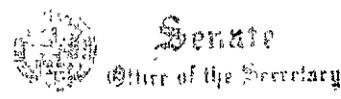


FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



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S.B. No. 2342

RECEIVED BY 

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Introduced by SEN. MANNY VILLAR

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**EXPLANATORY NOTE**

It is a declared policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

Plastic bags are very popular with retailers and consumers because they are supposedly, cheap, strong, lightweight, functional, and a very hygienic means of keeping things, like food, clean. Despite this, plastic bags contaminate soil and waterways and enter into the food web where animals accidentally ingest them. Plastic marine debris has been documented to harm at least 267 species and is especially lethal to sea turtles. Plastic bags litter the landscape, without any efficient way of completely disposing of the same. They are also non-biodegradable which means that it takes almost 1,000 years for it to completely decompose. Every year, between four to five trillion plastic bags are used worldwide and most of them end up as litter. That is why there is a green revolution in order to curb, if not totally eliminate its use.

Environmental protection and preservation is for the common good and should be the concern of all. As such, corporations, partnerships, organizations and other juridical entities are enticed to participate in this green revolution by granting them tax incentives where applicable. In the long run, the elimination of the use of plastic can be beneficial as we maintain ecological balance in pursuit of sustainable development for our country.

This bill seeks to provide a system of tax incentives to corporations, partnerships, organizations and other juridical entities for their support of the use of environment-friendly bags. Thus, the passage of this bill is earnestly sought.

  
MANNY VILLAR

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Introduced by SEN. MANNY VILLAR

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**AN ACT**  
**GRANTING TAX INCENTIVES TO CORPORATIONS, PARTNERSHIPS,**  
**ORGANIZATIONS, AND OTHER JURIDICAL ENTITIES FOR USING AND**  
**PROMOTING THE USE OF ENVIRONMENT-FRIENDLY BAGS, SUPPORTING**  
**SUCH EFFORTS 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 be known as the "Green Tax Incentives Act of 2011."

**SECTION 2. Declaration of Policy.** - It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature. However, protection of the environment cannot be achieved without the aid of the private sector. As such, the State recognizes the indispensable role of the private sector and encourages its full participation and cooperation in achieving its goal of environmental protection and preservation.

Environmental protection and preservation is for the common good and should be the concern of all. Local efforts of environmental significance may and can be beneficial not only to our nation, but to the world as a whole as we maintain ecological balance in pursuit of sustainable development.

**SECTION 3. Definition of Terms.** The following terms when used in this Act shall mean:

- a. "Bureau" – the Bureau of Internal Revenue (BIR);
- b. "Consumer" – any person who makes a purchase at retail for any purpose other than resale;
- c. "Department" – the Department of Trade and Industry (DTI);
- d. "Environment-friendly Bag" – a type of bag that benefits the environment in some way, including but are not limited to those made from recycled products, repurposed products, sustainable materials, and organic materials;
- e. "Plastic Bag" – any plastic, latex, or polypropylene carry-out bag provided by the store to a consumer at the point of sale ;

f. “Reusable Bag” – a bag with handles that is specifically designed and manufactured for multiple re-use and meets all the following requirements:

- 1.) Has a minimum lifetime of 125 uses, which, for purposes of this subsection, means the capability of carrying a minimum of 22lbs. or 15 liters, 125 times over a distance of at least 175 feet;
- 2.) Is machine washable;
- 3.) Does not contain lead, cadmium, or any other heavy metal in toxic amounts;
- 4.) Is labeled “Reusable” on the front and/or back of the bag in lettering at least one inch in height.

**SECTION 4. *Scope.*** – Corporations, partnerships, organizations, and other juridical entities which support this effort by participation and cooperation shall be given tax incentives.

**SECTION 5. *Procedure.*** – Such corporations, partnerships, organizations, and other juridical entities mentioned in the preceding section shall collate and file the necessary documentation to prove that they have been using, promoting and supporting environment-friendly bags. The same shall be submitted to the Department of Trade and Industry (DTI) for proper evaluation.

Upon findings by the Department that such corporation, partnership, organization, or juridical entity has satisfactorily proven that they have been using, promoting and supporting environment-friendly bags, then a certificate of compliance shall be issued and which will be attached to the tax return to be submitted to the Bureau in order to avail of the tax incentives.

**SECTION 6. *Tax Incentives.*** – The following tax incentives shall be enjoyed by corporations, partnerships, organizations and other juridical entities which use, promote, and support the use of environment-friendly bags:

- a. In computing the taxable income, the above-mentioned entities may claim as deduction, expenses in producing, procuring, or purchasing environment-friendly bags during the taxable year, *provided*, that such production, procurement, or purchase of said bags is not the primary business of the juridical entity;
- b. Newly created juridical entities may, within three (3) years from incorporation, be exempt from the Expanded Value Added Tax (EVAT) on the production, procurement or purchase of environment-friendly bags;

**SECTION 7. *Exception.*** – This Act shall not be applicable to corporations, partnerships, organizations and other juridical entities whose primary business is the production, manufacture, and distribution of environment-friendly bags.

**SECTION 8. *Determination of Rules and Regulations.*** – Additional rules and regulations which will further the purpose of this Act may be determined, formulated, and implemented by the Department through its Secretary.

**SECTION 9. *Separability Clause.*** - If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

**SECTION 10. *Repealing Clause.*** - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the provision of this Act is hereby repealed, modified, or amended accordingly.

**SECTION 11. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,