

AMENDING SECTIONS TWO HUNDRED FIFTY-FIVE AND THREE HUNDRED FIFTY-EIGHT OF THE NATIONAL INTERNAL REVENUE CODE.

PRESIDENTIAL DECREE NO. 739, July 01, 1975

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WHEREAS, Presidential Decree No. 612, otherwise known as the Insurance Code has already been promulgated;

WHEREAS, Section 418 of the said Insurance Code created the Insurance Fund out of the proceeds of taxes on insurance premiums imposed by Section 255 of the National Internal Revenue Code, and from which fund the Insurance Commission will derive its operating expenses in lieu of the special assessments being made by the Office of the Insurance Commissioner from insurance companies in accordance with the provisions of Sections 2, 3, and 4 of Republic Act No. 275;

WHEREAS, there is need to amend the provisions of Section 255 of the National Internal Revenue Code to harmonize the provisions thereof with the provision of Section 418 of the Insurance Code so as not to disturb the collection of the premium tax which accrue to the general fund.

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

SECTION 1. That Section 255 of the National Internal Revenue Code is hereby amended to read as follows:

"SEC. 255. Taxes on insurance premium. - 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 FOUR 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 a 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 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; nor upon premiums collected or received on account of reinsurance, if the risk insured against covers property located outside the Philippines, or the insured, in case of personal insurance, resides outside the Philippines, if any percentage tax on such premiums is imposed by the foreign country where the original insurance has been issued or perfected; NOR UPON THAT PORTION OF THE PREMIUMS COLLECTED OR RECEIVED BY INSURANCE COMPANIES ON VARIABLE CONTRACTS (AS DEFINED IN SECTION 232 (2) OF PRESIDENTIAL DECREE NO. 612) IN EXCESS OF THE AMOUNTS NECESSARY TO INSURE THE LIVES OF VARIABLE CONTRACT OWNERS.

"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."

SECTION 2. That Section 358 of the National Internal Revenue Code is hereby amended by adding the following paragraph thereto, viz;

"SEC. 358. Disposition of proceeds of certain taxes x x x

"TWENTY-FIVE PER CENTUM OF THE PREMIUM TAX COLLECTED UNDER SECTION TWO HUNDRED FIFTY-FIVE OF THIS CODE SHALL ACCRUE TO THE INSURANCE FUND (AS CONTEMPLATED IN SECTION 418 OF PRESIDENTIAL DECREE NO. 612) WHICH SHALL BE USED FOR THE PURPOSE OF DEFRAYING THE EXPENSES OF THE INSURANCE COMMISSION. THE COMMISSIONER OF INTERNAL REVENUE SHALL TURN OVER AND DELIVER THE SAID INSURANCE FUND TO THE INSURANCE COMMISSION AS SOON AS THE COLLECTION IS MADE."

SECTION 3. All laws, rules and regulations which are inconsistent herewith are hereby repealed, modified and/or amended accordingly.

SECTION 4. This decree shall take effect upon approval.

Done in the City of Manila, this 1st day of July, 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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