

A Bribe for the Boatman: The Pains and Politics of the Value Added Tax (VAT) on Tolls

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This Essay explores the issues and arguments for the proper application of the value-added tax (VAT) on tolls and seeks to answer whether tolls are VAT-taxable. For these purposes, the discussion is limited to the VAT, which requires the interpretation of tax laws and jurisprudence, and not to increases in toll fees, which requires the examination of the franchises of tollway operators and government procedures in approving said increases.

In *Manila International Airport Authority v. Court of Appeals* (495 SCRA 591 (2006)), the Supreme Court employed the phrase “user’s tax” to describe fees charged by the Manila International Airport Authority for use of its airport and buildings. The Court also cited tollways as an example. However, it should be understood in its broad sense as a simple fee for use rather than in its technical and strict term as a liability to the government mandated under the Tax Code. This is because tollways are not strictly “owned” by the government and the complex transactions in building, operating, maintaining, and improving the tollways. The word “tax” was only used to illustrate that charging fees do not change the public nature of the real properties in question.

In sum, “user’s tax” is not strictly a tax, but merely an expression. It is no different from the boatman Charon charging souls for passage into the Underworld, or charging pedestrians using a makeshift bridge during floods ₱10.00 to cross.

