

AMENDING SECTIONS 137 (b) AND 156, TITLE IV, OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED BY PRESIDENTIAL DECREE NO. 69, DATED NOVEMBER 24, 1972 AND PRESIDENTIAL DECREE NO....

PRESIDENTIAL DECREE NO. 149, March 13, 1973

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WHEREAS, after a recent survey and further study of the prevailing retail prices of cigarettes in relation to the retail price brackets and the corresponding tax rates prescribed under Presidential Decree No. 69, it has been found that the rising cost of production leaves the manufacturers no more leeway for any future price adjustments in selling prices which may prejudice the profitability of the cigarette industry as a whole;

WHEREAS, the tax rates prescribed under said Decree include one tax rate of P8.00 per thousand for two classes of cigarettes having different maximum retail prices which may result in confusion and difficulty in the implementation, to the prejudice of the effective collection of the correct amount of specific tax on the cigarettes concerned;

WHEREAS, the maximum amount of manufacturers' and importers' bond provided for under Section 156 of the National Internal Revenue Code, as amended by Presidential Decree No. 69, has been found to be too onerous and cumbersome on the part of the taxpayers concerned and determined to be impracticable in line with the current practice in the field of insurance; and

WHEREAS, despite the deferment of the effectivity of the new rates of specific tax on cigarettes by virtue of Presidential Decree No. 88, dated January 3, 1973, the Bureau of Internal Revenue has found it physically impossible to have strip stamps under the new rates of specific tax printed abroad as required by Section 5 of the National Internal Revenue Code, as amended, and further, majority of cigarette manufacturers have manifested that they have big quantities of old stocks of packing materials without the maximum retail prices imprinted thereon, which if not allowed to be used would mean unnecessary loss on their part due to obsolescence by operation of law and as prescribed under Presidential Decree No. 69;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree:

- That Section 137 (b), Title IV, of the National Internal Revenue Code, as amended, is hereby amended to read as follows:

"SEC. 137. Specific tax on cigars and cigarettes. — On cigars and cigarettes there shall be collected the following taxes:

x x x

"(b) Cigarettes

"(1) On cigarettes packed in thirties, the retail price of which per pack does not exceed fifty centavos, on each thousand, three pesos.

"(2) On cigarettes packed in thirties, the retail price of which per pack exceeds fifty centavos but does not exceed seventy centavos, on each thousand, five pesos.

"(3) On cigarettes packed in twenties, the retail price of which per pack does not exceed eighty centavos, on each thousand, eight pesos.

"(4) On cigarettes packed in twenties, the retail price of which per pack exceeds eighty centavos but does not exceed one peso, on each thousand, fourteen pesos.

"(5) On cigarettes packed in twenties, the retail price of which per pack exceeds one peso but does not exceed one peso and forty centavos, on each thousand, sixteen pesos.

"(6) On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and forty centavos but does not exceed one peso and sixty centavos, on each thousand, eighteen pesos.

"(7) On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and sixty centavos, on each thousand, twenty-five pesos.

"(8) If the cigarettes of local manufacture are mechanically wrapped or packed, the tax shall be increased by one hundred and twenty per centum per thousand cigarettes.

Cigarettes shall be considered as mechanically wrapped or packed when at any stage of the wrapping or packing a machine or any mechanical contrivance shall have been used.

"(9) If the cigarettes are of foreign manufacture, the tax thereon shall be the same as that prescribed under sub-paragraph (7), paragraph (b) of this Section, plus one hundred twenty per centum."

- That Section 156, Title IV, of the same Code is hereby amended to read as follows:

"SEC. 156. Manufacturers' and importers' bond. — Manufacturers and importers of articles subject to a specific tax shall give bond in an amount equal, as nearly as can be estimated, to twenty per centum of the taxes payable by them during an average year. Such bond shall be conditioned upon the faithful compliance, during the time such business is followed, with the law and regulations relating to such business and for the satisfaction of all fines and penalties imposed by this Code. No such bond shall be required in an amount exceeding five hundred thousand pesos nor be received in a sum less than ten thousand pesos.

- That Presidential Decree No. 88, amending the effectivity date of Section 5 of Presidential Decree No. 69, particularly Section 137 of the National Internal Revenue Code affecting Specific Tax on Cigars and Cigarettes is hereby further amended by resetting the effectivity of Section 137 of the National Internal Revenue Code, as amended, from March 1, 1973 to July 1, 1973.

Done in the City of Manila, this 13th day of March, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES

Assistant Executive Secretary

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