

AMENDING SECTION 21 AND SECTION 51 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

PRESIDENTIAL DECREE NO. 323, October 26, 1973

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WHEREAS, it is the policy of the government to be responsive to legitimate claims of its citizenry;

WHEREAS, the government is aware of the heavy tax burden of non-resident Filipinos who have established their resident abroad;

WHEREAS, consistent with reforms under the New Society for a better tax administration, it is envisioned that overseas Filipinos can better meet their obligations of citizenship through voluntary compliance with reasonable, just and fair tax laws;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree that - -

1. Section 21 of the National Internal Revenue Code, as amended, is further amended, to read as follows:

"Section 21.- x x x x x provided, further that on the income of non-resident citizens from all sources without the Philippines, there is hereby imposed a tax on the gross amount of such income after deducting therefrom the following:

(a) An allowance for personal exemption in the amount of two thousand dollars (U.S. \$2,000.00), if the person making the return is a single person or a married person legally separated from his or her spouse; or four thousand dollars (U.S. \$4,000.00), if the person making the return is a married man or a head of the family, as defined in section 23 of this Code; and

(b) The total amount of the national income tax actually paid to the government of the foreign country of his residence.

The Philippine income tax on the adjusted gross income shall be computed in accordance with the following schedule:

If the amount subject to tax is:

Not over \$6,000.00 1%

Over \$6,000.00 but not over \$20,000.00 2%

Over \$20,000.00 3%

provided, furthermore, that for purposes of this section, a non- resident citizen is one who establishes to the satisfaction of the Commissioner the fact of his physical presence abroad for an uninterrupted period which includes an entire taxable year.

Every non-resident citizen availing of the special rates provided herein is required to support his declaration of gross income, exemptions and deductions claimed by attaching to his Philippine income tax return a copy of the income tax return he has filed with the government of the foreign country of his residence. 2. Section 51 of the National Internal Revenue Code as amended, is further amended by adding sub-paragraph (3) to paragraph (a) thereof to read as follows:

"(3). Installment payments for non-resident citizens. - When the tax due from a non-resident citizen is in excess of two hundred dollars (U.S. \$200.00), the taxpayer may elect to pay the tax in two equal installments, in which case, the first installment shall be paid at the time the return is filed and the second installment, on or before the fifteenth day of the seventh month following the close of the fiscal year, as the case may be. If any installment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid becomes due and payable together with the delinquency penalties.

3. The Secretary of Finance upon recommendation of the Commissioner of Internal Revenue shall promulgate the rules and regulations for the implementation of this Decree.

4. Effectivity. - This Decree shall take effect on January 1, 1974, beginning with the income earned for the taxable year, 1973.

5. All laws, rules and regulations or parts thereof inconsistent herewith are repealed and/or amended accordingly.

Done in the City of Manila, this 26th day of October, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ROBERTO V. REYES

Assistant Executive Secretary

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