

AN ACT TO CREATE A PEACE AND ORDER SPECIAL ACCOUNT IN THE GENERAL FUND TO FINANCE THE ACTIVITIES AND FUNCTIONS OF THE POLICE COMMISSION AS DEFINED IN THE POLICE ACT OF 1966 AND ...

REPUBLIC ACT NO. 6141, November 04, 1970

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

SECTION 1. Purpose.-It is hereby declared to be the purpose of this Act to support local governments in improving their police forces to attain the objectives set forth in the Police Act of 1966.

SEC. 2. Creation of a Peace and Order Special Account in the General Fund.-To carry out the purpose of this Act, there is hereby created in the General Fund a Peace Order Special Account, hereinafter referred to as the Account, which shall be used to finance the activities, functions and program of the Police Commission to carry out its powers and duties as defined in the Police Act of 1966 and certain police activities of the National Bureau of Investigation.

SEC. 3. Financial Sources of the Account.-The Account shall be constituted out of all the revenue collected from the following sources:

- The tax on stock transactions imposed under Section four hereof; and
- An additional tax on travel as imposed under Section three of Republic Act Numbered Fourteen hundred and seventy-eight, as amended, imposed under Section six hereof.

SEC. 4. A new section is hereby inserted between Sections one hundred and ninety-five-A and one hundred ninety-six of the National Internal Revenue Code, to be know as Section one hundred and ninety-five-B, which shall read as follows:

"SEC. 195-B. Percentage tax on stock transactions.-There shall be levied, assessed, collected, and paid on every sale, exchange, transfer or similar transaction intended to convey ownership of, or title to, any share or shares of stock, a tax equivalent to two per centum of the gross selling price of the share or shares of stock sold, or of the gross value in money of the share or shares of stock, exchanged or transferred, which shall be paid by the seller or transferor.

"The tax herein imposed shall not apply to:

"(1) The issuance by a corporation of shares of stock, whether original or additional issues;

"(2) The donation of any share or shares of stock made to any educational or charitable corporation, institution, foundation, trust or philanthropic organization or research institution or organization as denned in and subject to the conditions imposed by Section one hundred ten of this Code;

"(3) The exchange of any share or shares of stock effected pursuant to the plan for merger or consolidation under

paragraph (2), (b), Section thirty-five of this Code;

"(4) The transfer of shares of stock by testate or intestate succession; and

"(5) The sale, exchange or transfer of shares acquired before the effectivity of this Act, in which case the pertinent provisions of this Code shall apply.

"For a period of five years from the effectivity of this Act, any capital gain arising from a stock transaction on which the tax herein imposed has been paid shall not be into account in computing net capital gain or loss under Section thirty-four of this Code if (1) both the acquisition and the disposition of said stock by the taxpayer are effected after the effectivity of this Act and (2) the sale, exchange, and transfer is bona fide and the consideration for the transaction represents the substantial fair market value of the stock: Provided, That, in of gain not arising from, but realized out of the said stock transaction, the pertinent provisions of this Code shall apply. However, any capital loss arising from such transaction shall be taken into account in computing net capital gain in accordance with the provisions of this Code; Provided, That there shall be no capital loss carry-over.

"Notwithstanding the provisions of Section thirty of this Code, the tax imposed in this section shall not be an allowable deduction for income tax purposes.

"For purposes of this section, "fair market value" of shares of stock subject of any transaction in a stock exchange on any particular date will be determined by the actual selling price of the stock as certified by the stock exchange which handled the transaction. In the case of shares of stock not traded through a stock exchange but listed in one or more stock exchanges the highest closing price of the day on which the shares are transferred shall the fair market value of the shares. In the absence of any sale, the highest closing price of the day nearest to that day on which the shares are transferred shall be the r market value of the shares. In all other cases, the fair market value shall be determined by considering the nature and history of the business, book value of the stock, earning and dividend paying capacity of the company, goodwill, and sales of both the stock to be valued and that of companies similarly situated.

"No sale, exchange, transfer, or similar transaction intended to convey ownership of, or title to, any share or shares of stock which had been acquired after the date of effectivity of this Act, shall be registered in the books of a corporation, unless the receipt of a corporation, unless the receipt of payment of the tax imposed under this section or a copy thereof, is filed with and recorded by the stock transfer agent or secretary the corporation.

"In the case of stocks traded through a stock exchange it shall be the duty of the stock broker to collect on behalf of the government the tax due from the seller o transferor upon the issuance of the confirmation of sale. The stock broker shall issue the confirmation of sale for the account of any transferor or seller of stocks simultaneously upon payment of the tax herein imposed and not otherwise.

"In the case of stocks not traded through a stock exchange, it shall be the duty of the stock transfer agent or the secretary of the corporation, in case a corporation has no stock transfer agent, to collect on behalf of the government the tax due from the seller or transferor before recording the transfer of stock in the stock and transfer book.

"The stock broker, transfer agent, or secretary of the corporation shall issue the corresponding official receipt, which was previously registered with the Bureau of Internal Revenue to the seller or transferor.

"It shall be the duty of every stock broker to turn over the sums collected by him as tax to the Bureau of Internal Revenue within three banking days from the date of collection thereof; and to submit on Monday of each week to the secretary of the stock exchange of which he is member, a true and complete return, which shall contain a

declaration that he made it under the penalties of perjury, of all transactions effected through him during the preceding week and of the taxes collected by him and turned over to the Bureau of Internal Revenue. The secretary of the stock exchange shall reconcile the same with the weekly reports of stock brokers and in turn transmit the Bureau of Internal Revenue on the first and sixteenth day of each month a consolidated return of all transactions effected during the preceding period through the exchange.

"It shall likewise be the duty of every stock transfer S r secretary of the corporation, as the case may be, over the sums collected by him as taxes under this section to the Bureau of Internal Revenue within three banking days from the date of collection thereof and to file with the Bureau of Internal Revenue on Monday of each week a true and complete return, which shall contain a declaration that he made it under the penalties of perjury of all taxable transactions effected through him during the preceding week and of all taxes collected by him and turned over to the Bureau of Internal Revenue."

SEC. 5. Surcharges and penalties.-If the tax imposed under the preceding section is not paid or is not turned over within the time prescribed above, there shall be added to the tax a surcharge of twenty-five per centum thereof, plus a special penalty of one per centum of the tax due for every banking day of delay in payment, the increments to form part of the tax.

In case a false or fraudulent return is filed, there shall be added to the tax or to the deficiency tax, if any payment has been made on the basis of such return before the discovery of the falsity or fraud, a surcharge of fifty per centum thereof, plus special penalty of one per centum, of the tax or deficiency tax due for every banking day of delay in the payment of the correct tax, the increment to form part of the tax.

The tax or amount so added to any tax due shall be collected from the seller, stock broker, stock transfer agent, or secretary of the corporation, as the case may be, responsible for the non-payment or non-collection of the tax due or for the delay in the payment of and/or failure to turn over to the Bureau of Internal Revenue the tax collected or for the filing of a false or fraudulent return.

The surcharges and special penalties imposed hereinabove shall be in addition to any criminal liability that may incurred under Sections 209, 352, 353, and 355 of the National Internal Revenue Code and Articles 217 to 222 he Revised Penal Code.

SEC. 6. Additional tax on travel.-In addition to the tax imposed under Section three of Republic Act Number Fourteen hundred and seventy-eight, as amended, there I hereby imposed a tax of three hundred pesos for first class passage fares and two hundred pesos for all others to be collected from all citizens of the Philippines or permanent resident aliens: Provided, however, That Filipino Muslim pilgrims going to Mecca for the first time and crew members on duty aboard ships and airplanes plying international routes shall be exempt.

Out of the total proceeds from the additional tax on travel, two million pesos shall accrue annually to the funds of the Board of Travel and Tourist Industry to be spent exclusively for the development and maintenance of the Rizal Park: Provided, however, That not more than ten per cent thereof shall be used for salaries and wages: And provided, further, That any excess thereof shall be used for the development and maintenance of other public parks. The balance of such proceeds shall accrue to and form part of the Account.

The additional tax on travel imposed under this section .shall be collected at the same time, in the same manner and subject to the same penalties as the basic travel tax imposed under Section three of Republic Act Numbered Fourteen hundred and seventy-eight, as amended.

There shall be no exemptions from the payment of the additional travel tax except as provided herein and under existing laws, treaties, and international agreements.

SEC. 7. Turnover of the collection, release of the Account is ministerial.-The Commissioner of Tourism and the Commissioner of Internal Revenue shall turn over their collections of the taxes mentioned in the preceding sections to the Treasurer of the Philippines within ten days of every succeeding month. The Treasurer of the Philippines shall credit the collections to the Account which shall not be debited except for withdrawals pursuant to appropriations made by law for the Police Commission and National Bureau of Investigation. The credit balance, if any of this Account at the end of each fiscal year shall be available for appropriation for the following¹:

- a grant to every barrio not to exceed six hundred pesos each annually to be spent in accordance with the Barrio Charter for promotion and maintenance of peace and order,
- to cover the deficiencies in the Special Education Fund provided for in Section I(c) of Republic Act Numbered five thousand four hundred forty seven.

It shall be the ministerial duty of the Budget Commissioner to release the quarterly allotments from the appropriations of the Police Commission at least ten days before each quarter as requested by its Chairman provided that the same is covered by the corresponding estimated revenues. It shall, likewise, be the ministerial duty of the National Treasurer to honor all treasury warrants drawn by the Police Commission and by the Director of the National Bureau of Investigation pursuant to the said allotments provided that the special account has sufficient balance to cover the same.

SEC. 8. Appropriation.-The proceeds of the taxes imposed in Sections four and six of this Act accruing to the Account for the period from the effectivity of this Act up to June 30, 1971 shall be used to finance the appropriations of the Police Commission authorized under existing laws and the additional appropriation in the sum of sixty million pesos which is hereby appropriated also for expenditures of the Police Commission during the period from the effectivity of this Act to June 30, 1971, itemized as follows:

I. For the payment of salary subsidy to cities, municipalities and municipal districts effective October 1, 1970 and as provided for in Section twenty of Republic Act Numbered Forty-eight hundred and sixty-four: Provided, (1) That the minimum salaries of members of the police forces shall be adjusted on the basis of the lowest minimum salary of two thousand eight hundred eighty pesos per annum; (2) That the amount of the subsidy shall be based number of Policemen specified in Section nineteen of the Police Act of 1966, unless the actual strength of the police force of the city or municipality on June 30, 1970 exceeded the said minimum number, in which case the subsidy shall be based on the actual strength on June 30, 1970, subject to the following conditions: (a) That only such number of policemen in excess of the minimum number as were not receiving the minimum salary fixed by Section twenty of the Police Act on June 30, 1970 shall be included in the number of policemen on which the salary subsidy shall be based; (B) That new appointments in excess of the minimum number made after June 30, 1970 shall not be included in the computation of the salary subsidy, even if the appointments are made to fill vacancies created by death, promotion, resignation, retirement or removal of policemen in the service on June 30, 1970; (C) That the salary subsidy shall be reduced as such vacancies occur until the basis of the subsidy becomes the minimum number of policemen fixed by Section nineteen of the Police Act of 1966 (3) That the salary subsidy shall be released simultaneously and proportionately within the first ten days of every month to all cities, municipalities and municipal districts entitled to such subsidy; (4) That the salary subsidy shall be used by the cities and municipalities first to pay all its policemen the minimum salaries fixed by Section twenty of the Police Act of 1966; and (5) That highest salaries paid to the policemen shall not be reduced by the city or municipality concerned unless the reduction is due to causes beyond the control of the city or municipality

P40,500,000.

II. For the payment of hospitalization, death and disability benefits under Section twenty-one of Republic Act Numbered Forty-eight hundred and sixty-four: Provided, That the Police Commission shall adjudicate said cases within forty-five days from the date the same shall be been submitted for decision, and such benefits shall be paid to the beneficiaries within ten days from the of adjudication by the Police Commission or the appropriate tribunal

P4,000,000.00.

III. For training of local police forces, extension of scholarship training or study grants to deserving police officers to be chosen by means of competitive physical and mental examination and on the basis of proportional regional representation upon recommendation of the municipal or city mayors concerned; for observation of police policies and the funding schemes of police agencies in appropriate countries; and for conducting crime research and crime prevention purposes

P4,500,000.00

IV. For the purchase of firearms, ammunition, communications equipment, motor vehicles, investigation kits and other basic police equipment to be given as aid to local police agencies: Provided, That firearms, ammunition, communications equipment, and motor vehicles will be distributed among local police agencies on the basis of their need therefor to comply with the minimum requirements prescribed by the Police Commission in compliance with Section four, Paragraph (N) of the Police Act of 1966: Provided, further, That the firearms shall be of one standard brand, make or kind to be determined by the Police Commission and distributed according to a program to be established taking into consideration the need of the local police agencies and the availability of funds for these purposes: Provided, still farther, That the Police Commission shall keep a complete record of the inventory of firearms and the ballistic tests thereof, ammunition, communications equipment, motor vehicles, and other basic police equipment given as aid, and the name, rank and home address of each member of a local police agency to whom a firearm is issued, together with the serial number and make of the firearm issued to him, and the date of issue; and no firearm shall be issued except to persons who appear on records of the Police Commission as regular members of local police forces: Provided, finally, That no such firearms, ammunition, communications equipment, and motor vehicles and other basic police equipment, shall be used directly or indirectly by any barrio self-defense unit or other para-military or similar organization P10,000,000.

Any and all amounts received by a city or municipality as a result of this section shall be used to augment the existing appropriation of its police department, and unless caused by circumstances beyond its control, such appropriations shall not be diminished below its fiscal year nineteen hundred seventy-one level plus such amounts received that year for equipment, training grants and other aid to its police force from the national government and other agencies without prior approval of the Police Commission Any sum not needed for the purpose for which it has been appropriated shall be used to increase the number of policemen to the minimum number fixed by the Police Act, to increase the salaries of qualified, efficient and sufficiently trained policemen, or to appoint new qualified policemen, or to improve the police services of the city or municipality, as the city or municipal council may appropriate.

V. For aid to the National Bureau of Investigation in the setting up of a modern central records filing system: Provided, That not more than five per cent thereof shall be used for salaries and wages

P1,000,000.00

Total P60,000,000.00

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One per cent of the total collections under this Act shall be used for administrative expenses in connection with the implementation of this Act: Provided, That not less than thirty per cent thereof shall be set aside and made available for the expenses of the committee created in Section ten hereof.

SEC. 9. Rules and Regulation.-Within thirty days after the approval of this Act, the Executive Secretary upon recommendation of the Commissioner of Tourism, the Secretary of Finance upon recommendation of the Commissioner of Internal Revenue and the National Treasurer and the Police Commission shall each promulgate sue rules and regulations for the effective enforcement ant implementation of the provisions of this Act pertaining to their respective jurisdiction, and shall cause the same to be published once within fifteen days from promulgation in any newspaper of general circulation in the Philippines and in the Official Gazette. Such rules and regulations shall take effect fifteen days after the last publication.

SEC. 10. Joint Committee.-There shall be a joint congressional committee known as the Joint Committee to composed of the Chairman, the next ranking member and the ranking Minority Member of both the Senate and House Committees on Ways and Means. It shall be the duty of the Joint Committee to look into the operation and effects of the Account, the administration of the taxes imposed in this Act by the Bureau of Internal Revenue and the Commissioner of Tourism and the other agencies charged with the administration and implementation of the Account; and to report, from time to time in its discretion, to the Senate and the House of Representatives through their respective presiding officers, its findings, together with such recommendations as it may deem advisable.

The Joint Committee shall elect a Chairman and a Vice-Chairman from among its members. It shall be assisted by a Technical Staff who shall be appointed by the Chairman and may avail by detail of the services of the personnel from other offices as it deems advisable. The provisions existing laws to the contrary notwithstanding, the joint Committee may pay honorarium to such employees officials as may be asked to work with the Staff as well as commutable transportation and representation allowances to its members and its consultants.

The executive departments, boards, bureaus, offices, agencies, instrumentalities and independent establishments are authorized and directed to furnish upon request of the Joint Committee such information, suggestions, rulings, data, estimates, and statistics as may be necessary to carry into effect the provisions of this section.

SEC. 11. Who may sue to enforce the provisions of this Act.-In civil actions or proceedings filed for the purpose of enforcing the provisions of this Act or any rule or regulation duly promulgated hereunder, any Filipino citizen of age .and not suffering from any legal disqualification shall be considered for the purpose of such action or proceedings as a real party in interest, and any suit so instituted shall not be dismissed on mere technical grounds. No decision shall be based upon a compromise agreement. In each case, the court shall take steps to prevent collusion between the parties, on one hand, and discourage nuisance or harassment suits on the other.

In case two or more suits are instituted within the same jurisdiction based on the same cause or causes of action the suits shall be consolidated before the branch of court before whom the first suit was assigned and said court shall have exclusive jurisdiction to hear and decide said suits. Intervention shall also be allowed in conformity with the Rules of Court. In each case, the court shall make sure that the parties before it are duly represented and that all interests are adequately protected.

Criminal actions may, likewise, be initiated by any Filipino citizen to enforce the provisions of this Act.

SEC. 12. Penal provisions.-Any stock broker who issues certificates of sale or any transfer agent or the secretary of the corporation who registers a transfer of shares in the books of the corporation without previous payment of the tax imposed under Section four hereof, or any person who fails to pay or refuses to turn over collections of the taxes, including surcharges and penalties if any, mentioned in this Act within the period fixed in Sections four and five hereof, or who delays, obstructs, or prevents the same or who fails to file the returns within the period mentioned in Section four of this Act; or who fails or refuses to effect release from the Account within the period fixed in Section seven hereof, or who delays, obstructs, or prevents the same, or who orders, causes, or effects transfer or diversion of the collection of this Account or any portion thereof, or otherwise unreasonably delays, prevents, or obstructs, the implementation of the objectives of this Act shall be punished with a fine not exceeding ten thousand pesos or imprisonment not exceeding six years or both in the discretion of the court

If the offender is a government official or employee, he shall in addition, be dismissed from the service with prejudice to reinstatement and with disqualification for election or appointment to any public office.

Any local official, such as the city or municipal mayor, the city or municipal treasurer, or any other city or municipal official or employee, whether in a regular or acting capacity, who orders, causes or effects the transfer or diversion of this Account or any portion thereof, or otherwise unreasonably delays, prevents or obstructs the implementation of the objectives of this Act, or who violates or neglects to comply with any circular, order or process of the Police Commission relative to the implementation of this Act shall, likewise, be liable to the penalties hereinabove imposed.

Any official or employee of a local government, who shall consent or permit, knowingly or negligently, any other person not entitled thereto under this Act, to use or possess any firearm, ammunition or motor vehicle issued by the Police Commission under this Act, shall be punished with a fine not exceeding five thousand pesos and imprisonment not exceeding three years.

If the offender is a stock broker or a transfer agent, in addition to the penalties herein imposed, his or its license shall be cancelled and he or it shall be perpetually disqualified to act as such stock broker or transfer agent, the offender is a corporation, the secretary and/or s of the board of directors or any of its officers may have directly participated in the violation of any of the provisions of this Act shall be liable for the penalties herein imposed.

Any person other than the person to whom the Police Commission issued a firearm who is found in possession thereof shall be liable to the penalties imposed upon persons who possess firearms without a license under the Revised Administrative Code, even if such firearm is covered by a special permit, memorandum receipt or license in his name.

Any official or employee of the government, local or national, who issues any memorandum receipt, special permit or license for a firearm issued by the Police Commission to anyone other than the person to whom the Police Commission issued the same, shall be punished with a fine not exceeding ten thousand pesos and imprisonment not exceeding six years.

SEC. 13. Separability Clause.-The provisions of this Act are hereby declared to be separable and, if any clause, sentence, provision or section of this Act or application thereof to any person or circumstance should for any reason be held invalid and unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Act which can be given force and effect without the invalid or unconstitutional provisions or application of this Act.

SEC. 14. Repealing Clause.-All Acts, executive orders, rules and regulations, or parts thereof, which are

inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 15. Effectivity.-This Act shall take effect upon its approval.

Approved, November 4, 1970.

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