

AN ACT AMENDING CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1977, AS AMENDED, GOVERNING THE TAXATION OF FOREST PRODUCTS AND FOR OTHER PURPOSES.

BATAS PAMBANSA BLG. 83, September 17, 1980

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section 270 of the National Internal Revenue Code of 1977, as amended, is further amended to read as follows:

"SEC. 270. Measuring of forest products and invoicing and collection of charges thereon.—The duties incident to the measuring of forest products shall be discharged by the Bureau of Forest Development under regulations of the Ministry of Natural Resources. The invoicing and collection of the charges thereon shall be done by the Bureau of Internal Revenue under regulations approved by the Minister of Finance."

SEC. 2. Section 271 of the same Code is hereby amended to read as follows:

"SEC. 271. Mode of measuring timber.—Except as hereinbelow provided, all timber shall be measured and manifested in the round or squared, before being sawn or manufactured. The volume of all round timber shall be ascertained by multiplying the area of the small end by the length of the log, the diameter of the log to be measured exclusive of the bark; but if the end of a log is irregular the average diameter shall be used; and in order to ascertain the volume of a log more than eight meters long, the diameter of the middle of said log, or the average of the diameters at both ends thereof shall be used as basis. If a log in the round, cut under license, is measured and manifested by forest officers, the Director of Forest Development shall make due allowance for rot, cavities, or other natural defects; but from any decision of the Director of Forest Development in this respect, an appeal shall lie to his Ministry Head, whose decision shall be final. The manifest of timber cut by licensees operating sawmills in or near the forest shall be attested by forest officers whenever practicable.

"The volume of squared timber shall be ascertained by multiplying the average of the cross section measured by the length, to which forty per centum shall be added for loss in squaring: Provided, however, That if squared timber cut under license is measured and manifested by forest officers, the Director of Forest Development shall make due allowance for rot, cavities, or other natural defects; but from any decision of the Director of Forest Development in this respect, an appeal shall lie to his Ministry Head, whose decision shall be final. The privilege of manifesting timber after squaring shall, however, be granted only to licensees who have squared their logs in the forests with the ax and intend to take it to the market in this form.

"If sawn or otherwise manufactured timber is found which has not been manifested in accordance with the provisions hereof, the corresponding forest charges shall be assessed on twice the volume of the actual contents of such sawn or manufactured timber."

SEC. 3. Section 272 of the same Code is hereby amended to read as follows:

"SEC. 272. Charges on timber cut in forest land. —Except as otherwise specially provided, the following charges shall be collected on each cubic meter of timber cut in any forest land in the Philippines, whether removed therefrom or not:

“(a) On timber in the first and second groups, thirty pesos;

“(b) On timber in the third and fourth groups, not including firewood, fifteen pesos;

“(c) On branches and other recoverable wood wastes of timber, regardless of group classification, when used as fuelwood or raw materials for the manufacture of finished wood products shall be taxed at the rate of two pesos per cubic meter.”

SEC. 4. Section 273 of the same Code is hereby amended to read as follows:

“SEC. 273. Charges on firewood cut in forest land.— There shall be collected forest charges on each cubic meter of firewood cut in forest land, except all mangrove species, two pesos.

“Only third or fourth-group wood can be taken for firewood. However, if jointly authorized by the Ministers of both the Ministries of Natural Resources and Agriculture, first and second-group woods may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes.”

SEC. 5. Section 274 of the same Code is hereby repealed.

SEC. 6. Section 275 of the same Code is hereby amended to read as follows:

“SEC. 275. Specific penalties for illegal cutting and removal of forest products or for delinquency.—When forest products are unlawfully cut or gathered in any forest lands without license or if under license, in violation of the terms thereof, the charges on such products shall be increased by three hundred per centum. If forest products shall be removed without invoice, or upon removal shall be discharged without permit from boat, car, cart, or other means of transportation, the charges shall be increased by fifty per centum.”

SEC. 7. Section 276 of the same Code is hereby amended to read as follows:

“SEC. 276. Charges on timber cut for use on mining claim.—When a license is granted by the Bureau of Forest Development allowing the miner or mining company to cut timber for the development of a mining claim on land other than such as is covered by his or its claim, the charges on timber so cut as prescribed above, shall likewise be imposed upon the mine lessee or concessionaire.”

SEC. 8. Section 277 of the same Code is hereby amended to read as follows:

“SEC. 277. Charges on gums, resins, and other forest products.—On gums, resins, rattan, and other forest products of forest lands which are not hereinabove provided for, there is herein imposed upon the person removing such forest product a charge of ten per centum of the actual market value thereof, determined in the manner indicated below.

“The market value of the various forest products on which forest charges may thus be collected shall be determined from time to time by a joint assessment of the Commissioner and the Director of Forest Development, to be approved by their respective Ministry Heads, the same to be published for the information of the public in the Official Gazette, in two daily newspapers of national circulation, and posted in a conspicuous Place in the municipal building of a municipality concerned.”

SEC. 9. Section 278 of the same Code is hereby repealed.

SEC. 10. Section 279 of the same Code is hereby amended to read as follows:

“SEC. 279. Tax exemptions of forest products lawfully removed under gratuitous license. —No charges shall be collected on forest products removed in conformity with the terms of a gratuitous license of the Bureau of Forest Development and in compliance with the law and the regulations of such Bureau.”

SEC. 11. The provisions of Section 280 of the same Code are hereby repealed, and the following provisions

inserted in lieu thereof, as follows:

"SEC. 280. Tax exemption of trees and products removed from public lands under a tree farm lease.—No charges shall be collected on trees and products removed from public lands planted to ipil-ipil and/or falcata under a tree farm lease with the Government."

SEC. 12. Section 281 of the same Code is hereby amended to read as follows:

"SEC. 281. Time, manner and place of payment of forest charges.—The charges on forest products herein imposed shall be payable at the time of the removal from or utilization of the same within the concession area.

"Before removing any forest product subject to forest charges, the person liable to the said tax shall file, in duplicate, a return setting forth the quantity, volume and the specie of the forest product to be removed and pay the forest charges due thereon to the revenue district officer, collection agent, or duly authorized treasurer of the municipality of the place where the timber concession is located or where the forest products were gathered and removed, except as hereinbelow provided.

"With the approval of the Commissioner, lumber may be removed from a sawmill situated on a licensed cutting area upon the giving of a bond conditioned upon the monthly payment of the charges due on the output of such mill. He may also authorize the shipment of forest products under auxiliary invoices without the prepayment of charges in special cases where the prepayment of the charges at the point of origin would result in undue hardship, if the owner or concessionaire shall first file a bond with the Bureau of Internal Revenue in the form and amount and with such sureties as the Commissioner may require, conditioned upon the payment of the forest charges at the point of destination or at such time and place as the Commissioner may direct. However, if any forest products are removed, the Commissioner of Internal Revenue or his duly authorized representatives shall first be notified of such removal on a form prescribed for the purpose to be filed with the revenue district officer of the place where the concession is located or where the forest products were gathered and removed. It shall be the duty of every licensee to make a true and complete return in duplicate setting forth the quantity, volume and the specie of the forest product removed during each calendar quarter, or the balance, if any, in cases where payments are made upon removal, and pay the taxes due thereon within twenty days after the end of each quarter to the revenue district officer, collection agent, or duly authorized treasurer of the municipality of the place where the timber concession is located or where: the forest products were gathered and removed.

"In case the taxes are not paid within the period prescribed above, there shall be added thereto a surcharge of twenty-five per centum, the increment to be a part of the tax and the entire unpaid amount shall be subject to interest at the rate of twenty per centum per annum. Where a false or fraudulent return is made, there shall be added to the taxes a surcharge of fifty per centum of their amount, and the entire un-paid amount shall be subject to interest at the rate of twenty per centum per annum. The amounts so added shall be collected on the same manner and as part of the taxes, as the case may be."

SEC. 13. The taxes herein imposed shall be in lieu of all charges and fees imposed on forest products under -existing general or special laws, which charges and fees are hereby abolished: Provided, however, That timber in log form, lumber, plywood and veneer when exported shall remain to be subject to the export duties imposed under existing laws.

SEC. 14. As used in this Act, the term forest land shall mean public forests, the permanent forest or forest reserves and forest reservations as defined in Presidential Decree Numbered Seven-hundred five.

SEC. 15. The Minister of Finance, upon recommendation of the Commissioner of Internal Revenue, and in consultation with the Minister of Natural Resources, shall promulgate the necessary rules and regulations for the effective enforcement of this Act.

SEC. 16. All acts, laws, decrees, executive orders, rules and regulations, or parts thereof, which are contrary to or inconsistent herewith, except those granting tax incentives, are hereby repealed, amended or modified accordingly.

SEC. 17. This Act shall take effect immediately upon approval. However, the rates prescribed in Section 3 of this Act shall take effect as follows:

- On timber in the first and second groups, twenty pesos per cubic meter until March 31, 1981, and thereafter the full rate of thirty pesos per cubic meter shall be imposed;
- On timber in the third and fourth groups not including fuelwood, ten pesos per cubic meter until March 31, 1981, and thereafter the full rate of fifteen pesos per cubic meter shall be imposed.

Approved, September 17, 1980.

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