

DIRECTING THE RATIONALIZATION OF DUTY AND TAX EXEMPTION PRIVILEGES GRANTED TO GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND ALL OTHER UNITS OF GOVERNMENT

PRESIDENTIAL DECREE NO. 1931, June 11, 1984

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WHEREAS, government-owned or controlled corporations as well as entities performing quasi-governmental functions are still enjoying exemptions from duties, taxes, fees, imposts and other charges despite the fact that they are able to earn profits or pass on these duties and taxes to other parties with whom they transact business;

WHEREAS, these duty and tax exemption privileges have resulted in serious tax base erosion and distortions in the tax treatment of similarly situated enterprises;

WHEREAS, such privileges make more difficult the accomplishment of the overall program for economic development in general and compete with private industries to a great extent, thus disturbing the equity feature of the tax system;

WHEREAS, Presidential Decree No. 1177 has already expressly repealed the grant of tax privileges to any government-owned or controlled corporation and all other units of government; and

WHEREAS, there is need for government-owned or controlled corporations and all other units of government enjoying tax privileges to share in the requirements of development, fiscal or otherwise, by paying the duties, taxes and other charges due from them.

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 decree:

SECTION 1. The provisions of special or general law to the contrary notwithstanding, all exemptions from the payment of duties, taxes, fees, imposts and other charges heretofore granted in favor of government-owned or controlled corporations including their subsidiaries, are hereby withdraw.

SEC. The President of the Philippines and/or the Minister of Finance, upon the recommendation of the Fiscal Incentives Review Board created under Presidential Decree No. 776, is hereby empowered to restore, partially or totally, the exemptions withdrawn by Section 1 above, or otherwise revise the scope and coverage of any applicable tax and duty, taking into account, among others, any or all of the following:

- The effect on the relative price levels;
- The relative contribution of the corporation to the revenue generation effort;
- The nature of the activity in which, the corporation is engaged in; or
- In general, the greater national interest to be served.

SEC. 3. The Ministry of Finance shall promulgate the necessary rules and regulations to effectively implement the provisions of this Decree.

SEC. 4. The provisions of this Decree are hereby declared to be separable, and in the event one or more of such provisions are declared unconstitutional, the validity of the other provisions shall not be affected.

SEC. 5. The provisions of Presidential Decree No. 1177 as well as all other laws, decrees, executive orders, administrative orders, rules, regulations or parts thereof which are inconsistent with this Decree are hereby repealed, amended or modified accordingly.

SEC. 6. This Decree shall take effect immediately after promulgation.

Done in the City of Manila, this 11th day of June in the Year of Our Lord, Nineteen Hundred and Eighty-Four.

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