

**[ REPUBLIC ACT NO. 10001, February 23, 2010 ]**

**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 nonresident, 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.