

AN ACT TO AMEND CERTAIN SECTIONS OF TITLE V OF COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER...

REPUBLIC ACT NO. 1612, August 24, 1956

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

SECTION 1. Section one hundred seventy-eight of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 178. Payment of privilege taxes.—A privilege tax must be paid before any business or occupation hereinafter specified can be lawfully begun or pursued. The tax on business is payable for every separate or distinct establishment or place where business subject to the tax is conducted; and one line of business or occupation does not become exempt by being conducted with some other business or occupation for which such tax has been paid.

"The tax on a business must be paid by the person, firm, or company conducting the same; the occupation tax, by each individual engaged in a calling subject thereto."

SEC. 2. Section one hundred eighty of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 180. Time for payment of fixed taxes.—All fixed taxes shall be due and payable on or before the twentieth of January of each year. But any person first beginning a business or occupation must pay the tax before engaging therein."

SEC. 3. Section one hundred eighty-one of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby repealed.

SEC. 4. Section one hundred eighty-two of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 182. Fixed taxes—(A) On business—(1) Persons subject to percentage tax.—Unless otherwise provided, every person engaging in a business on which the percentage tax is imposed shall pay in full a fixed annual tax of twenty pesos for each calendar year or fraction thereof in which such person shall engage in said business.

"(2) Persons not subject to percentage tax.—Every person who is not required to pay the percentage tax prescribed in sections one hundred eighty-four, one hundred eighty-five and one hundred eighty-six shall pay in full for each calendar year or fraction thereof in which such person shall engage in business a fixed annual tax based upon his gross annual sales during the preceding calendar year, as follows:

"Ten pesos, if the amount of the gross annual sales exceeds two thousand pesos but does not exceed ten thousand pesos;

"Twenty pesos, if the amount of the gross annual sales exceeds ten thousand pesos but does not exceed thirty

thousand pesos;

"Thirty pesos, if the amount of the gross annual sales exceeds thirty thousand pesos but does not exceed fifty thousand pesos;

"Fifty pesos, if the amount of the gross annual sales exceeds fifty thousand pesos but does not exceed seventy-five thousand pesos;

"Seventy-five pesos, if the amount of the gross annual sales exceeds seventy-five thousand pesos but does not exceed one hundred thousand pesos;

"One hundred pesos, if the amount of the gross annual sales exceeds one hundred thousand pesos but does not exceed one hundred fifty thousand pesos;

"One hundred fifty pesos, if the amount of the gross: annual sales exceeds one hundred fifty thousand pesos but does not exceed three hundred thousand pesos;

"Three hundred pesos, if the amount of the gross annual sales exceeds three hundred thousand pesos but does not exceed five hundred thousand pesos; and

"Five hundred pesos, if the amount of the gross annual sales exceeds five hundred thousand pesos: Provided, That if a merchant is engaged in two or more businesses, one or more of which is subject to, and the others exempt from, the percentage tax, he shall pay the graduated fixed annual tax provided above, based on the individual sales of his business not subject to the percentage tax under this Title: Provided, however, That the initial graduated fixed annual tax to be paid by the person first engaging in business subject to said tax shall be ten pesos.

"This tax shall be payable before the person subject to the same begins to engage in the business, and thereafter within the regulation period in the month of January during which the other fixed privilege taxes may be paid without penalty.

"(3) Other fixed taxes.—The following fixed taxes shall be collected as follows, the amount stated being for the whole year, when not otherwise specified:

"(a) Brewers, one thousand pesos.

"(b) Distillers of spirits, one hundred pesos, if the annual production does not exceed fifty thousand gauge liters; two hundred pesos, if the annual production exceeds fifty thousand gauge liters but does not exceed one hundred thousand gauge liters; four hundred pesos, if the annual production exceeds one hundred thousand gauge liters but does not exceed two hundred and fifty thousand gauge liters; and six hundred pesos if the annual production exceeds two hundred and fifty thousand gauge liters,

"(c) Rectifiers of distilled spirit, compounders, and re-packers of wines or distilled spirits, four hundred and fifty pesos.

"(d) Wholesale peddlers of distilled, manufactured, or fermented liquor, one hundred pesos.

"(e) Wholesale peddlers of manufactured tobacco, fifty pesos.

"(f) Retail peddlers of distilled, manufactured, or fermented liquor, one hundred and fifty pesos.

"(g) Retail peddlers of manufactured tobacco, sixteen pesos.

"(h) Wholesale liquor dealers—

- In the City of Manila, six hundred pesos;

- In chartered cities other than Manila, four hundred pesos;

- In any other place, one hundred and fifty pesos.

"(i) Wholesale dealers in fermented liquors, except basi, tuba and tapuy, one hundred and fifty pesos.

"(j) Retail liquor dealers, one hundred pesos.

"(k) Retail vino dealers, twenty pesos.

"(l) Retail dealers in fermented liquors, fifty pesos.

"(m) Wholesale leaf tobacco dealers, one hundred pesos.

"(n) Retail leaf tobacco dealers, thirty pesos.

"(o) Manufacturers of tobacco and manufacturers of cigars and cigarettes—

- In the City of Manila, four hundred pesos;

- In any other place, one hundred pesos.

"(p) Wholesale tobacco dealers, sixty pesos; retail tobacco dealers, sixteen pesos.

"(q) Manufacturers or importers of playing cards, two hundred pesos.

"(r) Manufacturers, producers, or importers of soft drinks or mineral waters, one hundred pesos.

"(s) Stockbrokers, dealers in securities, real estate brokers, real estate dealers, commercial brokers, customs brokers and immigration brokers, one hundred and fifty pesos: Provided, however, That in the case of real estate dealers, the annual fixed tax to be collected shall be as follows:

"One hundred and fifty pesos, if the annual income from buying, selling, exchanging, leasing, or renting property (whether on their own account as principals or as owners of rental property or properties) is three thousand pesos or more but not exceeding ten thousand pesos;

"Three hundred pesos, if such annual income exceeds ten thousand pesos but does not exceed thirty thousand pesos; and

"Five hundred pesos, if such annual income exceeds thirty thousand pesos.

"(t) Owners of race tracks for each day on which races are run on any track, five hundred pesos.

"(u) Lending investors—

- In chartered cities and first-class municipalities, three hundred pesos;

- In second and third-class municipalities, one hundred and fifty pesos;

- In fourth and fifth-class municipalities and municipal districts, seventy-five pesos: Provided, That lending investors who do business as such in more than one province shall pay a tax of three hundred pesos.

"(v) Cinematographic film owners, lessors or distributors, two hundred pesos.

"(B) On occupation.—Taxes on occupation shall be collected as follows, the amount stated being the sum due for the whole year:

"(1) Lawyers, medical practitioners, architects, interior decorators, certified public accountants, civil, electrical, chemical, mechanical or mining engineers, insurance agents and subagents, veterinarians, dental surgeons, opticians, commercial aviators, professional appraisers or connoisseurs of tobacco and other domestic or

foreign products, licensed ship masters and marine chief engineers, seventy-five pesos.

"The term 'mechanical engineers', as used herein, means professional mechanical engineers as defined in Commonwealth Act Numbered Two hundred and ninety-four.

"(2) Land surveyors, chief mates, marine second engineers, pharmacists, registered nurses, chiropodists, tattooers, masseurs, pelotaris, jockeys, professional actors or actresses, stage performers and hostesses, fifty pesos.

"Every professional legally authorized to practice his profession, who has paid the corresponding annual privilege tax on professions as herein imposed, shall be entitled to practice the profession for which he has been duly qualified under the law, in all parts of the Philippines without being subject to any other tax, charge, license or fee for the practice of such profession: Provided, however, That they have paid to the office concerned the registration fees required by their respective professions.

"(C) Exceptions.—The following shall be exempt from the tax imposed in this section:

"(1) Persons whose gross annual sales do not exceed two thousand pesos.

"(2) All persons engaged in public market places exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish, and other similar domestic food products.

"(3) Peddlers and sellers at fixed stands and other similar selling places engaged exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish, and similar domestic food products, whose total stock in trade on any one day does not reach a retail value of one hundred pesos.

"(4) Producers of commodities of all classes working in their own homes, consisting of parents and children living as one family, when the value of each day's production by each person capable of working is not in excess of five pesos.

"(5) Owners of animal drawn two-wheeled vehicles.

"(6) Owners of bancas.

"(7) Persons employed in any branch of the service of the Government of the Philippines whose entire professional services are devoted exclusively thereto or are applied under its direction, or persons devoting their entire professional services to any religious, educational, or charitable institution, or hospital, sanitarium, or to any similar establishment, not conducted for private gain, in respect p the tax imposed by paragraph (B) of this section."

SEC. 5. Section one hundred eighty-three of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 183. Payment of percentage taxes.—(a) In general.—It shall be the duty of every person conducting a business on which a percentage tax is imposed under this Title, to make a true and complete return of the amount of his, her or its gross monthly sales, receipts, or earnings, or gross value of output actually removed from the factory or mill warehouse and within ten days after the end of each month, pay the tax due thereon: Provided, That any person retiring from a business subject to the percentage tax shall notify the nearest internal revenue officer thereof, file his return or declaration, and pay the tax due thereon within ten days after closing his business.

"If the percentage tax on any business is not paid within the time prescribed above, the amount of the tax shall be increased by twenty-five per centum, the increment to be a part of, the tax.

"In case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax or to the deficiency tax, in case 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 of its amount. The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax unless the tax has been paid before the discovery of the falsity or fraud, in which case the amount so added shall be collected in the same manner as the tax.

"(b) Sales tax on imported articles.—When the articles are imported, the percentage taxes established in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six of this Code shall be paid in advance by the importer, in accordance with regulations promulgated by the Secretary of Finance and prior to the release of such articles from customs custody, based on the import invoice value thereof, certified to as correct by the Philippine Consul at the port of origin if there is any, including freight, postage, insurance, commission, customs duty, and all similar charges, plus one hundred per centum of such total value in the case of articles enumerated in section one hundred and eighty-four; fifty per centum of such total value in the case of articles enumerated in section one hundred and eighty-five; and twenty-five per centum in the case of articles enumerated in section one hundred and eighty-six. The tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to specific tax or those for consignment abroad and are to form part thereof.

"In the case of tax-free articles brought or imported into the Philippines by persons, entities or agencies exempt from tax which are subsequently sold, transferred, or exchanged in the Philippines to non-exempt private persons or entities, the purchasers shall be considered the importers thereof. The tax due on such articles shall constitute a lien on the article itself superior to all other charges or liens, irrespective of the possessor thereof."

SEC. 6. Section one hundred eighty-four of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 184. Percentage tax on sales of jewelry, automobiles, toilet preparations, and others.—There shall be levied, assessed, and collected once only on every original sale, barter, exchange, or similar transaction for nominal or valuable considerations intended to transfer ownership of, or title to, the articles herein below enumerated a tax equivalent to fifty per centum of the gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: Provided, That where the articles enumerated hereinbelow are manufactured out of materials subject to tax under this section, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of such manufactured articles:

"(a) Automobile chassis and bodies, the selling price of which does not exceed seven thousand pesos: Provided, That where the selling price of an automobile exceeds seven thousand pesos but does not exceed ten thousand pesos the same shall be taxed at the rate of seventy-five per centum of such selling price: And provided, further, That where the selling price of an automobile exceeds ten thousand pesos the same shall be taxed at the rate of one hundred per centum of such selling price. A sale of automobile shall, for the purpose of this section, be considered to be a sale of the chassis and of the body together with parts and accessories with which the same are usually equipped. Provided, however, That parts and accessories of automobiles imported as replacements or as completely knocked down parts for the assembly of automobiles shall be subject to tax under section one hundred and eighty-six: And provided, further, That the total cost of such materials or parts on which tax has already been paid under section one hundred and eighty-six, as duly established, shall be deductible from the gross selling price or gross value in money of the assembled or manufactured articles. The term 'automobile' as used herein shall not include motor vehicles classified as trucks.

"(b) All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in filling, mounting or fitting of the teeth); opera glasses, and lorgnettes. The term 'precious metals' shall include

platinum, gold, silver, and other metals of similar or greater value. The term 'imitations thereof' shall include platings and alloys of such metals.

"(c) Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous, toilet powders, and any similar substance, article, or preparations, by whatsoever name known or distinguished; and any of the above which are used or applied or intended to be used or applied for toilet purposes; except tooth and mouth washes, dentrifices, tooth paste; and talcum or medicated toilet powders.

"(d) Dice and mahjong sets;

"(e) Beauty parlor equipment and accessories; and

"(f) Polo mallets and balls; golf bags, clubs and balls; and chess and checker boards and pieces.

"Any part or accessory of the above-mentioned articles shall be taxed at the same rate as the finished articles."

SEC. 7. Section one hundred eighty-five of Commonwealth Act Numbered Four hundred sixty-six, as amended is hereby further amended to read as follows:

"SEC. 185. Percentage tax on sales of sporting goods, refrigerators, and others.—There shall be levied, assessed, and collected once only on every original sale, barter, exchange, or similar transaction intended to transfer ownership of, or title to, the articles herein below enumerated, a tax equivalent to thirty per centum of the gross selling price or gross value in money of the articles so sold, bartered, exchanged or transferred, such tax to be paid by the manufacturer or producer: Provided, That where the articles enumerated herein below are manufactured out of materials subject to tax under this section, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of such manufactured articles:

"(a) Luggage, trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, and salesmen's sample and display cases; purses, handbags, pocketbooks, wallets, billfolds, and card, pass, and key cases; toilet cases and other cases, bags, and kits (without regard to size, shape, construction, or material from which made) for use in carrying toilet articles or articles of wearing apparel;

"(b) Watches and clocks and cases and movements therefor;

"(c) Fishing rods and reels;

"(d) Articles of which celluloid is the component material of chief value;

"(e) Refrigerators of all types;

"(f) Beverage coolers, ice cream cabinets, water coolers, food and beverage storage cabinets, ice making machines, and mild cooler cabinets, each such article having or being primarily designed for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or other means;

"(g) Pianos; phonographs; combination radio and phonograph sets; television sets; combination radio and television sets; phonograph records (except those used for educational purposes); juke boxes, gramophones and similar articles for reproducing music;

"(h) Firearms and cartridges or other forms of ammunition: Provided, however, That no tax shall be collected on .22 caliber firearms and cartridges as well as other forms of ammunition sold and delivered directly to the Armed Forces of the Philippines or to any government instrumentality or agency as well as to any organization and persons engaged in maintaining peace and order for their actual use or issue;

"(i) Electric fans and air circulators (except those specially adopted for industrial use); electric, gas or oil water heaters; electric flat irons, electric, gas or oil appliances of the type used for cooking, warming, or keeping warm food or beverage for consumption on the premises; electric mixers, whippers, and juicers; and household type electric vacuum cleaners;

"(j) Unexposed photographic films (including motion picture films but not including X-ray films), photographic plates and sensitized paper; photographic apparatus and equipment, and any apparatus or equipment designed especially for use in the taking of photographs or motion picture or in the developing, printing, or enlarging of photographs or motion picture films; and photostatic and/or contact copying machines and any similar machines;

"(k) Neon-tube signs, electric signs, and electric advertising devices;

"(l) Washing machines of all types;

"(m) Air-conditioning units;

"(n) Mechanical lighters;

"(o) Upholstered furniture (except rattan); tables, desks, chairs, showcases, bookcases, lockers, and cabinets (other than filing cabinets) of which wood, rattan, or bamboo is not the component material of chief value, but not including iron or steel chairs and tables costing not more than six pesos each and medical or dental equipment or apparatus;

"(p) Textiles, wholly or in chief value of silk, wool, linen or nylon or other synthetic chemical fabrics; wool and silk hats; and furs and manufactures thereof;

"(q) Fountain pens the gross selling price of which exceeds fifteen pesos: Provided, That if their selling price does not exceed fifteen pesos, they shall be taxed at the rate prescribed in section one hundred and eighty-six hereof;

"(r) Toys and playthings of all sorts (without regard to material from which made), except those locally manufactured;

"Any part or accessory of the abovementioned articles shall be taxed at the same rate as the finished articles."

SEC. 8. Section one hundred eighty-six of Commonwealth Act Numbered Four hundred sixty six, as amended, is hereby further amended to read as follows:

"SEC. 186. Percentage tax on sales of other articles.—There shall be levied, assessed and collected once only on every original sale, barter, exchange, and similar transaction either for nominal or valuable considerations, intended to transfer ownership of, or title to, the articles not enumerated in sections one hundred and eighty-four and one hundred and eighty-five a tax equivalent to seven per centum of the gross selling price or gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: Provided, That where the articles subject to tax under this section are manufactured out of materials likewise subject to tax under this section and section one hundred and eighty-nine, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of such manufactured articles: And provided, further, That with respect to fish and its by-products when sold, bartered, or exchanged by the fisherman or fishing operator whether in their original state or not, a tax equivalent to five per centum only of the selling price or gross value in money shall be levied, assessed, and collected.

"In the case of operators or proprietors of sawmills, who buy logs for the purpose of sawing and/or cutting them into lumber of standard sizes, the tax prescribed in this section shall be computed on thirty-three and one-third per centum of the gross cost of logs purchased during any given quarter intended for manufacture.

Operators or proprietors of sawmills entitled to the privilege of paying the tax on thirty-three and one-third per centum of the gross cost of the logs purchased, including freight, insurance, and similar charges incurred up to the delivery to mill site, by them shall keep a complete record of their transactions, especially their purchase of logs together with the corresponding vouchers, such as official and auxiliary invoices, or the commercial invoices of the products from whom they purchased the logs, in cases where the logs purchased constitute merely a portion of the logs covered by an official invoice, in which commercial invoices the assessment numbers of the official invoices covering the logs and the names and addresses of the vendors shall be indicated. They shall also keep a complete record of lumber purchased by them for resale."

SEC. 9. Section one hundred eighty-eight of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 188. Transactions and persons not subject to percentage tax.—In computing the tax imposed in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six, transactions in the following commodities shall be excluded:

"(a) Articles subject to tax under Title IV of this Code.

"(b) Agricultural products and the ordinary salt in their original form when sold, bartered, or exchanged by the producer or owner of the land where produced. The term 'agricultural products' as used herein shall not include cultured fish and other products raised or produced in fishponds, and those which have undergone the process of manufacturing as defined in section one hundred ninety-four (x) of this Code.

"(c) Minerals and mineral products when sold, bartered, or exchanged by the lessee, concessionaire, or owner of the mineral land from which removed.

"(d) Articles subject to tax under section one hundred eighty-nine of this Code.

"(e) Articles shipped or exported abroad by the manufacturer or producer, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the articles so exported.

"The following shall be exempt from the percentage taxes imposed in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six:

"(a) Persons whose gross quarterly sales or receipts do not exceed five hundred pesos.

"(b) All persons engaged in public market places exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish and other similar domestic food products.

"(c) Peddlers and sellers at fixed stands and other similar selling places engaged exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish, and similar domestic food products, whose total stock in trade in any one day does not reach a retail value of one hundred pesos.

"(d) Producers of commodities of all classes working in their own homes, consisting of parents and children living as one family, when the value of each day's production by each person capable of working is not in excess of five pesos.

"(e) Persons importing articles under the contract for the/exclusive use of the Armed Forces of the Philippines."

SEC. 10. Section one hundred eighty-nine of Commonwealth Act Numbered Four hundred sixty-six, as amended, Is hereby further amended to read as follows:

"SEC. 189. Percentage tax upon proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil

mills, corn mills, and desiccated coconut factories.—Proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil mills, corn mills and desiccated coconut factories shall pay a tax equivalent to two per centum of the gross value in money of all the rope, sugar, rice, coconut oil, ground or milled corn, and desiccated coconut manufactured or milled by them, including the by-products of the raw materials from which said articles are produced or manufactured, such tax to be based on the actual selling price or market value of these articles at the time they leave the factory or mill warehouse: Provided, however, That this tax shall not apply to coconut oil, and the byproducts of copra from which it is produced or manufactured, and desiccated coconuts if such oil, copra by-products and desiccated coconuts shall be removed for exportation and are actually exported without returning to the Philippines, whether so exported in their original state, or as an ingredient or part of any manufactured article or product.

"A proprietor or operator of a refined sugar or coconut oil factory shall be subject to the tax imposed by this section but shall be permitted to deduct from the actual selling price or market value of the refined sugar or coconut oil the total cost, as duly established, of the raw sugar or crude oil, as the case may be, upon which the tax under this section has been previously paid.

"Where articles are manufactured out of materials subject to tax under this section, the total cost thereof, as duly established, shall be deductible from the gross selling price or gross value in money of the manufactured articles."

SEC. 11. Section one hundred ninety of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 190. Compensating tax.—All persons residing or doing business in the Philippines, who purchase or receive from without the Philippines any commodities, goods, wares, or merchandise, excepting those subject to specific taxes under Title IV of this Code, shall pay on the total value thereof at the time they are received by such persons, including freight, postage, insurance, commission and all similar charges, a compensating tax equivalent to the percentage taxes imposed under this Title on original transactions effected by merchants, importers, or manufacturers, such tax to be paid before the withdrawal or removal of said commodities, goods, wares, or merchandise from the customhouse or the post office: Provided, however, That merchants, importers, and manufacturers, who are subject to tax under sections one hundred eighty-four, one hundred eighty-five, one hundred eighty-six, or one hundred eighty-nine of this Title, shall not be required to pay the tax herein imposed where such commodities, goods, wares, or merchandise purchased or received by them from without the Philippines are to be sold, resold, bartered, or exchanged or are to be used in the manufacture or preparation of articles for sale, barter, or exchange and are to form part thereof: And provided, further, That the tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to specific tax or those for consignment abroad and are to form part thereof. If any article withdrawn from the customhouse or the post office without the payment of the compensating tax is subsequently used by the importer for other purposes, corresponding entry should be made in the books of accounts, if any are kept, or a written notice thereof sent to the Collector of Internal Revenue and payment of the corresponding compensating tax made within ten days from the date of such entry or notice. If the tax is not paid within such period, the amount of the tax shall be increased by twenty-five per centum, the increment to form part of the tax.

"The tax herein imposed shall not be assessed or collected on any single shipment consigned to any single person when the total value thereof does not exceed one hundred pesos. Goods brought in by residents returning from abroad, the value of which does not exceed five hundred pesos, are exempt from this tax.

"In the case of tax-free articles brought or imported into the Philippines by persons, entities or agencies exempt from tax which are subsequently sold, transferred or exchanged in the Philippines to non-exempt private persons or entities, the purchasers or recipients shall be considered the importers thereof. The tax due on such articles shall constitute a lien on the article itself superior to all other charges or liens, irrespective of the

possessor thereof."

SEC. 12. Section one hundred ninety-one of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 191. Percentage tax on road, building, irrigation, artesian well, waterworks, and other construction work contractors, proprietors or operators of dockyards, and others.—Road, building, irrigation, artesian well, waterworks, and other construction work contractors; filling contractors; demolition and salvage work contractors; arrastre contractors; persons engaged in the installation of gas or electric light, heat, or power; persons selling water, light, heat, or power, except those paying a franchise tax; proprietors or operators of dockyards, mine drilling apparatus, smelting plants, engraving plants, plating establishments, plastic lamination establishments, vulcanizing and recapping establishments; establishments for washing and/or greasing of motor vehicles, battery charging, planing or surfacing and recutting of lumber; sawmills under contract to saw and/or cut logs belonging to others; drycleaning or dyeing establishments, steam laundries, laundries using washing machines; photographic studios, telephone or telegraph lines or exchanges, broadcasting or wireless stations; funeral parlors; shops for the construction or repair of bicycles or vehicles of any kind, mechanical devices, instruments, apparatus, or furniture of any kind, shoe repairing by machine or any mechanical contrivance, and tailor shops, beauty parlors, dressmakers, milliners, hatters, keepers of hotels, lodging houses, stevedores, warehousemen; plumbers; smiths; house or sign painters; lithographers, publishers, except those engaged in the publication or printing and publication of any newspaper, magazine, review or bulletin which appears at regular intervals, with fixed prices for subscription and sale, and which is not devoted principally to the publication of advertisements; printers and bookbinders, business agents and other independent contractors, shall pay a tax equivalent to three per centum of their gross receipts.

"Keepers of restaurants, refreshment parlors and other eating places, and caterers, shall pay a tax of three per centum of their gross receipts. Keepers of bars and cafes where wines or liquors are served shall pay a tax of seven per centum of their gross receipts: Provided, however, That two sets of sales or commercial invoices or receipts serially numbered in duplicate shall be separately prepared and issued, one for each sale of food or refreshment served and another for each sale of wine or liquor served, the originals of which shall be issued to the purchaser or customer. Where such establishments are maintained within the premises or compound of a race track or jai-alai or are accessible to patrons of such race track or jai-alai by means of a connecting door or passage, the keepers of such establishments shall pay a tax of twenty per centum of their gross receipts. Where the establishment is maintained within the premises of a cabaret or night club, or is accessible to patrons thereof by means of a connecting door or passage, the keeper of the establishment shall pay a tax of ten per centum of the gross receipts."

SEC. 13. Sections one hundred ninety-three, one hundred ninety-six, and two hundred one of Commonwealth Act Numbered Four hundred sixty-six, as amended, are hereby repealed.

SEC. 14. The first paragraph and subsection (s) of section one hundred ninety-four of Commonwealth Act Numbered Four hundred sixty-six, as amended, are hereby further amended to read as follows:

"SEC. 194. Words and phrases defined.—In applying the provisions of this title, words and phrases shall be taken in the sense and extension indicated below:

"(s) '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 offers for sale, buys or offers to buy, lists, or solicits for prospective purchasers, or negotiates the purchase, sale or exchange of real estate or interests therein; (2) or negotiates loans on real estate; (3) or leases or offers to lease or negotiates the sale, purchase or exchange of a lease, or rents or places for rent or collects rent from real estate 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 same a 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 consummation 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 three thousand pesos or more a year: Provided, however, That any person receiving an annual income of four thousand pesos or more from buying, selling, exchanging, leasing, or renting property on his own account as principal or as an owner of rental property or properties shall be considered as engaged in business as real estate dealer: And provided, further, 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."

SEC. 15. Section one hundred ninety-eight of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 198. Continuation of business of deceased person.—When any individual paying a business tax dies and the same business is continued by the person or persons interested in his estate, no additional payment shall be required for the residue of the term for which the tax was paid: Provided, however, That the person or persons interested in the estate should within thirty days from the death of the decedent submit to the Bureau of Internal Revenue or the regional or provincial revenue office inventories of goods or stocks had at the time of such death.

"The requirement under this section shall also be applicable in the case of transfer of ownership or change of name of the business establishment."

SEC. 16. Section two hundred of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 200. Revocation of privilege.—When a person doing business under the provisions of this Title as a wholesale or retail liquor dealer, retail vino dealer, wholesale or retail fermented liquors dealer, or as a peddler of tobacco or liquor, is abusing his privilege to the injury of the public morals or peace, or when a place where any such business is established Has been or is conducted in a disorderly or unlawful manner, or is a nuisance, or is permitted to be used as a resort for disorderly characters, criminals, or women of ill repute, the Collector of Internal Revenue may, after due investigation, and with the approval of the Department Head, revoke such privilege, subject to appeal to the President of the Philippines whose action on the appeal shall be final. Such revocation shall operate to forfeit all sums which may have been paid in respect of said privilege and to prohibit the sale, by the person whose privilege is so revoked, of liquor or tobacco for a term which may be fixed in said order."

SEC. 17. Section two hundred three of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 203. Registration of name or style with provincial revenue agent or provincial treasurer.—Every person engaged in any business or occupation on which a privilege tax is imposed by law shall, on or before the commencement of his business or occupation, register with the provincial revenue agent or with the provincial treasurer, in case no provincial revenue agent is assigned to the province, within ten days after securing his

privilege tax receipt, his name or style, place of residence, business or occupation, and the place where such business or occupation is carried on. In case of a firm, the names and residence of the various persons constituting the same shall also be registered."

SEC. 18. Section two hundred four of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 204. Persons subject to tax, to issue sales invoices or receipts.—All persons subject to an internal revenue tax, shall, for each sale or transfer of merchandise or for services rendered valued at two pesos or more, prepare and issue sales or commercial invoices or receipts serially numbered in duplicate, showing, among other things, their names, or styles, if any, and business addresses: Provided, That in case of sales, receipts or transfers in the amount of fifty pesos or more, the invoices or receipts shall further show the name, or style, if any, and business address of the purchaser, customer or client. The original of each sales invoice or receipts shall be issued to the purchaser, customer, or client who, if engaged in any taxable business, shall keep and preserve the same in his place of business for a period of five years from the date of the invoice or receipt, the duplicate to be kept and preserved by the persons subject to tax, also in his place of business for a like period: Provided, That persons subject to tax, whose gross sales, earnings or receipts during the last preceding year exceed twenty thousand pesos shall, for each sale or transaction, issue an invoice or receipt, irrespective of the value of the article sold or service rendered.

"The Collector of Internal Revenue may, in meritorious cases, exempt any person subject to an internal revenue tax, from compliance with the provisions of this section."

SEC. 19. Section two hundred eight of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 208. Unlawful pursuit of business or occupation.—Any person who distills, rectifies, repacks, compounds, or manufactures any article subject to a specific tax, without having paid the privilege tax therefor as required by law, or who aids or abets in the conduct of illicit distilling, rectifying, repacking, compounding, or illicit manufacture of any article subject to a specific tax shall, in addition to being liable for the payment of such tax, be punished by a fine in a sum not less than two thousand pesos nor more than ten thousand pesos and by imprisonment for a term of not less than six months nor more than six years; and all articles distilled, rectified, repacked, compounded or manufactured, and all personal property found at the distillery, repacking, rectifying, compounding, or manufacturing establishment or in any building, room, yard, or inclosure connected therewith and used with or constituting a part of the premises on which the distilling, repacking, rectifying, compounding, or manufacturing of said article is carried on, and all the right, title, and interest of such person in the lot or tract of land in which such distillery, repacking, rectifying, compounding, or manufacturing establishment is situated, and all the right, title, and interest therein of every person who knowingly or with negligence has suffered or permitted the business of a distiller, repacker, rectifier, compounder or manufacturer of any article subject to a specific tax to be there carried on or has connived at the same, shall be forfeited.

"In case of reincidence, the offender under the first paragraph hereof shall be punished by a fine of not less than two thousand pesos nor more than fifteen thousand pesos or by imprisonment of not less than two years nor more than twelve years or both.

"Any person who carries on any other business, or pursues any calling for which a fixed privilege tax is imposed without paying such tax as required by law or who aids or abets in the conduct of such business, shall, in addition to being liable to the payment of such tax, be punished by a fine in a sum of not exceeding one thousand pesos or by imprisonment for a term not exceeding six months or both."

SEC. 20. Section two hundred nine of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 209. Failure to make return of receipts, sales receipts, or gross value of output removed, or pay the tax due thereon.—Any person who, being required under this Title to make a return of the amount of his receipts, sales, business, or gross value of output actually removed, or pay the tax due thereon, shall fail or neglect to make such return or pay such tax within the time required, shall be punished by a fine not exceeding five thousand pesos and by imprisonment for a term not exceeding one year.

"Any such person who shall make a false or fraudulent return shall, besides being liable to the surcharge prescribed in section one hundred eighty-three of this Title, be punished by a fine of not less than two thousand pesos nor more than ten thousand pesos and by imprisonment of not less than six months but not more than six years."

SEC. 21. This Act shall take effect upon its approval.

Approved, August 24, 1956, except Section 10.

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