

AN ACT TO AMEND SECTION FIFTY-SIX OF COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE.

REPUBLIC ACT NO. 1983, June 22, 1957

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

SECTION 1. Section fifty-six of Commonwealth Act Numbered Four hundred sixty-six is hereby amended to read as follows:

"SEC. 56. Imposition of tax.— (a) Application of tax.— The taxes imposed by this Title upon individuals shall apply to the income of estates or of any kind of property held in trust, including—

"(1) Income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interest, and income accumulated or held for future distribution under the terms of the will or trust;

"(2) Income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

"(3) Income received by estates of deceased persons during the period of administration or settlement of the estate; and

"(4) Income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

"(b) Exception.—The tax imposed by this Title shall not apply to employees' trust which forms part of a pension, stock bonus or profit-sharing plan of an employer for the benefit of some or all of his employees (1) if contributions are made to the trust by such employer, or employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, and (2) if under the trust instrument it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees: Provided, That any amount actually distributed to any employee or distributee shall be taxable to him in the year in which so distributed to the extent that it exceeds the amount contributed by such employee or distributee.

"(c) Computation and payment.—

"(1) In general.—The tax shall be computed upon the net income of the estate or trust and shall be paid by the fiduciary, except as provided in section fifty-nine (relating to revocable trust) and section sixty (relating to income for the benefit of the grantor);

"(2) Consolidation of income of two or more trusts.— Where, in the case of two or more trusts, the creator of the trust in each instance is the same person and the beneficiary in each instance is the same, the net income of all the trusts shall be consolidated and the tax provided in this section computed on such consolidated income, and such proportion of said tax shall be assessed and collected from each trustee, which the net income of the trust administered by him bears to the consolidated income of the several trusts."

SEC. 2. This Act shall take effect upon its approval, but shall apply to income received from January first, nineteen hundred and fifty-seven.

Approved, June 22, 1957.

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