

AN ACT AMENDING REPUBLIC ACT NUMBERED NINE HUNDRED ONE SO AS TO SUBJECT THE INCOME OF NEW AND NECESSARY INDUSTRIES TO THE FULL PAYMENT OF THE INCOME TAX; TO REGULATE THE GRANT O...

REPUBLIC ACT NO. 2351, June 20, 1959

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/43aa93b3eb12/>

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

SECTION 1. Section one of Republic Act Numbered Nine hundred one is amended to read as follows:

"SECTION 1. Any person, partnership, company or corporation who or which, subsequent to the approval of this Act, shall engage in a new and necessary industry shall be entitled to exemption until December thirty-one, nineteen hundred and fifty-eight from payment of all taxes directly payable by such person, partnership, company or corporation in respect to said industry and to a diminishing exemption during the following four years as follows: ninety per centum of all said taxes during the period from January first to December thirty-one, nineteen hundred and fifty-nine; seventy-five per centum of all said taxes during the period from January first to December thirty-one, nineteen hundred and sixty; fifty per centum of all said taxes during the period from January first to December thirty-one, nineteen hundred and sixty-one; and ten per centum of all said taxes during the period from January first to December thirty-one, nineteen hundred and sixty-two; after which such person, partnership, company, or corporation shall be liable in full to all taxes: Provided, That income received by such person, partnership, company or corporation from July first, nineteen hundred and fifty-nine, shall be subject to the full tax provided in Title II of the National Internal Revenue Code: Provided, further, That machinery and spare parts thereof, and raw materials of tax-exempt industries shall be exempted from taxes, except the special import tax and new taxes which may hereafter be imposed, if the Secretary of Finance, the Secretary of Commerce and Industry and the Chairman of the National Economic Council, after investigation, find (a) that, considering the capacity of the plant or factory concerned, the said machinery and spare parts, and raw materials are actually needed and will be used exclusively by the grantee in the manufacture of articles covered by the tax exemption and (b) that the foreign exchange allocation and related documents covering the importation are in the name of the importing tax-exempt industry to whom the goods shall be delivered directly by the customs authorities; Provided, further, That the tax exemption provided for in this Act shall not include any company or person engaged in the processing of oil, gasoline, lubricants and other similar fuels and by-products: Provided, still further, That those who or which were declared engaged in a new and necessary industry under the provisions of Republic Act Numbered Thirty-five and still enjoying exemption thereunder from all internal revenue taxes for a period of four years, shall automatically be entitled to exemption under this Act, but in no case shall the total number of years of their exemption, both under Republic Act Numbered Thirty-five and this Act, be for more than ten years. A grantee of tax exemption under Republic Act Numbered Thirty-five whose exemption has expired Prior to the approval of this Act shall, upon application filed within three months from the approval of this Act if found to be still qualified under the provisions of law and regulations pursuant to which its exemption granted, be entitled to tax exemption under this Act for a period of six years from the approval hereof."

SEC. 2. A new section to be known and cited as section 11-A is hereby inserted in the same Act to read as follows:

"SEC. 11-A. Any grantee under Republic Act Numbered Thirty-five and this Act, who shall make use of the privileges granted thereunder or under any other law, rule regulation for purposes other than those for which such privileges were granted shall be penalized with imprisonment of not less than five years but not exceeding ten years and fine of not less than eight thousand pesos but not exceeding two hundred thousand pesos, and in addition, such violation shall ipso facto cause forfeiture of the exemption.

"Any officer or employee of the Government who shall connive, abet, or tolerate the violation of the provisions of this Act or any rules or regulations promulgated in accordance therewith shall suffer the penalties in the preceding paragraph including perpetual disqualification to hold public office.

"Any person who shall connive with the grantee of tax exemption shall be penalized accordingly as co-principal. In case the grantee is a juridical person, the officials who consented to the offense or knowing, did not register objection shall be the persons liable.

"Any provision of law to the contrary notwithstanding, a grantee of the tax exemption privileges who shall purchase goods or commodities while in transit from any person or corporation which originally placed the order for the importation thereof, shall be considered the importer of such goods or commodities and shall be subject to all taxes imposed on such importation.

"No provision of this Act shall be interpreted to condone any previous act in violation of existing law, rules or regulations."

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

Approved, June 20, 1959.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.