to subscribe for or to receive such shares. The term includes bonds, debentures, notes or certificates, or other evidence of indebtedness, issued by any corporation, including those issued by a government or political subdivision thereof, with interest coupons or in registered form.**] SHALL REFER TO SHARES, PARTICIPATION, OR INTEREST IN A CORPORATION, OR IN A COMMERCIAL ENTERPRISE, OR PROFIT-MAKING VENTURE EVIDENCED BY A CERTIFICATE, CONTRACT, INSTRUMENTS, WHETHER WRITTEN OR ELECTRONIC IN CHARACTER WHICH SHALL INCLUDE:**

"(1) SHARES OF STOCK, BONDS, DEBENTURES, NOTES, EVIDENCES OF INDEBTEDNESS, AND ASSET-BACKED SECURITIES;

"(2) INVESTMENT CONTRACTS, CERTIFICATES OF INTEREST, OR PARTICIPATION IN A PROFIT-SHARING AGREEMENT SUCH AS CERTIFICATE OF DEPOSIT FOR A FUTURE SUBSCRIPTION;

"(3) FRACTIONAL UNDIVIDED INTERESTS IN OIL, GAS, OR OTHER MINERAL RIGHTS;

"(4) CERTIFICATES OF ASSIGNMENTS, CERTIFICATES OF PARTICIPATION, TRUST CERTIFICATES, VOTING TRUST CERTIFICATES, OR SIMILAR INSTRUMENTS;

"(5) PROPRIETARY OR NON-PROPRIETARY MEMBERSHIP CERTIFICATES IN CORPORATIONS; AND

"(6) OTHER SIMILAR INSTRUMENTS AS MAY BE DETERMINED BY THE SECURITIES AND EXCHANGE COMMISSION.

"x x x."

SEC. 4. Section 32 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 32. *Gross Income.* – x x x

"(B) *Exclusions from Gross Income.* – The following items shall not be included in gross income and shall be exempt from taxation under this Title:

"x x x

"(7) *Miscellaneous Items.* –

"x x x

"(H) INTEREST INCOME AND GAINS FROM THE SALE, TRANSFER, OR DISPOSITION OF PROJECT SPECIFIC BONDS. – SPECIFIC BONDS THAT ARE ISSUED BY THE REPUBLIC OF THE

PHILIPPINES OR ANY OF ITS INSTRUMENTALITIES TO FINANCE CAPITAL EXPENDITURES OR PROGRAMS COVERED BY THE PHILIPPINE DEVELOPMENT PLAN OR ITS EQUIVALENT AND OTHER GOVERNMENT PROGRAMS CONSIDERED TO BE OF HIGH-LEVEL PRIORITY OF THE COUNTRY, AS DETERMINED BY THE SECRETARY OF FINANCE.

"([h]**I**) *Gains from Redemption of Shares* ***OR UNITS OF PARTICIPATION*** *in Mutual Fund* ***AND UNIT INVESTMENT TRUST FUND.*** – Gains realized by the investor upon redemption of shares of stock in a mutual fund company as defined in Section 22 (BB) of this Code**, OR UNITS OF PARTICIPATION IN A MUTUAL FUND OR UNIT INVESTMENT TRUST FUND:** ***PROVIDED,*** **THAT, PRIOR TO SUCH REDEMPTION, FINAL TAXES DUE ON REALIZED GAINS HAVE BEEN PREVIOUSLY WITHHELD AT THE LEVEL OF THE UNDERLYING ASSETS.**

([i]**J**) *Income Derived from the Sale of Gold Pursuant to Republic Act No. 7076.* – x x x."

SEC. 5. Section 34 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 34. *Deductions from Gross Income.* – Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:

"(A) *Expenses.* – x x x

"x x x

"(E) *Bad Debts.* –

"(1) *In General.* – x x x

"(2) *Securities Becoming Worthless.* – If securities, as defined in Section 22(T), are ascertained to be worthless and charged off within the taxable year and are capital assets, the loss resulting therefrom shall**[**, in the case of a taxpayer other than a bank or trust company incorporated under the laws of the Philippines a substantial part of whose business is the receipt of deposits, for the purpose of this Title,**]** be considered as a loss from the sale or exchange **OF CAPITAL ASSETS**, on the last day of such taxable year**[**, of capital assets**]**. **SECURITIES HELD BY A DEALER IN SECURITIES OR AN ENTITY LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL SECURITIES, INCLUDING BANKS AND OTHER FINANCIAL INTERMEDIARIES, SHALL BE CONSIDERED ORDINARY ASSETS, AND SECURITIES HELD THAT ARE ASCERTAINED TO BE WORTHLESS SHALL BE CONSIDERED ORDINARY LOSSES THAT ARE ALLOWED AS DEDUCTION FROM TAXABLE INCOME.**

"x x x."

SEC. 6. Section 38 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 38. *Losses from Wash Sales of Stock or Securities.* –

"(A) In the case of any loss claimed to have been sustained from any sale or other disposition of shares of stock or securities where it appears that within a period beginning thirty (30) days before the date of such sale or disposition and ending thirty (30) days after such date, the taxpayer has acquired (by purchase or by exchange upon which the entire amount of gain or loss was recognized by law), or has entered into a **[contact] CONTRACT** or option so **AS** to acquire**[,]** substantially identical stock or securities, then no deduction for the loss shall be allowed under Section 34 unless the claim is made by a dealer in stock or securities **OR BY ANY ENTITY OR FINANCIAL INTERMEDIARY DULY LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL SECURITIES EITHER FOR THE ENTITY'S OWN ACCOUNT OR FOR THE ACCOUNT OF OTHERS** and with respect to a transaction made in the ordinary course of the business of such dealer**, ENTITY, OR FINANCIAL INTERMEDIARY**.

"x x x."

SEC. 7. Section 39 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 39. *Capital Gains and Losses.* –

"(A) *Definitions.* – As used in this Title –

"x x x

"(C) *Limitation on Capital Losses.* – Losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges. If a [bank or trust company incorporated under the laws of the Philippines, a substantial part of whose business is the receipt of deposits,] **DEALER IN SECURITIES OR OTHER ENTITY OR FINANCIAL INTERMEDIARY DULY LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO TRADE IN SECURITIES,** sells any bond, debenture, note, or certificate or other evidence of indebtedness issued by any corporation, [(]including one issued by a government or political subdivision thereof[)], with interest coupons or in registered form, any loss resulting from such sale shall not be subject to the foregoing limitation and shall not be included in determining the applicability of such limitation to other losses.

"(D) *Net Capital Loss Carry-over.* – x x x

"(E) *Retirement of Bonds, Etc.* – x x x

"(F) *Gains or Losses from Short Sales, Etc.* –

"(1) x x x

"(2) x x x

"x x x."

SEC. 8. Section 42 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 42. *Income from Sources Within the Philippines.* –

"(A) *Gross Income from Sources Within the Philippines.* – The following items of gross income shall be treated as gross income from sources within the Philippines:

"(1) *Interests.* – Interests or **YIELD** [derived from sources within the Philippines, and interests on] **FROM DEBT INSTRUMENTS, BANK DEPOSITS, DEPOSIT SUBSTITUTES, TRUST FUNDS, AND SIMILAR ARRANGEMENTS SUCH AS** bonds, notes or other interest-bearing obligations of residents, corporate or otherwise[;], **INCLUDING DEBT INSTRUMENTS OR DEBT SECURITIES ISSUED BY THE GOVERNMENT OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES;**

"x x x."

SEC. 9. Section 127 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 127. *Tax on Sale[, Barter] or Exchange of Shares of Stock Listed and Traded through [the]**A** Local **OR FOREIGN** Stock Exchange* [or through Initial Public Offering]. –

"(A) *Tax on Sale*[, Barter] *or Exchange of Shares of Stock Listed and Traded through* [the] ***A** Local Stock Exchange.* – There shall be levied, assessed and collected on every sale, [barter,] exchange, or other disposition of shares of stock **AND OTHER SECURITIES** listed and traded through [the] **A** local stock exchange, other than the sale by a dealer in securities, **IN LIEU OF CAPITAL GAINS TAX**, a tax at the rate of [six] **ONE**-tenths of one percent ([6]**1**/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold, [bartered,] exchanged, or otherwise disposed which shall be paid by the seller or transferor.

"**ANY GAIN REALIZED FROM THE SALE, EXCHANGE, OR DISPOSITION OF LISTED SHARES OF STOCK BY A DEALER IN SECURITIES LICENSED BY THE APPROPRIATE GOVERNMENT REGULATORY AGENCIES TO BUY AND SELL SECURITIES, FOR HIS OWN ACCOUNT IN THE ORDINARY COURSE OF BUSINESS, SHALL NOT BE SUBJECT TO TAX UNDER THIS SUBSECTION BUT TO SECTION 27(A) AS AN ORDINARY INCOME.**

[(B) Tax on Shares of Stock Sold or Exchanged Through Initial Public Offering. - **]**

"(**B**) ***TAX ON SALE OR EXCHANGE OF SHARES OF STOCK LISTED AND TRADED THROUGH A FOREIGN STOCK EXCHANGE. –*** **THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON EVERY SALE, EXCHANGE, OR OTHER DISPOSITION OF SHARES OF STOCK OF A DOMESTIC CORPORATION LISTED AND TRADED THROUGH A FOREIGN STOCK EXCHANGE OTHER THAN THE SALE BY A DEALER IN SECURITIES, IN LIEU OF CAPITAL GAINS TAX, A TAX AT THE RATE OF ONE-TENTHS OF ONE PERCENT (1/10 OF 1%) OF THE GROSS SELLING PRICE OR GROSS VALUE IN MONEY OF THE SHARES OF STOCK SOLD, EXCHANGED OR OTHERWISE DISPOSED WHICH SHALL BE PAID BY THE SELLER OR TRANSFEROR.**

[(C) Return on Capital Gains Realized from Sale of Shares of Stocks. - **]**

"(**[**1**]C**) *Return on* **[**Capital Gains Realized from**]** *Sale of Shares of Stock* ***AND OTHER SECURITIES*** *Listed and Traded in* **[**the**]** *A Local* ***OR***

FOREIGN *Stock Exchange.* – It shall be the duty of every stock broker who effected the sale subject to the tax imposed herein to collect the tax and remit the same to the Bureau of Internal Revenue within five (5) banking days from the date of collection thereof and to submit on Mondays of each week to the secretary of the stock exchange, of which [he] **THE TAXPAYER** is a member, a true and complete return which shall contain a declaration of all the transactions effected through [him] **THE TAXPAYER** during the preceding week and of taxes collected by [him]**THE SAID TAXPAYER** and turned over to the Bureau of Internal Revenue[.]: ***PROVIDED,*** **THAT FOR RETURN ON SALES OF SHARES OF STOCK OF A DOMESTIC CORPORATION LISTED AND TRADED IN BOTH LOCAL AND FOREIGN STOCK EXCHANGES, THE COLLECTION AND REMITTANCE OF THE ABOVE TAX SHALL BE IN ACCORDANCE WITH THE RULES PROMULGATED BY THE SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF THE COMMISSIONER OF INTERNAL REVENUE:** ***PROVIDED, FURTHER,*** **THAT THE REMITTANCE OF THE SAID TAX SHALL BE WITHIN A PERIOD NOT EXCEEDING TEN (10) BANKING DAYS.**

[(2) *Return on Public Offerings of Shares of Stock.* – In case of primary offering, the corporate issuer shall file the return and pay the corresponding tax within thirty (30) days from the date of listing of the shares of stock in the local stock exchange. In the case of secondary offering, the provision of Subsection (C)(1) of this Section shall apply as to the time and manner of the payment of the tax.]

"x x x"

SEC. 10. Section 174 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 174. *Stamp Tax on Original Issue of Shares of Stock.* – On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company or corporation, there shall be collected a documentary stamp tax of [Two pesos (P2.00) on each Two hundred pesos (P200), or fractional part thereof,] **SEVENTY-FIVE PERCENT OF ONE PERCENT (75% OF 1%)** of the par value[,] of such shares of stock: *Provided*, That in the case of the original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: *Provided, further*, That in the case of stock dividends, on the actual value represented by each share.

SEC. 11. Section 176 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 176. *Stamp Tax on Bonds, Debentures,* ***AND*** *Certificate**S** of Stock or Indebtedness Issued in Foreign Countries.* – [On all] **A DOCUMENTARY STAMP TAX OF SEVENTY-FIVE PERCENT OF ONE PERCENT (75% OF 1%) OF THE VALUE OF THE TRANSACTION SHALL BE COLLECTED FROM A PERSON SELLING OR TRANSFERING** bonds, debentures, certificates of stock, or certificates of indebtedness issued in any foreign country[, there shall be collected from the person selling or transferring the same in the Philippines, such tax as is required by law on similar instruments when issued, sold or transferred in the Philippines]."

SEC. 12. Section 179 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 179. *Stamp Tax on All Debt Instruments.* – On every original issue of debt instruments, there shall be collected a documentary stamp tax of [One peso and fifty centavos (P1.50) on each Two hundred pesos (P200), or fractional part thereof,] **SEVENTY-FIVE PERCENT OF ONE PERCENT (75% OF 1%)** of the issue price of any such debt instruments: *Provided,* That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days: *Provided, further,* That only one documentary stamp tax shall be imposed on either loan agreement[, or] **AND** promissory notes, **MORTGAGE, SECURITY INTEREST OVER PERSONAL PROPERTY, AND OTHER CONTRACTS** issued to secure such loan.

"For purposes of this Section, the term 'debt instrument' shall mean [debt] instruments representing borrowing and lending transactions including but not limited to debentures, certificates of indebtedness, due bills, bonds, loan agreements, including those signed abroad wherein the object of contract is located or used in the Philippines, instruments and securities issued by the government or any of its instrumentalities, deposit substitute, debt instruments, certificates or other evidences of deposits that are either drawing interest significantly higher the regular savings deposit taking into consideration the size of the deposit and the risks involved or drawing interest and having a specific maturity date, [orders for payment of any sum of money otherwise than at sight or on demand,] promissory notes, whether negotiable or non-negotiable, except bank notes issued for circulation."

SEC. 13. Section 199 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 199. *Documents and Papers Not Subject to Stamp Tax.* – The provisions of Section 173 to the contrary notwithstanding, the following instruments, documents, and papers shall be exempt from the documentary stamp tax:

"(a) x x x

"x x x

"(e) Sale[, barter, or], exchange, **REDEMPTION OR OTHER DISPOSITION** of shares of stock[,] listed and traded through the local stock exchange.

"x x x

"(O) ORIGINAL ISSUANCE, REDEMPTION, OR OTHER DISPOSITION OF SHARES IN A MUTUAL FUND COMPANY.

"(P) ISSUANCE OF CERTIFICATE OR OTHER EVIDENCE OF PARTICIPATION IN A MUTUAL FUND OR UNIT INVESTMENT TRUST FUND."

SEC. 14. Section 258 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 258. *Unlawful Pursuit of Business.* – Any person who carries on any business **[**for which an annual registration fee is imposed without paying the tax as required by law**] WITHOUT REGISTERING THE SAME IN ACCORDANCE WITH SECTION 236** shall, upon conviction for each act or omission, be punished by a fine of not less than Five thousand pesos (P5,000) but not more than Twenty thousand pesos (P20,000) and **[**suffer**]** imprisonment of not less than six (6) months but not more than two (2) years: *Provided*, That in the case of a person engaged in the business of distilling, rectifying, repacking, compounding, or manufacturing any article subject to excise tax, he shall, upon conviction for each act or omission, be punished by a fine of not less than Thirty thousand pesos (P30,000) but not more than Fifty thousand pesos (P50,000) and suffer imprisonment of not less than two (2) years but not more than four (4) years.

SEC. 15. *Implementing Rules and Regulations.* – Within ninety (90) calendar days from the effectivity of this Act, the Department of Finance, in consultation with the Securities and Exchange Commission, Bangko Sentral ng Pilipinas, Bureau of Treasury, and Bureau of Internal Revenue, after due consultation with the private sector, shall issue rules and regulations for the effective implementation of this Act.

SEC. 16. *Separability Clause.* – If, for any reason, any article or provision of this Act, or any portion thereof, or application of such article, provision, or portion thereof to any person, group, or circumstance is declared invalid or unconstitutional, the remainder of this Act shall not be affected by such decision or declaration.

SEC. 17. *Repealing Clause.* – The following laws or provisions of laws are hereby repealed or modified accordingly:

(a) Section 9, insofar as the tax exemption on the issuance of bonds and securities is concerned, of Presidential Decree No. 1648, otherwise known as "Reorganizing the National Development Company and Establishing a Revised Charter Therefor";

(b) Sections 6, 7, and 8, insofar as the tax exemption on the issuance of bonds is concerned, of Executive Order No. 603, otherwise known as "Creating a Light Rail Transit Authority, Vesting the Same with Authority to Construct and Operate the Light Rail Transit (LRT) Project and Providing Funds Therefor";

(c) Section 12, insofar as the tax exemption on the issuance of bonds is concerned, of Republic Act No. 4850, otherwise known as "An Act Creating the Laguna Lake Development Authority, Prescribing its Powers, Functions and Duties, Providing Funds Therefor, and for Other Purposes";

(d) Sections 10 and 11, insofar as the tax exemption on the issuance of bonds is concerned, of Presidential Decree No. 696, otherwise known as "Revising Presidential Decree No. 286, dated September 5, 1973, as amended, otherwise known as The Charter of The Philippine Aerospace Development Corporation and for Other Purposes";

(e) Section 2(g), insofar as the tax exemption on the issuance of bonds is concerned, of Republic Act No. 85, as amended by Republic Act No. 2081, otherwise known as "An Act Creating the Rehabilitation Finance Corporation";

(f) Sections 76, 77, and 98, insofar as tax exemption on the documentary stamp tax on bonds is concerned, of Republic Act No. 3844, as amended by Republic Act No. 6389, otherwise known as the "Agricultural Land Reform Code";

(g) Section 24, insofar as the tax exemption on the issuance of bonds is concerned, of Republic Act No. 3591, as amended by Republic Act No. 9576 and Republic Act No. 10846, otherwise known as "An Act Increasing the Maximum Deposit Insurance Coverage, and in Connection Therewith, to Strengthen the Regulatory and Administrative Authority, and Financial Capability of the Philippine Deposit Insurance Corporation (PDIC), Amending for this Purpose Republic Act Numbered Three Thousand Five Hundred Ninety-One, as amended, otherwise known as The PDIC Charter, and for Other Purposes";

(h) Section 12, insofar as tax exemption on the issuance of bonds is concerned, of Executive Order No. 1037, otherwise known as "Creating the Philippine Retirement Park System, Providing Funds Therefor and for Other Purposes";

(i) Sections 5 and 19, insofar as the tax exemption on the issuance of bonds is concerned, of Republic Act No. 8763 otherwise known as "Home Guaranty Corporation Act of 2000";

(j) Section 8(a), insofar as tax exemption on the documentary stamp tax of bonds is concerned, as provided under Section 1 of Republic Act No. 6395 otherwise known as "An Act Revising the Charter of the National Power Corporation"; and

(k) Section 15, insofar as the tax exemption on the issuance of bonds is concerned, of Presidential Decree No. 334, as amended by Presidential

Decree No. 572, otherwise known as "Creating the Philippine National Oil Company, Defining its Powers and Functions, Providing Funds Therefore, and for Other Purposes."

All laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are deemed repealed, amended, or modified accordingly.

SEC. 18. *Transitory Provision.* - The changes introduced under this Act shall apply to financial instruments issued and transactions entered into on or after January 1, 2025. Any tax exemption and preferential rates on financial instruments issued or transactions entered into, prior to the effectivity of this Act, shall remain valid for the remaining maturity of the relevant agreement.

SEC. 19. *Effectivity.* – This Act shall take effect on January 1, 2025, following its complete publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,