

AN ACT TO PROMOTE THE TEXTILE INDUSTRY OF THE PHILIPPINES BY EXEMPTING, UNDER CERTAIN CONDITIONS, IMPORTATIONS OF NEEDED RAW MATERIALS, CHEMICALS, DYESTUFFS AND SPARE PARTS AND ...

REPUBLIC ACT NO. 4086, June 18, 1964

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

SECTION 1. Any provision of existing law to the contrary notwithstanding, the importation of natural and synthetic raw fibers and tow, chemicals, dyestuffs and spare parts, as well as the manufacture and sale of finished products thereof, by the textile industry in the spinning, weaving and finishing of raw fibers into yarn, thread, grey cloth, and finished fabric, shall be free of duties, special import tax, sales and/or compensating tax, subject to the following conditions, all of which must concur:

- That the said imported natural and synthetic raw fibers and tow, chemicals, dyestuffs and spare parts are not grown, manufactured or produced locally in sufficient quantities to meet the requirements of the industry;
- That the importer is a Filipino citizen; or, in the case of an existing partnership, corporation or other entity, that it is registered with the Securities and Exchange Commission as a textile manufacturer prior to the enactment of this Act; that at least sixty percent of its subscribed capital stock is owned and controlled by Filipino citizens: Provided, That the employment of alien technical or management experts, with the prior authority of the President, shall not destroy the classification of an entity as being controlled by Filipino citizens;
- That the importer is a textile manufacturer who owns machinery and equipment for, and is actually engaged in, the spinning of raw fibers into yarn or thread or spinning and weaving the same raw fibers into yarn, thread, or grey cloth, or the integrated mills with spinning, weaving, and finishing facilities; or
- That the importer is registered with the Board of Industries, under such implementing rules and regulations as the Board of Industries is hereby authorized and required to promulgate within thirty days after the approval of this Act.

SEC. 2. Period of Non-Payment of Duties and Taxes.— Any person, partnership, company or corporation covered by this Act shall be excluded from the payment of duties and taxes as follows:

- One hundred per centum of the taxes and duties due during the period from the date of the approval this Act up to December thirty-first, nineteen hundred sixty-six;
- Seventy-five per centum of the taxes and duties due during the period from January first, nineteen hundred sixty-seven to December thirty-first, nineteen hundred sixty-eight;
- Fifty per centum of the taxes and duties due during the period from January first to December thirty-first, nineteen hundred sixty-nine;
- Twenty-five per centum of the taxes and duties due during the period from January first, to December

thirty-first, nineteen hundred seventy;

- On or after January first, nineteen hundred seventy-one all taxes and duties shall be paid in full.

SEC. 3. No raw materials, chemicals, dyestuffs or spare parts imported under this Act shall be sold, transferred conveyed in their raw form or as spare parts.

SEC. 4. All textile manufacturers who register under this Act shall, in lieu of the taxes herein exempted, be assessed and shall pay a special tax of one per centum of their gross sales as defined by the National Internal Revenue Code, to be paid in the same manner and at the same time and subject to the same penalties and surcharges as the sales tax, which shall constitute a Special Textile Research Fund, to be disposed of and disbursed by the National Science Development Board for research, experiment and study in such projects as, in its judgment, will contribute to the local growth, production or manufacture of raw materials needed by the industry; and to the improvement or invention of machinery equipment processes or production methods for the industry.

SEC. 5. Any person, partnership, company or corporation eligible to tax exemption privileges under this Act and enjoying tax exemption under other existing laws shall not enjoy tax exemption privileges under this Act.

SEC. 6. Any violation of this Act or of the rules and regulations issued hereunder, and any misrepresentation of any essential fact required by the said rules or of taxable net income, shall subject the offender to cancellation of his registration by the Board of Industries; payment of twice the amount of duties and taxes involved plus all penalties and surcharges; and to imprisonment of not less than two or more than five years and a fine of not less than ten thousand pesos nor more than twenty thousand pesos. In case the offense is committed by a partnership, corporation, or other entity, the President, manager or person in charge thereof shall be criminally responsible therefor.

SEC. 7. All laws executive orders, rules and regulations, or parts thereof, inconsistent with this Act are hereby repealed or modified in conformity herewith.

SEC. 8. This Act shall take effect upon its approval.

Approved, June 18, 1964.

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