

AN ACT IMPOSING A STABILIZATION TAX ON CONSIGNMENTS ABROAD TO ACCELERATE THE ECONOMIC DEVELOPMENT OF THE PHILIPPINES AND FOR OTHER PURPOSES.

REPUBLIC ACT NO. 6125, May 01, 1970

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

SECTION 1. There shall be imposed, assessed and collected a stabilization tax on the gross F.O.B. peso proceeds, based on the rate of exchange prevailing at the time of receipt of such proceeds, whether partial or total, of any exportation of the following products in accordance with the following schedule:

- In the case of logs, copra, centrifugal sugar, and copper ore and concentrates:

Ten per centum of the F.O.B. peso proceeds of exports received on or after the date of effectivity of this Act to June thirty, nineteen hundred seventy-one;

Eight per centum of the F.O.B. peso proceeds of exports received from July first, nineteen hundred seventy-one to June thirty, nineteen hundred seventy-two;

Six per centum of the F.O.B. peso proceeds of exports received from July first, nineteen hundred seventy-two to June thirty, nineteen hundred seventy-three; and

Four per centum of the F.O.B. peso proceeds of exports received from July first, nineteen hundred seventy-three to June thirty, nineteen hundred seventy-four ;

- In the case of molasses, coconut oil, dessicated coconut, iron ore and concentrates, chromite ore and concentrates, copra meal or cake, unmanufactured abaca, unmanufactured tobacco, veneer core and sheets, plywood (including plywood panels faced with plastics), lumber, canned pineapples, and bunker fuel oil:

Eight per centum of the F.O.B. peso proceeds of exports shipped on or after the date of effectivity of this Act to June thirty, nineteen hundred seventy-one;

Six per centum of the F.O.B. peso proceeds of exports shipped from July first, nineteen hundred seventy-one-to June thirty, nineteen hundred seventy-two;

Four per centum of the F.O.B. peso proceeds of exports shipped from July first, nineteen hundred seventy-two to June thirty, nineteen hundred seventy-three; and

Two per centum of the F.O.B. peso proceeds of exports shipped from July first, nineteen hundred seventy-three to June thirty, nineteen hundred seventy-four.

Any export product the aggregate annual F.O.B. value of which shall exceed five million United States dollars in any one calendar years during the effectivity of this Act shall likewise be subject to the rates of tax in force during the fiscal years following its reaching the said aggregate value.

The provisions of all general and special laws to the contrary notwithstanding, there shall be no exemptions from

this tax.

In cases where the Central Bank has authorized the utilization of part or all of the foreign exchange earnings from exports by the exporters in payment of foreign obligations, the stabilization tax shall be imposed, assessed and collected on the equivalent F.O.B. peso proceeds which would have been derived from the said utilization of foreign exchange earnings on the products affected by this Act.

SEC. 2. The levy shall be assessed and collected by the Central Bank of the Philippines, through any authorized agent bank, within ten banking hours from the realization, whether partial or total, of the F.O.B. proceeds of the export made in accordance with the rates provided in Section one hereof. The exporter shall be required for this purpose to convert into pesos, through such authorized agent banks, all foreign exchange proceeds of the exportation, subject to such rules and regulations as the Central Bank shall promulgate.

SEC. 3. In case the levy is not fully paid at the time specified in Section two hereof, the deficiency shall be increased by an amount equivalent to twenty-five per centum thereof plus one per centum of the deficiency for every banking day delay in payment, the total to be collected in the same manner as the levy. Where the deficiency is the result of false or fraudulent statements or representations attributable to the exporter or agent bank, the surcharge shall be fifty per centum.

SEC. 4. The proceeds of the levy under this Act shall be used as follows:

- Fifty per centum of the collection shall be deposited with the Central Bank in a Special Account which shall be used exclusively for (1) servicing domestic and foreign debts of the national government, (2) retiring the existing debts of the national government held by the Central Bank which includes treasury notes, government bills or certificates, securities and bonds, and (3) amortizing the existing budgetary deficit under the general fund: Provided, however, That no portion of this amount shall be applied to the payment of the subsequent overdraft of the national government;
- Twenty-five per centum of the collection shall be deposited with the Central Bank in a Special Account which shall provide for the counterpart requirements of projects financed by the Asian Development Bank, the International Bank of Reconstruction and Development and other United Nations agencies, and other projects financed by loans under bilateral agreements; and
- Twenty-five per centum, of the collection shall be deposited with the Development Bank of the Philippines in a Special Account for the purpose of granting loans to export industries and agricultural development projects in the private sector especially those directly affected by the levy, including financing of industries adversely affected by Central Bank Circular 289: Provided, That, priority shall be given to loans for the processing of raw materials for export.

SEC. 5.

- Within ten days after the approval of this Act, the Central Bank shall submit to the President and Congress through the President of the Senate and the Speaker of the House of Representatives and shall make public, as of the date of effectivity, a certified inventory of its holdings of: (1) national and local government securities and evidences of indebtedness and (2) securities and evidences of indebtedness issued by financial and banking institutions and other corporations, boards or institutions owned or controlled by the government and (3) a certified statement of the total amount of evidences of indebtedness issued by it under Section ninety-eight of the Central Bank Act.
- If inflationary dangers exist during the effectivity of this Act, the Central Bank shall not add to the total of its

holdings of (1) and (2) above, and shall endeavor to reduce its holdings thereof and/or to sell the evidences of indebtedness which it is permitted to issue under the provisions of section ninety-eight of the Central Bank Act.

- The Central Bank shall submit a quarterly report to the President and Congress and shall make public holdings of (1) and (2) above and its issue of (3) and of all changes that have taken place therein during the preceding quarter. The Central Bank shall likewise submit a statement of money supply during each month of the preceding quarter and of the rate of increase or decrease therein.

SEC. 6. All rules and regulations for the purpose of carrying out the provisions of this Act shall be promulgated by the Central Bank of the Philippines and shall take effect fifteen days after publication in three newspapers of general circulation throughout the Philippines, one of which shall be in the national language.

SEC. 7.

- Any person violating any provision of this Act or any rule or regulation promulgated pursuant thereto shall, upon conviction, be sentenced to pay a fine of not less than ten thousand pesos and not more than twenty-five thousand pesos and to suffer imprisonment for a period of not less than three years and not more than six years, in the discretion of the court.

- Whenever the violation of this Act is committed by a corporation, partnership or association, the President and each of the directors or managers of said corporation, partnership or association, or its agents or representatives and its manager in the Philippines, in the case of a foreign corporation, partnership or association, who shall have knowingly committed or permitted or failed to prevent the commission of such offense, shall be held liable as principals thereof.

- If the offender is a commercial bank, in addition to the penalties herein imposed under paragraph (b) hereof, the principal offender or offenders found guilty shall be permanently disqualified from holding any office, position or employment, or in any way taking part in the management of any bank or financial institution, public or private.

- If the principal offender, is an officer or employee of the Central Bank, he shall, in addition to the penalty prescribed above, suffer perpetual disqualification from holding public office or employment in any private bank or financial institution.

- If the offender is an alien, he shall suffer, in addition to the penalties herein prescribed, deportation after service of sentence without further proceedings.

SEC. 8. 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 the 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. 9. During the effectivity of this Act, the prevailing exchange rate shall apply uniformly to all receipts from all export products.

SEC. 10. All Acts, parts of Acts, executive orders, regulations and circulars inconsistent herewith, are hereby repealed or modified accordingly.

SEC. 11. If one or more of such provisions of this Act or their application to any exportation, person or enterprise are held unconstitutional, the validity of other provisions or their application to other exportations, persons or enterprises shall not be affected.

SEC. 12. This Act shall take effect upon its approval.

Approved, May 1, 1970.

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