

AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED THREE THOUSAND FOUR HUNDRED SEVENTY.

REPUBLIC ACT NO. 5326, June 15, 1968

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

SECTION 1. Section eleven of Republic Act Numbered Three thousand four hundred-seventy is hereby amended as follows:

"SEC. 11. Definition .—The term 'cottage industry' as used in this Act shall mean an economic activity in a small scale carried on mainly in the homes or in other places for profit and mainly done with the help of the members of the family with capitalization not exceeding fifteen thousand pesos. The term shall also include economic activities carried on by students of public and private schools, within school premises, as a cooperative effort, under supervision of a teacher or other person approved by and acting under the supervision and control of school authorities, either as part of or in addition to ordinary vocational training, provided all profits shall accrue to the students working therein. It shall include the following: (1) fiber crafts, such as making of abaca ropes and twines, buntal fiber extracting and buri leaf braiding; (2) woodcraft such as making of wooden shoes, wooden fans, walking sticks (canes) and wood carvings; (3) hat weaving such as Calasiao, buri, raffia, karagomoy, buntal and bamboo hats, salakots and helmets; (4) mat weaving such as doormats, sleeping mats made in buri, pandan, balilan, and sabutan and other similar materials; (5) metal craft such as making of jewelries, knives, boloes, scissors, razors, silverwares, and works; (6) ceramics such as making of potteries hollow blocks, tiles, firebricks, clay stoves and other ceramic products; (7) shell craft such as making of sea buttons and coconut shell products; (8) bamboo and rattan crafts such as making of hammocks, basketry, making of sawali and other bamboo and rattan furniture articles; (9) small agricultural hand tools such as plow points; (10) toy craft such as making of dolls and toys; (11) embroidery, dressmaking and tailoring industries; (12) needle craft (including knitting and crocheting); (13) loom weaving such as making of fish nets; making of mosquito nets, weaving of Ilocano cloth, Igorot weaving, piña 'barong Filipino', jusi and sinamay; (14) machine parts manufacture such as wheels and stone mortars; (15) poultry including ducks raising and 'balut' making; (16) piggery; (17) home cigar making; (18) food pre-servation and canning, including the making of dried and/or smoked fish or meat, vinegar wine, lambanog, 'bagoong', pili or peanuts confectionery or coconut candy (bucayo) ; (19) other related crafts such as making of brooms, pandan, nito and buri, 'karagamoy' bags, bead making, guitar and other musical instruments; and (20) such other industries done in home with the aid of electrical gadgets and/or by hand manipulation. All cottage industries shall be owned and operated by Filipino citizens, or by a corporation, partnership, or cooperative, at least seventy-five percent of the capital or investment of which is owned by Filipino citizens. All members of its Board of Directors shall be Filipino citizens.

"The word capitalization as used in this section mean the total current assets and fixed assets, excluding the value of the land and building if the same are residence of the owner, but including machinery and equipment, land and building leased, rented and/or used at least six months of each year. For purposes of this Act, any and all branches, agencies, outlets or divisions of a licensed cottage industry shall be collated to determine the capitalization thereof.

"The term 'cottage industry products' shall mean products produced by cottage industries and shall be labeled, if feasible, as Cottage Industry Products—Made in the Philippines, together with the identity of the producer."

SEC. 2. Section sixteen of the same Act is also amended to read as follows:

"SEC. 16. The production, manufacture and sale of cottage industry products shall be exempt from all taxes, except specific and income taxes, for a period of five years from the date of registration of the person or firm engaged in the production or manufacture of cottage industry products with the Board: Provided, That seventy-five percent of the total cost of raw materials utilized in the production or manufacture of cottage industry products consists of raw materials of Philippine origin: Provided, further, That, the latter requirement as to raw materials shall not apply to embroidery, piggery, poultry, livestock and metal craft industries: Provided, furthermore, That no exemptions from the percentage taxes on sales shall be enjoyed for all sales in excess of two hundred thousand pesos each year: Provided, finally, That the provisions of the law on cooperatives shall not be affected by this Act.

"Any individual or corporation, partnership or association who or which subsequently sells, leases, pledges or otherwise transfers any machinery and equipment imported and exempted from the tax as provided for in this Act, to another likewise engaged in the cottage industry, shall pay the corresponding duties and taxes thereon: Provided, however, That if the transfer is made in favor of another not engaged in the cottage industry, the duties and taxes shall be double the rates provided for under existing laws, all such transactions shall be made with the knowledge of the NACIDA and the Commissioner of Customs.

"Any person or firm duly registered and engaged in the promotion, manufacture and sale of cottage industry products prior to the approval of this Act, whose capitalization is more than fifteen thousand pesos shall continue to enjoy the tax exemptions provided herein only for a period not exceeding three months from the date approval of this Act until the expiration of five years from the date such person or firm was registered to the Board whichever period comes first."

SEC. 3. Submission of Report.—The Secretary of Commerce and industry shall submit an annual report on the amount of taxes waived for each fiscal year for each of the different registered cottage industries of the NACIDA to the Presiding Officers of both Houses of Congress thirty days before the opening of its regular session.

SEC. 4. This Act shall take effect upon its approval.

Approved, June 15, 1968.

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