

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

REPUBLIC ACT NO. 588, September 22, 1950

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

SECTION. 1. Section one hundred and eighty-four of Commonwealth Act Numbered Four hundred and sixty-six, as last amended by section one of Republic Act Numbered Three hundred and ninety-six, 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, producer, or importer: 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 exceeds 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 ware, 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, hairdressings, 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. 2. Section one hundred and eighty-five of Commonwealth Act Numbered Four hundred and sixty-six, as last amended by Republic Act Numbered Three hundred and ninety-six, 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, producer, or importer: 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: Pro-vided, 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 firearms and cartridges or other forms of ammunition sold and delivered directly to the Philippine Army 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.

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

"(i) 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. 3. Section one hundred and eighty-six of Commonwealth Act Numbered Four hundred and sixty-six, as amended by section three of Republic Act Numbered Forty-one, 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, producer, or importer: 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: And 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 by them shall keep a complete record of their transactions, specially their purchase of logs together with the corresponding vouchers, such as official and auxiliary invoices, or the commercial invoices of the producers 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. 4. Section one hundred and ninety-one of Commonwealth Act Numbered Four hundred and sixty-six, as last amended by section one of Republic Act Numbered Thirty-nine, is hereby further amended to read as follows:

"SEC. 191. Percentage tax on road, building, irrigation, artesian well, waterworks, and other construction work contractors, proprietors or operators of dockyards, and others.—Road, building, irrigation, artesian well, waterworks, and other construction work contractors; filling contractors; persons engaged in the installation of gas, or electric light, heat, or power; persons selling light, heat, or power, except those paying a franchise tax; proprietors or operators of dockyards, mine drilling apparatus, smelting plants, engraving plants, plating establishments, dry-cleaning or dyeing establishments, steam laundries, photographic studios, telephone or telegraph lines or exchanges, broadcasting or wireless stations, funeral parlors, shops for the construction or repair of bicycles or vehicles of any kind, mechanical devices, instruments, apparatus, or furniture of any kind, and tailor shops, beauty parlors, dressmakers, milliners, hatters, keepers of hotels, lodging houses, stevedores, warehousemen; plumbers; smiths; house or sign painters; lithographers, publishers, except those engaged in the publication or printing and publication of any newspaper, magazine, review, or bulletin which appears at regular intervals, with fixed prices for subscription and sale, and which is not devoted principally to the

publication of advertisements, printers, and bookbinders, shall pay a tax equivalent to three per centum of their gross receipts.

"Keepers of restaurants, refreshment parlors and other eating places shall pay a tax of three per centum, and keepers of bars and cafes where wines or liquors are served, five per centum, of their gross receipts. Where such establishments are maintained within the premises or compound of a race-track or jai-alai or are accessible to patrons of such race-track or jai-alai by means of a connecting door or passage, the keepers of such establishments shall pay a tax of twenty per centum of their gross receipts. Where the establishment is maintained within the premises of a cabaret or night club, or is accessible to patrons thereof by means of a connecting door or passage, the keeper of the establishment shall pay a tax of ten per centum of the gross receipts.

"Contractors or others whose gross receipts do not exceed two hundred pesos each quarter shall be exempt from the payment of the taxes provided for in this section. Owners or operators of business covered by franchises shall likewise be exempt from the tax imposed in the first paragraph of this section."

SEC. 5. Section one hundred and ninety-three of Commonwealth Act Numbered Four hundred and sixty-six, as amended by section two of Republic Act Numbered Forty-two, is hereby further amended to read as follows:

"SEC. 193. Amount of tax on business.—Fixed taxes on business shall be collected as follows, the amount stated being for the whole year, when not otherwise specified:

"(a) Brewers, one thousand pesos.

"(b) Distillers of spirits, one hundred pesos, if the annual production does not exceed fifty thousand gauge liters; two hundred pesos, if the annual production exceeds fifty thousand gauge liters but does not exceed one hundred thousand gauge liters; four hundred pesos, if the annual production exceeds one hundred thousand gauge liters but does not exceed two hundred and fifty thousand gauge liters; and six hundred pesos if the annual production exceeds two hundred and fifty thousand gauge liters; rectifiers of distilled spirit, compounders, and repackers of wines or distilled spirits, four hundred and fifty pesos.

"(c) Wholesale peddlers of distilled, manufactured, or fermented liquor, one hundred pesos.

"(d) Wholesale peddlers of manufactured tobacco, fifty pesos.

"(e) Retail peddlers of distilled, manufactured, or fermented liquor, one hundred and fifty pesos.

"(f) Retail peddlers of manufactured tobacco, sixteen pesos.

"(g) Wholesale liquor dealers—

"1. In the City of Manila, six hundred pesos;

"2. In chartered cities other than Manila, four hundred pesos;

"3. In any other place, one hundred and fifty pesos.

"(h) Wholesale dealers in fermented liquors, except basi, tuba and tapuy, one hundred and fifty pesos. "

"(i) Retail liquor dealers, one hundred pesos.

"(j) Retail vino dealers, twenty pesos.

"(k) Retail dealers in fermented liquors, fifty pesos.

"(l) Retail leaf tobacco dealers, thirty pesos.

"(m) Manufacturers of tobacco and manufacturers of cigars and cigarettes—

"1. In the City of Manila, four hundred pesos;

"2. In any other place, one hundred pesos.

"(n) Wholesale tobacco dealers, sixty pesos; retail tobacco dealers, sixteen pesos.

"(o) Manufacturers or importers of playing cards, two hundred pesos.

"(p) Manufacturers, producers, or importers of soft drinks or mineral waters, one hundred pesos.

"(q) Stockbrokers, dealers in securities, real estate brokers, real estate dealers, commercial brokers, customs brokers and immigration brokers, one hundred and fifty pesos.

"(r) Owners of race tracks for each day on which races are run on any track, five hundred pesos.

"(s) Lending investors—

"1. In chartered cities and first-class municipalities, three hundred pesos;

"2. In second-class municipalities, one hundred and fifty pesos;

"3. In third-class municipalities, one hundred and fifty pesos; and

"4. In fourth and fifth-class municipalities and municipal districts, seventy-five pesos: Provided, That lending investors who do business as such in more than one province shall pay a tax of three hundred pesos.

"(t) Business agents (agentes de negocios), sixty pesos.

"(u) Cinematographic film owners, lessors or distributors, two hundred pesos."

SEC. 6. Paragraph (s) of section one hundred and ninety-four of Commonwealth Act Numbered Four hundred and sixty-six, as amended by section three of Republic Act Numbered Forty-two, is hereby further amended to read as follows:

"(s) 'Real estate broker' includes any person, other than a real estate salesman as hereinafter defined, who for another, and for a compensation or in the expectation or promise of receiving compensation, (1) sells or offers for sale, buys or offers to buy, lists, or solicits for prospective purchasers, or negotiates the purchase, sale or exchange of real estate or interests therein; (2) or negotiates loans on real estate; (3) or leases or offers to lease or negotiates the sale, purchase or exchange of a lease, or rents or places for rent or collects rent from real estate or improvements thereon; (4) or shall be employed by or on behalf of the owner or owners of lots or other parcels of real estate at a stated salary, on commission, or otherwise, to sell such real estate or any parts thereof in lots or parcels. 'Real estate salesman' means any natural person regularly employed by a real estate broker to perform in behalf of such broker any or all of the functions of a real estate broker. One act of a character embraced within the above definition shall constitute the person performing or attempting to perform the same a real estate broker. But the foregoing definitions do not include a person, who shall directly perform any of the acts aforesaid with reference to his own property, where such acts are performed in the regular course of or as an incident to the management of such property; nor shall they apply to persons acting pursuant to a duly executed power of attorney from the owner authorizing final consummation by performance of a contract conveying real estate by sale, mortgage or lease; nor shall they apply to any receiver, trustee or assignee in bankruptcy or insolvency, or to any person acting pursuant to the order of any court; nor to a trustee selling under a deed of trust. 'Real estate dealer' includes any person engaged in the business of buying, selling, exchanging, leasing, or renting property on his own account as principal and holding himself out as a full or part-time dealer in real estate or as an owner of rental property or properties rented or offered to rent for an aggregate amount of three thousand pesos or more a year: Provided, however, That an owner of sugar lands subject to tax under Commonwealth Act Numbered Five hundred and sixty-seven shall not be considered as a real estate dealers under this definition."

SEC. 7. Section one hundred and ninety-five of Commonwealth Act Numbered Four hundred and sixty-six is

hereby amended to read as follows:

"SEC. 195. Percentage tax on stock, real estate, commercial, customs and immigration brokers and cinematographic film owners, lessors, or distributors.—Stock, real estate, commercial, customs, and immigration brokers shall pay a percentage tax equivalent to six per centum of the gross compensation received by them. Cinematographic film owners, lessors, or distributors shall pay a percentage tax of two per centum of their gross receipts.

"The records kept by said brokers and cinematographic film owners, lessors or distributors may be used as evidence to determine the amount of the percentage tax due from them, and the Collector of Internal Revenue may assess and collect the tax due on the compensation or gross receipts earned in accordance with said records.

"In any case, the amount of the compensation or gross receipts of said brokers and cinematographic film owners, lessors, or distributors shall be reported quarterly within the time established for the other quarterly reports of sales and receipts."

SEC. 8. This Act shall take effect upon its approval, but unless otherwise expressly extended by Congress, the increased tax provided for in this Act shall continue in force and effect only until December thirty-first, nineteen hundred and fifty-two, after which period the original rates of tax shall again be in force.

Approved, September 22, 1950.

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