

AMENDING CERTAIN PROVISIONS OF THE LOCAL TAX CODE ENACTED UNDER PRESIDENTIAL DECREE NO. 231, DATED JUNE 28, 1973.

PRESIDENTIAL DECREE NO. 426, March 30, 1974

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WHEREAS, the Local Tax Code enacted under Presidential Decree No. 231 took effect on July 1, 1973; and

WHEREAS, there is an imperative necessity to enact amendatory measures to make the Local Tax Code more responsive and attuned to the changing patterns of business and economic trends and thereby transform it into a more effective instrument by which local governments may generate urgently needed revenues without unduly disturbing price levels in the domestic market;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree, order and make as part of the law of the land the following amendments to the Local Tax Code:

SECTION 1. a. Paragraphs (a), (p), (r), (f-1), (k-1), and (p-1) of Section 3 of the Local Tax Code shall read as follows:

"SEC. 3. Definitions. — When used in this Code —

"(a) Agricultural product includes the yield of the soil such as corn, rice, wheat, rye, hay, coconuts, sugar cane, tobacco, root crops, vegetables, fruits, flowers, etc and their by-products; ordinary salt; all kinds of fish; poultry; and livestock and animal products, whether in their original form or when preserved in a more convenient and marketable form through the simple processes of freezing drying salting, smoking, and stripping.

"x x x

"(p) Hotel includes any house or building or portion thereof in which any person or persons may be regularly harbored or received as transients or guests. A hotel shall be considered as living quarters and shall have the privilege to accept any number of guests and to serve food to the guests therein.

"x x x

"(r) License or Permit is a right or permission granted in accordance with law by a competent authority to engage in some business or occupation or to engage in some transaction.

"(f-1) Public market refers to any place, building or structure of any kind designated as such by the local board or council, except public streets, plazas, parks and the like.

"(k-1) Services means the duties, work or functions performed or discharged by a government officer, or by a private person contracted by the Government, as the case

"x x x

"(p-1) Wharfage means a fee assessed against the cargo of a vessel engaged in foreign or domestic trade based

on the quantity, weight or measure received and/or discharged by such vessel."

- The following definitions of terms are hereby adopted for inclusion in Section 3 of the Local Tax Code:

"(r-1) Boarding house includes any house where boarders are accepted for compensation by the week or by the month, and where meals are served to boarders only.

"(s-1) Business agent (Agente de negocios) includes all persons who act as agents of others in the transaction of business with any public officer, as well as those who conduct collecting, advertising, employment, or private detective agencies.

"(t-1) Cabaret/Dance hall includes any place or establishment where dancing is permitted to the public in consideration of any admission, entrance, or any other fee paid on, before or after the dancing, and where professional hostesses or dancers are employed.

"(u-1) Carinderia refers to any public eating place where foods already cooked are served at a price.

"(v-1) Collecting agency includes any person other than a practicing attorney-at-law engaged in the business of collecting or suing debts or liabilities placed in his hands, for said collection or suit, by subscribers or customers applying and paying therefor; while a 'Mercantile Agency' is any person engaged in the business of gathering information as to the financial standing ability, or credit of persons engaged in business, and reporting the same to subscribers or to customers applying and paying therefor.

"(w-1) Compounder comprises every person who, without rectifying, purifying, or refining distilled spirits, shall, by mixing such spirits, wine, or other liquor with any materials except water, manufacture any intoxicating beverage whatever.

"(x-1) Contractor is deemed synonymous with the term 'Builder' and, hence, any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid, to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish by building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith. The term contractor includes subcontractor and specialty contractor.

"A 'General Engineering Contractor' is a person whose principal contracting business is in connection with fixed works requiring specialized engineering knowledge and skill, including the following divisions or subjects: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams, hydroelectric projects, levees, river control and reclamation works, railroads, highways, streets and roads, tunnels, airports and airways, waste reduction plants, bridges, overpasses, underpasses and other similar works, pipelines and other system for the transmission of petroleum and other liquid or gaseous substances, land leveling and earth moving projects, excavating, grading, trenching, paving and surfacing work.

"A 'General Building Contractor' is a person whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts, or to do or superintend the whole or any part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, playgrounds and other recreational works, refineries, chemical plants, and similar industrial plants requiring specialized engineering knowledge and skill, powerhouses, power plants and other utility plants and installations, mines and metallurgical plants, cement and concrete works in connection with the above-mentioned fixed works.

"A person who merely furnishes materials or supplies without fabricating them into, or consuming them in the performance of the work of the general building contractor does not necessarily fall within this definition.

"A 'Specialty Contractor' is a person whose operations pertain to the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts.

"(y-1) Dancing school includes any establishment where ballroom dancing is taught and permitted to the public in consideration of an enrollment, admission, membership, or any other fees.

"(z-1) Distillers of spirits comprises all who distill spirituous liquors by original and continuous distillation from mash, wort, wash, sap, or syrup through continuous closed vessels and pipes until the manufacture thereof is complete.

"(a-2) Lending investor includes all persons who make a practice of lending money for themselves or others at interest.

"(b-2) Manufacturers of cigars or cigarettes includes those whose business it is to make or manufacture cigars or cigarettes or both for sale or who employ others to make or manufacture cigars or cigarettes for sale; but the term does not include artisans or apprentices employed to make cigars or cigarettes from materials supplied by the employer, the latter being lawfully engaged in the manufacture of cigar and cigarettes.

"(c-2) Manufacturer of tobacco includes every person whose business it is to manufacture tobacco or snuff, or who employs others to manufacture tobacco or snuff, whether such manufacture be by cutting, pressing, grinding, or rubbing any raw or leaf tobacco or otherwise preparing raw or leaf tobacco, or manufactured or partially manufactured tobacco and snuff, or putting up for consumption scraps, refuse, or stems of tobacco resulting from any waste by sifting, twisting, screening, or by any other process.

"(d-2) Money shop is an extension service unit of a banking institution usually operating in public markets with authority to accept money for deposit and extend short-term loans for specific purposes.

"(e-2) Real estate broker includes any person, other than a real estate salesman as hereinafter defined, who for another, and for a compensation or in the expectation or promise of receiving compensation, (1) sells or offer, for sale offers to buys or improvements thereon; (4) or shall be employed by or on behalf of the owner or owners of lots or other parcels of real estate at a stated salary, on commission or otherwise, to sell such real estate or any parts thereof in lots or parcels. 'Real estate salesman' means any natural person regularly employed by a real estate broker to perform in behalf of such broker any or all of the functions of a real estate broker. One act of a character embraced within the above definition shall constitute the person performing or attempting to perform the same real estate broker But the foregoing definitions do not include a person who shall directly perform any of the acts aforesaid with reference to his own property, where such acts are performed in the regular course of or as an incident to the management of such property; nor shall they apply to persons acting pursuant to a duly executed power of attorney from the owner authorizing final consumption by performance of a contract conveying real estate by sale, mortgage or lease; nor shall they apply to any receiver, trustee or assignee in bankruptcy or insolvency, or to any person acting pursuant to the order of any court; nor to a trustee selling under a deed of trust. 'Real estate dealer' includes any person engaged in the business of buying, selling, exchanging, leasing, or renting property, as principal and holding himself out as a full or part-time dealer in real estate or as an owner of rental property or properties rented or offered to rent for an aggregate amount of one thousand pesos or more a year. Any person shall be considered as engaged in business as real estate dealer by the mere fact that he is the owner or sublessor of property rented or offered to rent for an aggregate amount of one thousand pesos or more a year: Provided, however, That an owner of sugar lands subject to tax under Commonwealth Act Numbered Five Hundred and Sixty-Seven shall not be considered as a real estate dealer under this definition.

"(f-2) Rectifier comprises every person who rectifies, purifies, or refines distilled spirits or wines by any process other than by original and continuous distillation from mash, wort, wash, sap, or syrup through continuous closed vessels and pipes until the manufacture thereof is complete. Every wholesale or retail liquor

dealer who has in his possession any still or mash tub, or who keeps any other apparatus for the purpose of distilling spirits, or in any manner refining distilled spirits, shall also be regarded as a rectifier and as being engaged in the business of rectifying.

"(g-2) Repacker of wines or distilled spirits includes all persons who remove wines or distilled spirits from the original container for repacking and selling the same at wholesale.

"(h-2) Restaurant refers to any place which provides food to the public and accepts orders from them at a price. This term includes caterers.

"(i-2) Retail dealer in fermented liquor includes every person, except retail dealers in tuba, basi, and tapuy, who for himself or on commission sells or offers for sale fermented liquor in quantities of five liters or less at any one time and not for resale.

"(j-2) Retail leaf tobacco dealer includes every person who for himself or on commission sells leaf tobacco or offers the same for sale to any person except a registered dealer in leaf tobacco or a manufacturer of cigars, cigarettes, or manufactured tobacco; but the term does not include a planter or producer so far as concern the sale of leaf tobacco of his own production.

"(k-2) Retail liquor dealer includes every person, except a retail vino dealer, who for himself or on commission sells or offers for sale wine or distilled spirits (other than denatured alcohol) in quantities of five liters or less at any one time and not for resale.

"(l-2) Retail vino dealer includes every person who for himself or on commission sells or offers for sale only domestic distilled spirits in quantities of five liters or less at any one time and not for resale.

"(m-2) Stockbroker includes all persons whose business it is, for themselves as such brokers or for other brokers, to negotiate purchases or sales of stock, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities; but does not include underwriters for one or more investment companies as defined in the Investment Company Act. 'Dealer in securities' includes all persons who for their own account are engaged in the sale of stock, bonds exchange, bullion, coined money, bank notes, promissory notes, or other securities.

"(n-2) Wholesale dealer in fermented liquors means any one who for himself or on commission sells or offers for sale fermented liquors in larger quantities than five liters at any one time, or who sells or offers for sale such fermented liquors (excluding tuba, basi, tapuy and similar domestic fermented liquors) for the purpose of resale, regardless of quantity.

"(o-2) Wholesale dealer of distilled spirits and wines comprehends every person who for himself or on commission sells or offers for sale wines or distilled spirits in larger quantities than five liters at any one time, or who sells or offers the same for sale for the purpose of resale irrespective of quantity.

"(p-2) Wholesale tobacco dealer comprehends every person who for himself or on commission sells or offers for sale cigars, cigarettes or manufactured tobacco in larger quantities than two hundred cigars, eight hundred cigarettes or five kilos of manufactured tobacco at any one time, or who sells or offers the same for the purpose of resale, regardless of quantity; 'retail tobacco dealer' comprehends every person who for himself or on commission sells or offers for sale not more than two hundred cigars, not more than eight hundred cigarettes, or not more than five kilos of manufactured tobacco at any one time and not for resale."

SEC. 2. Section 5 of the Local Tax Code shall read as follows:

"SEC. 5. Common limitations on the taxing powers of local governments. — The exercise of the taxing powers of provinces, cities, municipalities and barrios shall extend to the imposition of the following:

"x x x

"(b) Taxes on forest concessions and forest products when sold domestically by the concessionaire himself;

"x x x

"(e) Taxes on the business of transportation contractors and persons engaged in the transportation of passengers or freight by hire and common carriers by air, land or water except as otherwise provided in this Code, and taxes or fees for the registration of motor vehicles and for the issuance of all kinds of licenses or permits for the driving thereof;

"x x x

"(g) Taxes of any kind on banks and insurance companies except as otherwise provided in this Code;

"x x x

"(k) Taxes or fees on agricultural products when sold by the farmer, fisherman, poultry- or animal-raiser himself;

"(l) Percentage tax on sales;

"(m) Taxes on mines; mining operations; and minerals, mineral products, and their by-products when sold domestically by the operator;

"(n) Taxes on cooperatives duly organized and registered with the proper government office; and

"(o) Taxes of any kind on the national and local governments."

SEC. 3. Section 7 of the Local Tax Code shall read as follows:

"SEC. 7. Tax on transfer of real property, ownership. — The province may impose a tax on the sale, donation, barter, or on any other mode of transferring ownership or title, of real property at the rate of not exceeding one-fourth of one percent of the total consideration involved in the acquisition of the property or its assessed value, whichever is higher, or in the absence of a specific consideration, the assessed value of the property.

"The transfer of real property ownership pursuant to Republic Act No. 3844, as amended, shall be exempt from this tax.

"The Register of Deeds of the province concerned shall, before registering any deed, require the presentation of the evidence of payment of this tax. In appropriate cases, the Provincial Assessor shall also make the same requirement before cancelling an old tax declaration and issuing a new one in place thereof. Notaries public shall furnish the Provincial Treasurer within thirty days from the date of notarization before him of any deed transferring ownership or title to any real property with a copy of such deed.

"Real property, for purposes of this tax, refers only to lands, buildings, and machineries intended by the owner of the land or building for an industry or work which may be carried on in a building or on a piece of land and which tend directly to meet the needs of the said industry or works. Buildings refer to all kinds of structure more or less permanently attached to a piece of land, excluding those which are merely superimposed on the soil.

"It shall be the duty of the buyer, donee, transferee or heir to pay the tax herein imposed within one year from the date of the execution of the deed as regards sale, barter, donation or any other mode of transferring ownership, or from the date of the decedent's death in the case of transfer by succession."

SEC. 4. Section 10 of the Local Tax Code shall read as follows:

"SEC. 10. Sand and gravel tax. — The province may levy and collect a tax of not exceeding seventy-five centavos per cubic meter of ordinary stones, sand, gravel, earth and other materials extracted from public and

private lands of the Government or from the beds of seas, lakes, rivers, streams, creeks, and other public waters within the jurisdiction of the province. The municipality where the materials are extracted shall share in the proceeds of the tax herein authorized at a rate of not less than thirty percent thereof as may be determined by the Provincial Board.

"The permit to extract the materials shall be issued by the Director of Mines or his duly authorized representative and the extraction thereof shall be governed by regulations issued by the Director of Mines."

SEC. 5. The last paragraph of Section 13 of the Local Tax Code shall read as follows:

"SEC. 13. Amusement tax on admission. — x x x

"x x x

"The taxes hereinabove imposed shall be due and payable within the first twenty days of the month next following that for which they are due, by the proprietor, lessee, or operator concerned, and such taxes to be determined on the basis of a true and complete return of the amount of gross receipts derived during the preceding month. If the tax is not paid within the time fixed hereinabove, the taxpayer shall be subject to such surcharges, interests and penalties prescribed by this Code. In case of willful neglect to file the return and pay the tax within the time required or in case fraudulent return is filed or a false return is willfully made, the taxpayer shall be subject to a surcharge of fifty percent of the correct amount of the tax due in addition to the interest and penalties provided by this Code."

SEC. 6. There is hereby added to the last paragraph of Section 14 of the Local Tax Code the following provisions:

"SEC. 14. Fees for sealing and licensing of weights and measures. — The province shall levy fees for the sealing and licensing of weights and measures in accordance with the following schedule:

" x x x.

"The provincial board shall prescribe the necessary regulations for the use of such weights and measures. It shall also fix the penalties for fraudulent practices and unlawful possession or use of instruments of weights and measures, provided that the penalties thereon do not exceed those prescribed in Chapter VI, Title VIII, of the National Internal Revenue Code, as amended. The provincial board may, by ordinance, authorize the provincial treasurer to settle an offense not involving the commission of fraud before a case therefor is filed in court upon payment of a compromise penalty of not less than two hundred pesos nor more than five hundred pesos."

SEC. 7. A new Section to be known as Section 15-A is hereby inserted after Section 15 of the Local Tax Code to read as follows:

"SEC. 15-A. Annual fixed tax per delivery truck or van of manufacturers or producers of, or dealers in, certain products. - Manufacturers or producers of, or dealers in, distilled spirits, fermented liquors, soft drinks, cigars, and cigarettes delivering or distributing their products to sales outlets, or selling to consumers, whether directly or indirectly, within the province shall be subject to an annual fixed tax of not exceeding, seventy-five pesos per delivery truck or van payable to the province.

"Manufacturers or producers of, or dealers in, products other than distilled spirits, fermented liquors, soft drinks, cigars, and cigarettes, delivering or distributing their products to sales outlets, or selling to consumers, whether directly or indirectly, within the province shall be subject to an annual fixed tax of not exceeding fifty pesos per delivery truck or van payable to the province.

"The manufacturers, producers, and dealers referred to in the foregoing paragraphs shall be exempt from the tax on peddlers prescribed in Section 15 of this Code and from any municipal permit fee or other regulatory fees. The province, however, may still levy and collect from said manufacturers, producers, and dealers a

permit fee in accordance with Section 36 of this Code, which in no case shall exceed twenty pesos per annum regardless of the number of vehicles used by the business within the province."

SEC. 8. Paragraph (e) of Section 17 of the Local Tax Code is hereby amended to read as follows:

"SEC. 17. Specific limitations on power. — Except as otherwise provided in this Code, the province shall not levy the following:

"x x x

"(e) Municipal fees and charges under Section 20 of this Code, except those enumerated under numbers 1, 2, 3, 4, 7 and 8 of paragraph (g) thereof."

SEC. 9. Paragraphs (a), (b), (c), (d), (e), (g), (h), (m), (n), (o), and (q) of Section 19 of the Code are hereby modified to read as follows:

"SEC. 19. Tax on business. — The municipality may impose taxes on businesses, except on those for which fixed taxes are provided in this Code:

"(a) On manufacturers, importers, or producers of any article of commerce of whatever kind or nature, including brewers, distillers, rectifiers, repackers, and compounders of liquors, distilled spirits and/or wines in accordance with the following schedule:

"With gross sales for the preceding calendar year in the amount of:

Amount of Tax
per annum

Less than P10,000.00

P150.00

P10,000.00 or more but less than

—

P15,000.00

200.00

P15,000.00 or more but less than

—

20,000.00

275.00

P20,000.00 or more but less than

—

30,000.00

400.00

P30,000.00 or more but less than

—

40,000.00

600.00

P40,000.00 or more but less than

—

50,000.00

750.00

P 50,000.00 or more but less than

—

75,000.00

1,200.00

P 75,000.00 or more but less than

—

100,000.00

1,500.00

P 100,000.00 or more but less than

—

150,000.00

2,000.00

P 150,000.00 or more but less than

—

200,000.00

2,500.00

P 200,000.00 or more but less than

—

300,000.00

3,500.00

P 300,000.00 or more but less than

—

500,000.00

5,000.00

P 500,000.00 or more hut less than

—

750,000.00

7,500.00

P 750,000.00 or more but less than

—

1,000,000.00

10,000.00

P1,000,000.00 or more but less than

—

2,000,000.00

12,500.00

P2,000,000.00 or more but less than

—

3,000,000.00

15,000.00

P3,000,000.00 or more but less than

—

4,000,000.00

18,000.00

P4,000,000.00 or more but less than

—

5,000,000.00

21,000.00

P5,000,000.00 or more but less than

—

7,000,000.00

24,000.00

P7,000,000.00 or more but less than

—

9,000,000.00

27,000.00

P9,000,000.00 or more but less than

—

12,000,000.00

30,000.00

P12,000,000.00 or more but less than

—

15,000,000.00

33,000.00

P15,000,000.00 or more but less than

—

18,000,000.00

36,000.00

P18,000,000.00 or more but less than

—

20,000,000.00

40,000.00

"For every P500,000.00 in excess of P20,000,000.00 but not more than P50,000,000.00

500.00

"For every P500,000.00 in excess of P50,000,000.00

250.00

"(A-1) On Retailers, Independent Wholesalers and Distributors In Accordance With the Following Schedules:

"With gross sales for the preceding
calendar year in the amount of:

Amount of Tax
per annum

"Less than P 1,000.00

P15.00

P 1,000.00 or more but less than

—

P2,000.00

30.00

2,000.00 or more but less than

—

3,000.00

45.00

3,000.00 or more but less than

—

4,000.00

65.00

4,000.00 or more but less than

—

5,000.00

90.00

5,000.00 or more but less than

—

6,000.00

110.00

6,000.00 or more but less than

—

7,000.00

130.00

7,000.00 or more but less than

—

8,000.00

150.00

8,000.00 or more but less than

—

10,000.00

170.00

10,000.00 or more but less than

—

15,000.00

200.00

15,000.00 or more but less than

—

20,000.00

250.00

20,000.00 or more but less than

—

30,000.00

300.00

30,000.00 or more but less than

—

40,000.00

400.00

40,000.00 or more but less than

—

50,000.00

600.00

50,000.00 or more but less than

—

75,000.00

900.00

75,000.00 or more but less than

—

100,000.00

1,200.00

100,000.00 or more but less than

—

150,000.00

1,700.00

150,000.00 or more but less than

—

200,000.00

2,200.00

200,000.00 or more but less than

—

300,000.00

3,000.00

300,000.00 or more but less than

—

500,000.00

4,000.00

500,000.00 or more but less than

—

750,000.00

6,000.00

750,000.00 or more but less than

—

1,000,000.00

8,000.00

"For every P100,000.00 in excess of P1 million

100.00

"As used herein, the term Independent Wholesaler means a person, other than a manufacturer, producer or importer, who buys commodities for resale to persons other than the end-users regardless of the quantity of the

transaction.

"(A-2) On All Exporters In Accordance With the Following Schedule:

"With gross sales for the preceding
calendar year in the amount of:

Amount of Tax
per annum

Below P1 million

P1,000.00

1 M or more but less than P 5M

2,000.00

5 M or more but less than 10M

3,000.00

10 M or more but less than 20M

5,000.00

20 M or more but less than 30M

7,000.00

30 M or more but less than 50M

10,000.00

50 M or more but less than 75M

15,000.00

75 M or more but less than 100M

20,000.00

“For every P1M over P100M

P 200.00

“(A-3) Tax ceilings. — The imposition of the graduated fixed taxes prescribed in paragraphs A, A-1 and A-2 above shall not exceed the ceiling prescribed hereunder:

Class of Municipalities

1st & 2nd class

3rd & 4th class

5th class & below

Initial Years of Implementation Up To December 31, 1975,

—

70% of the maximum

—

55% of the maximum

—

40% of the maximum

Third and Fourth Calendar Years,

—

85% of the maximum

—

70% of the maximum

—

55% of the maximum

Fifth Calendar Years and thereafter,

—

100% of the maximum

—

85% of the maximum

—

70% of the maximum

“(A-4) Essential commodities. — The tax on the business of manufacturing, producing, importing, wholesaling, or retailing of the essential commodities enumerated hereunder shall be one-half of the rates that may be prescribed by the local boards or councils under paragraphs A, A-1, and A-2 in relation with paragraph A-3 above for other businesses:

- Wheat flour, meat, milk, dairy products, locally manufactured canned goods and other preserved foodstuffs, sugar, salt and other agricultural, marine and fresh-water products;
- Cooking oil, cooking gas, and firewood;
- Laundry soap, medicine and household remedies;
- Locally manufactured ordinary fabrics;
- Agricultural implements, fertilizers, and insecticides;
- Poultry feeds and other animal feeds; and
- Other commodities covered by the Price Control Law: Provided, however, That should any commodity mentioned above be no longer subject to price control, the same shall be taxable at the rates prescribed in paragraphs A, A-1, and A-2 in relation with paragraph A-3 above.

“(A-5) Rice and corn. — The tax on the business of importing, wholesaling, or retailing of, or dealing in, rice and corn, including rice and corn millers also engaged in the wholesaling or retailing of said cereals, shall be one-fourth of the maximum rates prescribed under paragraph A-1 above and shall be uniform for all classes of municipalities as an exception to paragraph A-3 above.

“(A-6) Situs of the tax. — For purposes of collection of this tax, manufacturers and producers maintaining or operating branch or sales offices elsewhere shall record the sale in the branch or sales office making the sale and the tax thereon shall accrue to the local government where the branch or sales office is located. In cases where there is no such branch or sales office in the locality where the sale is effected, the sale shall be duly recorded in the principal office along with the sales made in said principal office. Sixty percent of all sales recorded in the principal office shall be taxable by the local government where the principal office is located, while the remaining forty percent shall be deemed as sales made in the factory and shall be taxable by the local government where the factory is located.

In cases where a manufacturer or producer has two or more facilities situated in different localities, the forty percent sales allocation mentioned in the next preceding paragraph shall be prorated among the localities where the factories are situated in proportion to their respective volumes of production during the period for which the tax is due.

The foregoing sales allocation shall be applied irrespective of whether or not sales are made in the locality where the factory is situated.

"(b) On cafes, cafeterias, ice cream and other refreshment parlors, restaurants, soda fountain bars, carinderias or food caterers:

"With gross sales and/or receipts for the preceding calendar year in the amount of:

Amount of Tax
per annum

"x x x"

"x x x"

"(c) On all business establishments principally rendering or offering to render services, x x x ;

"Shops for planning or surfacing and recutting of lumber and sawmills under contract to saw or cut logs belonging to others; dyeing establishments; milliners and hatters; blacksmiths; slendering and body building saloons; furniture repair shops; shoe repair shops; house and/or sign painters;

"Business agents and other independent contractors (juridical or natural) not included among individuals subject to the occupation tax under Section 12 of this Code, and whose activity consists essentially of the sale of all kinds of services for a fee;

"General engineering, general building, and specialty contractors, filling, demolition and salvage work contractors and proprietors or operators of bulldozers and other heavy equipment made available to others for considerations; persons engaged in the installation of water system, and gas or electric light, heat or power; proprietor or operators of smelting plants, engraving plants and plating establishments;

"Stevedoring; arrastre services;

"Commercial and immigration brokers; and cinematographic film owners, lessors or distributors;

"With gross sales for the preceding calendar
year in the amount of:

Amount of Tax
per annum

"Less than P5,000.00

P25.00

P 5,000.00 or more but less than P10,000.00

56.00

10,000.00 or more but less than 15,000.00

95.00

15,000.00 or more but less than 20,000.00

150.00

20,000.00 or more but less than 30,000.00

250.00

30,000.00 or more but less than 40,000.00

350.00

40,000.00 or more but less than 50,000.00

500.00

50,000.00 or more but less than 75,000.00

800.00

75,000.00 or more but less than 100,000.00

1,200.00

100,000.00 or more but less than 150,000.00

1,800.00

150,000.00 or more but less than 200,000.00

2,400.00

200,000.00 or more but less than 250,000.00

3,300.00

250,000.00 or more but less than 300,000.00

4,200.00

300,000.00 or more but less than 400,000.00

5,600.00

400,000.00 or more but less than 500,000.00

7,500.00

"For every P10,000.00 in excess of P500,000.00

50.00

"(C-1) Should a contractor undertake to furnish the materials and labor in the construction work, the costs of such materials and labor shall be deducted from his gross receipts for the purpose of determining the tax due from him under paragraph (C) above.

"General Provisions. —

"In the case of a newly started business falling under paragraphs A, A-1, A-2, B or C provided hereinabove, the tax shall be fixed by the quarter. The initial tax for the quarter in which the business starts to operate shall not exceed one-fourth of one-tenth of one percent of the capital investment.

However, in the succeeding quarter or quarters, in case the business opens before the last quarter of the year, the tax shall be based on the gross sales for the preceding quarter of one-fourth of the rate fixed therefor by the pertinent schedule as may be applied in relation with paragraphs A-3, A-4 and A-5 above. In the succeeding calendar year, regardless of when the business started to operate, the tax shall be based on the gross sales for the preceding calendar year, or any fraction thereof, as provided by the same schedule.

"In cases where a person conducts or operates two or more of the related businesses mentioned in any one of said paragraphs A, A-1, A-2, B or C, which are subject to the same rate of imposition, the computation of the tax shall be based on the combined total gross sales of the said two or more related businesses.

"In cases where a person operates any of the businesses mentioned in any one of paragraphs A, A-1, A-2, B or C above together with any of the businesses for which fixed taxes are provided in this Code, the sales or receipts of the latter shall not be included in the sales or receipts of the former for the purpose of computing the taxes due under said paragraphs.

"A business subject to the graduated fixed tax based on gross sales and/or receipts shall, upon termination thereof, submit a sworn statement of its gross sales and/or receipts for the current year. If the tax paid during the year be less than the tax due on said current year gross sales and/or receipts, the difference shall be paid before the

business is considered officially retired.

Special Provisions

"Tax Credit. — In cases where the tax imposed on any business exceeded 70% of the maximum rate prescribed therefor under Section 19(A) as originally provided in this Code, tax credit shall be granted to the taxpayer who has paid at least the full amount of the first quarter installment for the calendar year 1974. The tax credit herein granted shall be applied to future business tax obligation of the same taxpayer in not more than four equal quarterly installments as may be judiciously determined by the Secretary of Finance who shall, for this purpose, prepare and publish an appropriate schedule therefor upon promulgation of this Decree.

"In no case, however, shall tax credit be given to a taxpayer if the amount of the annual or quarterly tax paid by him during the first quarter of calendar year 1974 is equal to, or less than, the annual tax or the highest quarterly tax, as the case may be, paid by him for the same business in calendar year 1973.

"Any remaining portion of the tax credit herein granted shall be forfeited in favor of the municipality in the event the business terminates operations within the locality. As soon as the total amount credited to the taxpayer pursuant hereto shall have been fully applied, this provision shall no longer apply.

"For purposes hereof, the taxpayer shall file with the local treasurer a claim in writing duly supported by evidence of payment on or before June 30, 1974, after which date no claim for tax credit shall be entertained.

"(d) On the business of dealers in fermented liquors, distilled spirits and/or wines:

Amount of tax
per annum

(1)

Wholesale dealers in foreign liquors

P 800.00

(2)

Wholesale dealers in domestic liquors

400.00

(3)

Retail dealers in foreign liquors

200.00

(4)

Retail dealers in domestic liquors

100.00

(5)

Retail dealers in vino liquors

50.00

(6)

Retail dealers in fermented liquors

80.00

(7)

Wholesale dealers in fermented liquors

200.00

(8)

Retail dealers in tuba, basi and/or tapuy

50.00

"(e) Tax on tobacco dealers:

(1)

Retail leaf tobacco dealers

50.00

(2)

Wholesale leaf tobacco dealers

200.00

(3)

Retail tobacco dealers

50.00

(4)

Wholesale tobacco dealers

200.00

"(f) x x x

"(g) On the amusement places wherein the customers thereof actively participate without making bets or wagers, including but not limited to, the following:

x x x

"(12) Theaters and cinema houses:

With balcony and orchestra with seating capacity of less than 500 persons

P600.00

x x x

"Plus: Amusement tax of P0.05 per admission payable to the municipal treasurer within twenty days next following the month for which the tax is due as regards operators with fixed establishment and within ten days next following business day with respect to itinerant operators.

"(h) Tax on pawnshops, money shops, lending investors, finance and investment companies, insurance companies, and banks, any provision of special laws to the contrary notwithstanding, except the Central Bank of the Philippines:

(1)

Pawnshops

With capital of —

Amount of Tax
per annum

Less than P50,000.00

P 1,000.00

P50,000.00 or more but less than P100,000.00

1,500.00

P100,000.00 or more but less than P200,000.00

2,000.00

P200,000.00 or more

4,000.00

(2)

Money shops

200.00

(3)

Lending investors

300.00

(4)

Finance and investment companies:

Principal office

2,000.00

For each branch, payable to the municipality where the branch is located

400.00

(5)

Insurance companies:

Principal office

3,000.00

For each branch, payable to the municipality where the branch is located

600.00

(6)

Commercial banks:

Principal office

5,000.00

For each branch, payable to the municipality where the branch is located

1,000.00

(7)

Savings Bank:

Principal office

2,000.00

For each branch, payable to the municipality where the branch is located

400.00

(8)

Rural Banks

600.00

“(i) X X X

“(j) X X X

“(k) X X X

“(l) X X X

“(m) On real estate dealers:

X X X

“(2)

Lessors of real estate based on gross receipts for the preceding year, at rates not exceeding the following:

Less than P1,000.00

Exempt

"For every P1,000.00 in excess of P50,000.00 for real property used for purposes other than residential

P5.00

"For every P5,000.00 in excess of P50,000.00 for real property used for residential purposes

5.00

"(n) On golf links, P3,000.00 per annum

"(o) On fishponds, fishpens, or fish breeding grounds, per hectare or fraction thereof, P10.00 per annum

“(p) x x x

"(q) Taxes on billboards, signboards and advertisements:

x x x

"In addition to the taxes provided above under items (1) to (5), inclusive, for the use of electric or neon lights in billboards per square meter or portion thereof — P10.00."

SEC. 10. There are hereby inserted new paragraphs after paragraph (q) of Section 19 of the Code to be known as paragraphs (r) and (s) which shall read as follows:

"(r) Tax on the business of operating privately owned public markets based on gross receipts for the preceding quarter at the following rates:

Gross quarterly receipt

Amount of Tax per annum

"Less than P5,000.00

P125.00

P5,000.00 or more but less than P10,000.00

250.00

10,000.00 or more but less than 20,000.00

500.00

20,000.00 or more but less than 30,000.00

750.00

30,000.00 or more but less than 40,000.00

1,000.00

40,000.00 or more but less than 50,000.00

1,250.00

50,000.00 or more but less than 60,000.00

1,500.00

60,000.00 or more but less than 70,000.00

1,750.00

70,000.00 or more but less than 80,000.00

2,000.00

80,000.00 or more but less than 90,000.00

2,250.00

90,000.00 or more but less than 100,000.00

2,500.00

"For every P1,000.00 in excess of P100,000.00

20.00

"In the case of newly started privately owned public market, the tax shall not be less than the minimum of P125.00 prescribed above for the initial quarter of operations,

"(s) Operators or owners of rice or corn mills engaged mainly in the milling of rice and corn belonging to other persons shall be subject to annual graduated fixed tax based upon total capacity per machine in accordance with the following schedule:

"Corn mill, not exceeding one hundred cavans per twelve-hour capacity

P 15.00

"Corn mill, exceeding one hundred cavans per twelve-hour capacity

22.50

" 'Kiskisan' type, not exceeding one hundred cavans of palay per twelve-hour capacity

25.00

" 'Kiskisan' type, exceeding one hundred cavans of palay per twelve-hour capacity

37.50

" 'Cono' of not exceeding one hundred cavans of palay per twelve-hour capacity

100.00

" 'Cono' of not exceeding two hundred cavans of palay per twelve-hour capacity

200.00

" 'Cono' of not exceeding three hundred cavans of palay per twelve-hour capacity

300.00

" 'Cono' of not exceeding four hundred cavans of palay per twelve-hour capacity

450.00

" 'Cono' of not exceeding five hundred cavans of palay per twelve-hour capacity

650.00

" 'Cono' of not exceeding six hundred cavans of palay per twelve-hour capacity

900.00

" 'Cono' of not exceeding seven hundred cavans of palay per twelve-hour capacity

1,250.00

" 'Cono' of not exceeding eight hundred cavans of palay per twelve-hour capacity

1,600.00

" 'Cono' of not exceeding nine hundred cavans of palay per twelve-hour capacity

2,000.00

" 'Cono' of not exceeding one thousand cavans of palay per twelve-hour capacity

2,400.00

" 'Cono' of over one thousand cavans of palay per twelve-hour capacity

2,800.00

SEC. 11. Paragraph (c) of Section 21 of the Code shall read as follows:

"SEC. 21. Fishery rental or fees. — x x x

x x x"

(c) Issuance of individual licenses in case no bidders opt to lease fishing zone. — x x x

"(1) Fish corrals erected in the sea:

Annual Fee

Less than 3 meters deep

P 30.00

3 meters deep or more but less than 5 meters deep

60.00

5 meters deep or more but less than 8 meters deep

200.00

8 meters deep or more but less than 10 meters deep

360.00

10 meters deep or more but less than 15 meters deep

500.00

15 meters deep or more

800.00

x x x

"(4) Fish corrals or fishpens in inland fresh waters:

With an area of less than 500 square meters

P 100.00

With an area of 500 square meters or more but less than 1,000 square meters

200.00

With an area of 1,000 square meters or more but less than 5,000 square meters

360.00

With an area of 5,000 square meters or more but less than 10,000 square meters

500.00

With an area of 10,000 square meters or more

800.00

SEC. 12. Section 23 of the Code shall read as follows:

"SEC. 23. Scope of power. — Except as otherwise provided in this Code, the city may levy and collect, among others, any of the taxes, fees and other impositions that the province or the municipality may levy and collect. The exercise of the taxing powers of the city extends to the taxes, fees and other impositions mentioned in

Sections 12, 13, 14, 15, 15-A and 16 of this Code which the city shall also impose and collect, to the exclusion of the national and municipal governments.

"The rates of the taxes, or other impositions that the city shall fix may exceed the maximum rates allowed for the province or municipality by not more than fifty percent, except the rates of the taxes and fees provided in Sections 12, 13, 14, 15-A, and 19(A-5) in Chapter II of this Code which shall be uniform for the city and the province or municipality, as the case may be.

"Tax ceilings. — The imposition of the graduated fixed taxes provided for under paragraphs A, A-1, A-2 and A-4, all of Section 19 of the Code as herein amended, as read in relation with this Section, shall not exceed the ceilings prescribed hereunder:

Class of City

1st-A, 1st, 2nd
& 3rd class

4th class & Below

Initial Years of Implementation Up to December 31, 1975,

—

70% of the maximum

—

55% of the maximum

Third and fourth calendar Year,

—

85% of the maximum

—

70% of the maximum

Fifth calendar year and thereafter,

—

100% of the maximum

—

85% of the maximum

"(b) Situs of the tax. — For purposes of collection of the tax on the businesses mentioned in paragraphs A, A-1, A-2, A-4 and A-5, all of Section 19 of the Code as herein amended, as read in relation with this Section, the provisions of paragraph A-6 of this Code also as herein amended shall apply.

"The general provisions under Section 19 of this Code as herein amended pertaining to newly started businesses; related businesses falling under paragraphs A, A-1, A-2, B or C of Section 19 aforementioned; those subject to graduated rates operated along with businesses subject to fixed rates; and those terminating their operations during the current year, as well as the special provisions for tax credits, shall likewise apply to chartered fides. However, in the case of a newly started business, the city may exceed by not more than fifty percent the maximum rate prescribed for newly started businesses under Section 19 of this Code, as amended.

"Thirty percent of the percentage taxes on sales pertaining to the first quarter of the calendar year 1974 that may have been collected by cities under Section 23 of the Code as originally provided if they have imposed the maximum of one and two percent of the sales of essential and nonessential commodities, respectively, shall be granted as tax credits to the taxpayers concerned. In the application of the said tax credits to the future business tax obligations of the same taxpayers, all the special provisions under Section 19 of the Code as herein amended shall also govern."

SEC. 13. Section 24 of the Code shall read as follows:

"SEC. 24. Additional taxing powers. — The city may levy any tax, fee or other imposition not specifically enumerated or otherwise provided for in this Code, subject to the provisions of Sections 49 and 50 of this Code as herein amended."

SEC. 14. Section 25 of the Code shall read as follows:

"SEC. 25. Specific limitation on power. — Except as otherwise provided in this Code, the city shall not levy the taxes and other impositions enumerated in Section 5, Chapter I of this Code as herein amended."

SEC. 15. Paragraph (a) of Section 27 of the Code shall read as follows:

"SEC. 27. Taxes and fees. — x x x

"(a) Stores or retailers with fixed business establishments whose capital investment is five thousand pesos or less, signs, signboards, and billboards displayed or maintained in any place exposed to public view, except those displayed at the place where the profession or business advertised is conducted."

SEC. 16. Paragraph (d) of Section 30 of the Code shall read as follows:

"SEC. 30. Market Fees. — x x x

"(d) Market entrance fee. — In lieu of the regular market fees based on the space occupied, a market entrance fee may be imposed on all transient vendors of any commodity or merchandise being brought into the public market for sale on the basis of weight, bundle, sack, can, cartload, or any convenient unit of measure. The amount of entrance fee to be imposed shall not exceed the amount of market fee that would be collectible if the fee were charged on the basis of space occupied by the said commodity or merchandise, as provided in the preceding Subsection."

SEC. 17. Paragraphs (a) and (d) of Section 31 of the Code shall read as follows:

"SEC. 31. Slaughterhouse fees. — x x x

"(a) Permit fee to slaughter. — Before any animal is slaughtered for public consumption, a permit therefor shall

be secured from the health officer concerned or his duly authorized representative thru the treasurer and the corresponding fee collected at a reasonable rate to be fixed by the local board or council."

x x x

"(d) Requirements for the issuance of a permit for the slaughter of large cattle. — Upon issuance of the permit required in subsection (c) of this Section, large cattle shall be slaughtered at the city/municipal slaughterhouse or in any other place as may be authorized in the local ordinance. Before the issuance of the permit for the slaughter of large cattle, the treasurer shall require for branded cattle the production of the certificate of ownership if the owner is the applicant, or the original certificate of ownership and the certificate of transfer showing title in the name of the person applying for the permit if he is not the original owner."

SEC. 18. Section 42 of the Code shall read as follows:

"SEC. 42. Effectivity of tax ordinance. — A tax ordinance shall go into effect on the fifteenth day after its approval by the local chief executive in accordance with Section 41 of this Code."

SEC. 19. Section 49 of the Code is amended to read as follows:

"SEC. 49. Similar tax or fee not specifically enumerated. — The local board or council may exercise the power to impose a tax or fee on a tax base or subject similar to those authorized in this Code but which may not have been specifically enumerated herein, the rate of which shall in no case exceed that fixed for the similar tax base or subject. No ordinance, however, imposing such a tax or fee shall be enacted without any public hearing having been held for the purpose. The Secretary of Finance shall within six months from the date of receipt of copy of the ordinance review the same and the tax or fee therein imposed shall accrue, should the ordinance be approved by the Secretary of Finance, at such date as may be determined and fixed by him."

SEC. 20. Section 50 of the Code shall read as follows:

"SEC. 50. Tax or fee not provided for. — Where the tax base or tax subject is not similar or comparable to any tax base or subject specifically mentioned or otherwise provided for in this Code, the local board or council may impose a tax, fee or other imposition thereon. No ordinance, however, imposing such a tax or fee shall be enacted without any public hearing having been held for the purpose. The Secretary of Finance shall within six months from the date of receipt of copy of the ordinance review the same and the tax or fee therein imposed shall accrue, should the ordinance be approved by the Secretary of Finance, at such date as may be determined and fixed by him."

SEC. 21. Section 54 of the Code shall read as follows:

"SEC. 54. Accrual of the tax. — All local taxes shall accrue on the first day of January of each year as regards subjects then liable therefor, but an entirely new tax, or any change in the rate of an existing tax, provided by an ordinance enacted during the current year shall accrue at the beginning of the quarter next following the date of effectivity of the ordinance as provided in Section 42 of this Code."

SEC. 22. Section 59 of the Code shall read as follows:

"SEC. 59. Examination of books of accounts and pertinent records of businessmen by provincial or city treasurer. — x x x Such examination shall be made during regular business hours, not oftener than once every year for each business establishment. XXX"

x x x

"For this purpose, the forms to be used by the provincial or city treasurer or his duly authorized deputy shall be prescribed by the Secretary of Finance."

SEC. 23. For the proper implementation of the provisions of the Local Tax Code as herein amended, special transitory provisions are hereby promulgated to read as follows:

"SEC. 64-A. Special transitory provisions. — In view of the adjustment of the tax rates under paragraphs A, A-1 and A-2 and the provisions of paragraph A-3, all of Section 19 of the Code as herein amended, the taxes, including the percentage taxes, that shall be collectible by municipalities and cities for the quarter beginning April 1, 1974 from the businesses covered by Section 19 (A) as originally provided in this Code shall be as what may be judiciously determined and fixed in an appropriate circular by the Secretary of Finance, unless the local tax ordinance in force has fixed a lower rate, in which case the lower rate shall prevail and be collectible. For this purpose, all existing tax ordinances of cities and municipalities imposing taxes on the businesses herein mentioned at rates higher than what may be fixed therefor by the Secretary of Finance as herein provided are hereby deemed accordingly adjusted by operation of law. Local tax ordinances, however, whose enforcement has been extended up to June 30, 1974 by the Secretary of Finance, pursuant to the provisions of Section 64 of the Code, shall not be affected and shall continue to be enforceable until June 30, 1974.

"The taxes hereinabove treated corresponding to the quarter beginning April 1, 1974 shall be paid not later than May 31, 1974 as an exception to the provisions of Section 55 of the Code.

"All existing tax ordinances of provinces, cities, municipalities and barrios shall be deemed ipso facto nullified on June 30, 1974.

"The local boards or councils shall upon promulgation of this Decree enact their respective tax ordinances pursuant to the provisions of the Local Tax Code as herein amended, to take effect not earlier than July 1, 1974 in conformity with the pertinent general administration provisions under Chapter III thereof."

SEC. 24. Effectivity. — This Decree shall take effect upon its approval. All laws, acts, decrees, executive orders, proclamations and/or administrative regulations, or part or parts thereof which are inconsistent herewith are hereby repealed and/or modified accordingly.

Done in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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