

AN ACT TO AMEND CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE RELATING TO PRIVILEGE TAXES ON BUSINESS.

REPUBLIC ACT NO. 594, February 16, 1951

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

SECTION 1. Paragraph (B) of section one hundred eighty-three of Commonwealth Act Numbered Four hundred sixty-six, otherwise known as the National Internal Revenue Code, as amended by Republic Act Numbered Two hundred fifty-three, is hereby further amended to read as follows:

"(B) Sales tax on imported articles.-When the articles are imported, the percentage taxes established in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six of this Code shall be paid in advance by the importer, in accordance with regulations promulgated by the Secretary of Finance and prior to the release of such articles from customs' custody, based on the import invoice value thereof, certified to as correct by the Philippine Consul at the port of origin if there is any, including freight, postage, insurance, commission, customs duty, and all similar charges, plus one hundred per centum of such total value in the case of articles enumerated in section one hundred and eighty-four; fifty per centum in the case of articles enumerated in section one hundred and eighty-five; and twenty-five per centum in the case of article enumerated in section one hundred and eighty-six. The tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to specific tax or those for consignment abroad and are to form part thereof."

SEC. 2. Section one hundred eighty-four of Commonwealth Act Numbered Four hundred and sixty-six, as amended by Republic Act Numbered Five hundred eighty-eight is hereby further amended to read as follows:

"SEC. 184. Percentage tax. on sales of jewelry, automobiles, toilet preparations, and others.-There shall be levied, assessed, and collected, once only on every original sale, barter, exchange, or similar transaction for nominal or valuable considerations intended to transfer ownership of, or title to, the articles herein below enumerated a tax equivalent to fifty per centum of the gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: Provided, That where the articles are manufactured out of materials subject to tax under this section, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of the manufactured articles:

"(a) Automobile chassis and bodies, the selling price of which exceed five thousand pesos but does not exceed seven thousand pesos: Provided, That where the selling price of an automobile exceeds seven thousand pesos the same shall be taxed at the rate of seventy-five per centum, of such selling price. A sale of automobile shall, for the purpose of this section, be considered to be a sale of the chassis and of the body together with parts and accessories with which the same are usually equipped;

"(b) All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in filling,

mounting or fitting of the teeth); opera glasses, and lorgnettes;

"(c) Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair-dressings hair restoratives, hair dyes, and any similar substance, article, or preparations, by whatsoever name known or distinguished, except tooth and mouth washes, dentrifices tooth paste, and talcum or medicated toilet powders; and any of the above which are used or applied or intended to be used or applied for toilet purposes: Provided, That the tax herein imposed shall not apply to toilet preparations on which the specific tax established in section one hundred and twenty-seven has been paid;

"(d) Dice and mahjong sets;

"(e) Beauty parlor equipment and accessories; and

"(f) Polo mallets and balls; golf bags, clubs and balls; and chess and checker boards and pieces."

SEC. 3. Section one hundred eighty-five of Commonwealth Act Numbered Four hundred and sixty-six as last amended by section two of Republic Act Numbered Five hundred and eighty-eight, is hereby further amended to read as follows:

"SEC. 185. Percentage tax on sales of automobiles, sporting goods, refrigerators, and others.-There shall be levied, assessed, and collected once only on every original sale, barter, exchange, or similar transaction intended to transfer ownership of, or title to, the articles herein below enumerated, a .tax equivalent to thirty per centum of the gross selling price or gross value in money of the articles so sold, bartered, exchanged or transferred, such tax to be paid by the manufacturer or producer: Provided, That where articles are manufactured out of materials subject to tax under this section and section one hundred and eighty-six, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of the manufactured articles:

"(a) Automobile chassis and bodies, the selling price of which does not exceed five thousand pesos. A sale of automobile shall, for the purposes of this section, be considered to be a sale of the chassis and of the body together with parts and accessories with which the same are usually equipped;

"(b) Watches and clocks, the value of which exceeds fifty pesos each; marine glasses, field glasses, binoculars; and cinematographic films of not more than eight millimeters in width;

"(c) Fishing rods and reels;

"(d) Celluloid and bakelite;

"(e) Refrigerators of more than seven cubic feet: Provided, That refrigerators of seven cubic feet or less shall be taxed at the rate of twenty per centum of the selling price;

"(f) Beverage coolers, ice cream cabinets, water coolers, food and beverage storage cabinets, ice making machines, and mild cooler cabinets, each such article having or being primarily designed for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or other means;

"(g) Phonographs, combination radio and phonograph sets; phonograph records; juke boxes, gramophones and similar articles for reproducing music;

"(h) Firearms, parts and accessories; and cartridges or other forms of ammunition: Provided, however, That no tax shall be collected on .22-caliber firearms and cartridges as well as other forms of ammunition sold and delivered directly to the Armed Forces of the Philippines and any government instrumentality or agency as well as any organization and persons engaged in maintaining peace and order for their actual use or issue;

"(i) Electric fans and air circulators (except those specially adopted for industrial use); electric, gas or oil water heaters; electric flat irons, electric, gas or oil appliances of the type used for cooking, warming, or keeping warm food or beverage for consumption on the premises; electric mixers, whippers, and juicers; and household type electric vacuum cleaners: Provided, That electric flat irons the selling price of which does not exceed fifty pesos, shall be taxed at the rate of twenty per centum.

"(j) Unexposed photographic films (including motion picture films but not including X-Ray films); photographic plates and sensitized paper; photographic apparatus and equipment; and any apparatus or equipment designed especially for use in the taking of photographs or motion picture or in the developing, printing, or enlarging of photographs or motion picture films. Under this classification, the tax shall be twenty

per centum.

"(k) Neon-tube signs, electric signs, and electric advertising devices;

"(l) Washing machines of all types;

"(m) Air-conditioning units and parts or accessories thereof;

"(n) Mechanical lighters;

"(o) Upholstered furniture (except rattan); tables, desks, chairs, showcases, bookcases, lockers, and cabinets (other than filing cabinets) of which wood, rattan or bamboo is not the component material of chief value, but not including iron or steel chairs and tables costing not more than six pesos each and medical or dental equipment or apparatus;

"(p) Textiles in the piece, wholly or in chief value of silk, wool, linen or nylon; wool and silk hats; and furs and manufactures thereof;

"(q) Fountain pens and parts or accessories thereof the gross selling price of which exceeds fifteen pesos: Provided, That if their selling price does not exceed fifteen pesos, they shall be taxed at the rate prescribed in section one hundred and eighty-six hereof."

SEC. 4. Section one hundred and eighty-six of Commonwealth Act Numbered Four hundred and sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 186. Percentage tax on sales of other articles.- There shall be levied, assessed, and collected once only on every original sale, barter, exchange and similar transaction either for nominal or valuable considerations to transfer ownership of, or title to, the articles not enumerated in section one hundred and eighty-four and one hundred and eighty-five, a tax equivalent to seven per centum of the gross selling price or gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: Provided, That where the articles are manufactured out of materials subject to tax under this section, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of the manufactured articles: Provided, further, That with respect to all forest products whether manufactured or in the original form, a tax equivalent to five per centum only of the selling price or gross value in money shall be levied, assessed, and collected.

"In the case of operators or proprietors of sawmills, who buy logs for the purpose of sawing and/or cutting them into lumber of standard sizes, the tax prescribed in this section shall be computed on thirty-three and one-third per centum of the gross cost of logs purchased during any given quarter intended for manufacture. Operators or proprietors of sawmills entitled to the privilege of paying the tax on thirty-three and one-third per centum of the gross cost of the logs purchased, including freight, insurance, and similar charges incurred up to the delivery to mill site, by them shall keep a complete record of their transactions, especially their purchase of logs together with the corresponding vouchers, such as official and auxiliary invoices, or the commercial invoices of the products from whom they purchased the logs, in cases where the logs purchased constitute merely a portion of the logs covered by an official invoice, in which commercial invoices the assessment numbers of the official invoices covering the logs and the names and addresses of the vendors shall be indicated. They shall also keep a complete record of lumber purchased by them for resale."

SEC. 5. Section one hundred eighty-eight of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 188. Transactions and persons not subject to percentage tax.-In computing the tax imposed in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six, transactions in the following commodities shall be excluded:

"(a) Things subject to tax under Title IV of this Code.

"(b) Agricultural products and the ordinary salt when sold, bartered, or exchanged in this country by the producer or owner of the land where produced, whether in their original state or not.

"(c) Minerals and mineral products when sold, bartered or exchanged in this country by the lessee,

concessionaire or owner of the mineral land from which removed.

"(d) Articles subject to tax under section one hundred eighty-nine of this Code.

"The following persons shall be exempt from the percentage taxes imposed in sections one hundred eighty-four one hundred eighty-five, and one hundred eighty-six:

"(a) Persons whose gross quarterly sales or receipts do not exceed four hundred fifty pesos.

"(b) All persons engaged in public market places exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish and other domestic food products.

"(c) Peddlers and sellers at fixed stands and other similar selling places engaged exclusively in the sale at retail of domestic meat, fruits, vegetables, game, poultry, fish, and similar domestic food products, whose total stock in trade in any one day does not reach a retail value of fifty pesos.

"(d) Producers of commodities of all classes working in their own homes, consisting of parents and children living as one family, when the value of each day's production by each person capable of working is not in excess of five pesos.

"(e) Persons importing articles under the contract for the exclusive use of the Armed Forces of the Philippines.

SEC. 6. Date of effectivity.-This Act shall take effect upon its approval.

Approved, February 16, 1951.

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