

PROVIDING FOR THE SUSPENSION OF THE REQUIREMENTS OF EXECUTIVE ORDER NO. 10 WHICH MANDATES ALL GOVERNMENT FINANCIAL INSTITUTIONS TO USE INCOME TAX RETURNS AND FINANCIAL STATEMENT...

EXECUTIVE ORDER NO. 326, April 17, 1996

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WHEREAS, in consonance with Presidential Proclamation No. 595, declaring 1996 as the Small Enterprises Development Year;

WHEREAS, as embodied in Republic Act 6977, otherwise known as the Magna Carta for Small Enterprises, it is the policy of the State to promote, support, strengthen and encourage the growth and development of small and medium enterprises in all productive sectors of the economy towards countryside industrialization;

WHEREAS, cognizant of the fact that the most rapid way of advancing the commercial and economic interests of the micro, cottage and small enterprises, as defined by the Small and Medium Enterprises Development Council, is by providing them access to available financing facilities of government financing institutions;

WHEREAS, recognizing that a great number of micro, cottage and small enterprises which are not able to prepare necessary financial statements and income tax returns, in accordance with Executive Order 10, resort to informal and unrecognized financing alternatives, thereby tolerating the existence of loan sharks and usurers;

WHEREAS, realizing the imperative objective of the prevailing Tax Reform Program of the Government, and in facilitation thereof, heightened revenues could be potentially generated should these micro, cottage and small enterprises be drawn into the formal economic sphere;

WHEREAS, the government financing institutions, in their lending programs shall educate these enterprises in the preparation of financial statements and income tax returns, and require them to file with the Bureau of Internal Revenue;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby suspend the requirements of Executive Order No. 10; Provided:

- a) That this suspension shall only apply to micro, cottage and small enterprises, as defined by the Small and Medium Enterprises Development Council (SMED Council);
- b) That these micro, cottage and small enterprises can avail of the benefit only once;
- c) That this suspension shall be in effect for a period of five (5) years from date thereof; and
- d) That, finally, this suspension shall be consistent and run parallel to the Comprehensive Tax Reform Program of the Government.

This Executive Order shall take effect immediately.

Adopted: 17 April 1996

(SGD.) FIDEL V. RAMOS
President of the Philippines

By the President:

(SGD.) RUBEN D. TORRES
Executive Secretary

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