

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

REPUBLIC ACT NO. 1504, June 16, 1956

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

SECTION 1. Section two hundred fifty-five of Commonwealth Act Numbered four hundred sixty-six, as amended is hereby further amended to read as follows:

"SEC. 255. Taxes on insurance premiums.—There shall be collected from every person, company, or corporation (except purely cooperative companies or associations) doing insurance business of any sort in the Philippines a tax of three per centum of the total premiums collected, whether such premiums are paid in money, notes, credits, or any substitute for money; but premiums refunded within six months after payment on account of rejection of risk or returned for other reason to person insured shall not be included in the taxable receipts; nor shall any tax be paid upon reinsurance by a company that has already paid the tax; nor upon premiums collected or received by any branch of a domestic corporation, firm or association doing business outside the Philippines on account of any life insurance of the insured who is a non-resident, if any percentage tax on such premiums is imposed by the foreign country where the branch is established.

"Cooperative companies or associations are such as are conducted by the members thereof with the money collected from among themselves and solely for their own protection and not for profit: Provided, however, That domestic insurance companies suffering from impairment of capital shall be exempted from the provisions of this section for a period of four years from the passage of this amendatory Act: And provided, finally, That domestic insurance companies organized after the passage of this amendatory provision shall pay one per centum of the total premium collected within the first five years after their organization and three per centum of the premium collected thereafter. The words 'insurance companies suffering from it of capital' as used in this Act shall be construed to mean, those still owing fifty percent or more of their indebtedness as a result of the last war."

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

"SEC. 258. Tax due from agents of foreign insurance companies.—Every fire, marine, or miscellaneous insurance agent authorized under section one hundred ninety-two of Act Numbered Two thousand four hundred and twenty-seven, as amended by Acts Numbered Two thousand six hundred and forty-eight and Three thousand five hundred and seventy-five to procure policies of insurance as he may have previously been legally authorized to transact on risks located in the Philippines for companies not authorized to transact business in the Philippines, shall likewise make a yearly report to the Collector of Internal Revenue at the time and in the manner prescribed in section two hundred fifty-seven, showing the entire amount of all premiums received by the company he represents under the authority of the Insurance Law. And such agent shall pay to the Collector of Internal Revenue a tax equal to twice the tax imposed in section two hundred fifty-five which tax shall be paid at the same time and be subject to the same penalty for delinquency as the tax imposed by said section: Provided, however, That the provisions of this section shall not apply to reinsurance: And provided,

further, That the prohibitions of this section shall not affect the right of an owner of property to apply for and obtain for himself policies in foreign companies & cases where said owner does not make use of the services of any agent, company, or corporation residing or doing business in the Philippines. In all cases where owners of property obtain insurance directly with foreign compass, it shall be the duty of said owners to report to the Insurance Commissioner and to the Collector of Internal Revenue each case where insurance has been so effected, and shall pay the tax of five per centum on premiums in the manner required by section two hundred and fifty-five of insurance companies, and shall be subject to the same penalty for failure to do so."

SEC. 3. This Act shall take effect upon its approval.

Approved, June 16, 1956.

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