

AUTHORIZING THE EXEMPTION FROM PAYMENT OF DONOR'S TAX AND RECOGNIZING AS DEDUCTIBLE BUSINESS EXPENSE IRREVOCABLE DONATIONS OF AMERICAN-OWNED PRIVATE LANDS ACQUIRED UNDER THE LAU...

PRESIDENTIAL DECREE NO. 697, May 09, 1975

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I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. The provisions of the National Internal Revenue Code, as amended, and other laws to the contrary notwithstanding, irrevocable donations of American-owned private lands acquired under the Laurel-Langley Agreement shall be exempt from payment of donor's tax provided that such donations meet the following requirements:

- Donations of private lands shall be at the fair market value as evidenced by the amount established in 1974 as a basis for real estate tax payment.

- Donations shall be made in favor of the following qualified donees:

1)

The National Government or any entity created by any of its agencies which is not conducted for profit or to any political subdivision of the said Government.

2)

Any organization for whom donations made in its favor are exempted by other laws from payment of donor's tax.

3)

Any charitable or scientific organization with a nationwide scope of activities and widely recognized as such, i.e., Philippine Red Cross, Community Chests, Boy Scouts of the Philippines, Philippine Heart Foundation.

SECTION 2. Donations not qualified. The exemption granted herein shall not apply to donations made in favor of family owned and/or controlled foundations or foundations created specifically for the purpose of receiving donations of lands or foundations created for a limited scope or purpose.

SECTION 3. The provisions of the National Internal Revenue Code, as amended, to the contrary notwithstanding qualified donations shall be recognized as deductible business expense item for income tax purposes, provided that the donor shall expressly indicate in the donation proposal the period not exceeding four (4) years, including the year of donation, over which the expense deductions shall be taken in equal increments.

The incentives granted under this decree shall be available only to American private landowners who submit formal donation proposals to qualified donees before May 27, 1975.

SECTION 4. This Decree shall take effect immediately.

DONE in the City of Manila, this 9th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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