

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

March 8, 2010

REVENUE MEMORANDUM CIRCULAR NO. 22-2010

SUBJECT: Publishing the full text of Republic Act No. 10001 entitled "An Act Reducing the Taxes on Life Insurance Policies, Amending for this Purpose Sections 123 and 183 of the National Internal Revenue Code of 1997, as Amended."

TO : All Revenue Officials, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Republic Act No. 10001 issued by the President of the Republic of the Philippines on February 23, 2010.

"REPUBLIC ACT NO. 10001

AN ACT REDUCING THE TAXES ON LIFE INSURANCE POLICIES, AMENDING FOR THIS PURPOSE SECTIONS 123 AND 183 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 123 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

'SEC. 123. Tax on Life Insurance Premiums. –There shall be collected from every person, company or corporation (except purely cooperative companies or associations) doing life insurance business of any sort in the Philippines a tax of two percent (2%) of the total premium collected, whether such premiums are paid in money, notes, credits or any substitute for money; but premiums refunded within six (6) months after payment on account of rejection of risk or returned for other reason to a person insured shall not be included in the taxable receipts; nor shall any tax be paid upon reinsurance by a company that has already paid the tax; nor upon premiums collected or received by any

branch of a domestic corporation, firm or association doing business outside the Philippines on account of any life insurance of the insured who is a non-resident, if any tax on such premium is imposed by the foreign country where the branch is established nor upon premiums collected or received on account of any reinsurance, if the insured, in case of personal insurance, resides outside the Philippines, if any tax on such premiums is imposed by the foreign country where the original insurance has been issued or perfected; nor upon that portion of the premiums collected or received by the insurance companies on variable contracts, in excess of the amounts necessary to insure the lives of the variable contract owners.

'Cooperative companies or associations are such as are conducted by the members thereof with the money collected from among themselves and solely for their own protection and not for profit.'

SEC. 2. The new rate of two percent (2%) shall apply only to insurance policies that will be issued after the effectivity of this Act: *Provided, however,* That insurance policies taken out before the effectivity of this Act but the premiums are not yet fully paid, the new rate of two percent (2%) shall be applied to the remaining balance and for the remaining years.

SEC. 3. Section 183 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

'SEC. 183. *Stamp Tax on Life Insurance Policies.* On all policies of insurance or other instruments by whatever name the same may be called, whereby any insurance shall be made or renewed upon any life or lives, there shall be collected a one-time documentary stamp tax at the following rates:

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| If the amount of insurance does not exceed Php100,000.00 | exempt |
| If the amount of insurance exceeds Php100,000.00 but does not exceed Php300,000.00 | Php10.00 |
| If the amount of insurance exceeds Php300,000.00 but does not exceed Php500,000.00 | Php25.00 |

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| If the amount of insurance exceeds Php500,000.00 but does not exceed Php750,000.00 | Php50.00 |
| If the amount of insurance exceeds Php750,000.00 but does not exceed Php1,000,000.00 | Php75.00 |
| If the amount of insurance exceeds Php1,000,000.00 | Php100.00' |

SEC. 4. Five (5) years after the effectivity of this Code, no tax on life insurance premium shall be collected: *Provided, further,* That on the said date, all policies of insurance or other instruments by whatever name the same shall be called whereby any insurance shall be made upon any life or lives shall be exempt from the documentary stamp tax.

SEC. 5. *Rules and Regulations.* – The Secretary of Finance shall, upon recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 6. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

SEC. 7. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days following the completion of its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved.

(Sgd.) **JUAN PONCE ENRILE**
President of the Senate

(Sgd.) **PROSPERO C. NOGRALES**
*Speaker of the House
of Representatives*

This Act which is a consolidation of House Bill No. 6017 and Senate Bill No. 3502 was finally passed by the House of Representatives and the Senate on December 15, 2009 and December 11, 2009, respectively.

(Sgd.) **EMMA LIRIO-REYES**
Secretary of the Senate

(Sgd.) **MARILYN B. BARUA-YAP**
*Secretary General
House of Representatives*

Approved: FEB 23, 2010

(Sgd.) **GLORIA MACAPAGAL-ARROYO**
President of the Philippines

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
JOEL L. TAN-TORRES
Commissioner of Internal Revenue

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