

CLASSIFYING BREAD AND ORDINARY BAKERY PRODUCTS AS ESSENTIAL ARTICLES UNDER SECTION 201(H) OF THE NATIONAL INTERNAL REVENUE CODE.

LETTER OF INSTRUCTIONS NO. 1144, May 25, 1981

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TO:

The Minister of Finance
The Commissioner of Internal Revenue
All Concerned

WHEREAS, the baking industry is an important sector of the Food Industry for it greatly contributes to the stability of the nation's food supply;

WHEREAS, the country's bakers have been adversely affected by the change in the basis of computation of sales taxes from the traditional method of deductibility of the cost of raw materials to the tax credit system;

WHEREAS, bread and ordinary products are classified as ordinary articles, taxable at the rate of 10% under Section 199.01 of the National Internal Revenue Code, as amended;

WHEREAS, in the light of certain social changes, bread and other major bakery products are now considered basic components of the food basket of our people;

WHEREAS, there is an urgent need to ensure the viability of the baking industry and to enable bakers to provide good quality bread products at reasonable prices.

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

- That bread and ordinary bakery products are hereby classified as essential articles under Section 201(H) of the National Internal Revenue Code as amended, thus subjecting them to the sales tax of 5% of the gross selling price of the said articles so sold, bartered, exchange or transferred;
- That the Ministry of Finance, through the Bureau of Internal Revenue shall promulgate such rules and regulations as maybe necessary to implement the above order.

All laws, orders and Letter of Instructions inconsistent with the provisions of this Letter of Instructions are hereby repealed/and/or modified accordingly.

These instructions SHALL TAKE EFFECT IMMEDIATELY.

Done in the City of Manila, this 25 day of May, in the Year of Our Lord, nineteen hundred and eighty one.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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