

AN ACT AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

REPUBLIC ACT NO. 6110, August 04, 1969

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/b24183e820ab/>

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

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

"SEC. 2. Chief officials of Bureau.—The Bureau of Internal Revenue shall have a chief to be known as Commissioner of Internal Revenue, and two assistant chiefs, to be known as deputy commissioners."

SEC. 2. Section five of the same Act is hereby amended to read as follows:

"SEC. 5. Forms, certificates, and appliances supplied by the Commissioner of Internal Revenue.—It shall be the duty of the Commissioner of Internal Revenue, among other things, to prescribe, provide, and distribute to the proper officials the requisite licenses, internal revenue stamps, and labels or tags used in sealing weights, and measures, and all other forms, certificates, bonds, records, invoice books, instruments, appliances, and apparatus used in administering the laws falling within the jurisdiction of the Bureau. For this purpose, internal revenue stamps, strip stamps, science stamps and labels shall be caused by the Commissioner of Internal Revenue to be printed in the same manner as Philippine currency."

SEC. 3. A new section is hereby inserted after Section seven of the same Act to be known as Section seven-A, which shall read as follows:

"SEC. 7-A. Power of Commissioner of Internal Revenue to obtain information; on potential taxpayers.—When it comes to the knowledge of the Commissioner of Internal Revenue that certain offices of the national and local governments, such as the Office of Register of Deeds, the Securities and Exchange Commission, the Philippines Patent Office, those of mayors and treasurers, the Government Service Insurance System, the Social Security System and others, possess valuable information for discovery of potential taxpayers, the Commissioner or his deputies shall obtain that information upon proper request from the offices concerned. It shall be the duty of those offices to furnish the desired information within thirty days from receipt of the request of the Commissioner of Internal Revenue or his deputies."

SEC. 4. Section eighteen of the same Act is hereby amended to read as follows:

"SEC. 18. Sources of Revenue.—The following taxes, fees and charges are deemed to be national internal revenue taxes:

- "(a) Income tax;
- "(b) Estate, inheritance and gift taxes;
- "(c) Specific taxes on certain articles;
- "(d) Privilege taxes on business or occupation;
- "(e) Documentary stamp taxes and science stamp taxes;
- "(f) Mining taxes; and

"(g) Miscellaneous taxes, fees, and charges, namely, taxes on banks, finance companies, insurance companies, franchise taxes, taxes on amusements, charges on forest products, fees for sealing weights and measures, firearms license fees, tobacco inspection fees, water rentals, and such other taxes as are or hereafter may be imposed and collected by the Bureau of Internal Revenue."

SEC. 5. Subsection (d) of Section twenty-three of the same Act is hereby amended to read as follows:

"(d) Change of status.—

If the taxpayer married or should have additional dependents as defined in subsection (c) above during the taxable year the taxpayer may claim the corresponding personal exemptions in full for such year.

"If the taxpayer should die during the taxable year, his estate may still claim the personal and additional deductions for himself and his dependents as if he died at the close of such year.

"If the spouse or any of the dependents should die during the year, the taxpayer may still claim the same deductions as if they died at the close of such year."

SEC. 6. Subsection (b) of Section twenty-four of the same Act is hereby amended to read as follows:

"(b) Tax on foreign corporations.— (1) Non-resident corporations.—A foreign corporation not engaged in trade, or business in the Philippines including a foreign life insurance company not engaged in the life insurance business in the Philippines shall pay a tax equal to thirty-five per cent of the gross income received during each taxable year from all sources within the Philippines, as interests, dividends, rents, royalties, salaries, wages, premiums, annuities, compensations, remunerations for technical services or otherwise, emoluments or other fixed or determinate annual, periodical or casual gains, profits, and income, and capital gains: Provided, however, That premiums shall not include reinsurance premiums.

"(2) Resident corporations.—A corporation, organized, authorized, or existing under the laws of any foreign country, except a foreign life insurance company, engaged in trade or business within the Philippines, shall be taxable as provided in subsection (a) of this section upon, the total net income received in the preceding taxable year from all sources within the Philippines."

SEC. 7. Paragraph (a) of Section twenty-five of the same Act is hereby amended to read as follows:

"SEC. 25. Additional tax on corporations improperly, accumulating profits or surplus.— (a) Imposition of tax.—If any corporation, except banks, insurance companies or personal holding companies, whether domestic or foreign, is formed or availed of for the purpose of preventing the imposition of the tax upon its share-holders or members or the share-holders or members of another corporation, through the medium of permitting its gain and profits to accumulate instead of being divided or distributed, there is levied and assessed against such corporation, for each taxable year, a tax equal to twenty-five per centum of the undistributed portion of its accumulated profits or surplus which shall be in addition to the tax imposed by section twenty-four, and shall be computed, collected and paid in the same manner and subject to the same provisions of law, including penalties, as that tax."

SEC. 8. Section twenty-seven of the same Act is hereby amended by adding at the end thereof a new paragraph to read as follows:

"(l) Development banks as provided in Republic Act Numbered Four thousand ninety-three, as amended."

SEC. 9. Subsection (b) (7) of Section twenty-nine of the same Act is hereby amended to read as follows:

"SEC. 29. Gross Income * * *

"(b) Exclusions from gross income

* * * *

"(7) Miscellaneous items

(A) * * *

(B) * * *

(C) Income derived as rewards under Republic Act Numbered Twenty-three hundred and thirty-eight."

SEC. 10. Subsection (c) of Section twenty-nine of the same Act is hereby amended to read as follows:

"(c) Dividends received from domestic corporations.— In the case of dividends received by a domestic or resident foreign corporation from a domestic corporation liable to tax under this Code, only twenty-five per cent of such dividends shall be returnable for purposes of the tax imposed by Section twenty-four."

SEC. 11. Paragraph (1) subsection (a) of Section thirty of the same Act is hereby amended to read as follows:

"(a) Expenses:

"(1) In general.—All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses while away from home in the pursuit of a trade or business, rentals or other payments required to be made as a condition to the continued use or possession, for the purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"In the case of an individual, ordinary and necessary entertainment expenses in an amount not in excess of one thousand pesos or five per centum. of gross income, whichever is lesser, shall be allowed as deduction. Claims for such ordinary and necessary entertainment expenses in an amount exceeding this allowance shall be duly supported by the corresponding vouchers and/or receipts."

SEC. 12. Section thirty (h) of the same Act is hereby amended to read as follows:

"SEC. 30. (h) Charitable and other contributions.— Contributions or gifts actually paid or made within the taxable year to or for the use of the Government of the Philippines or any political subdivision thereof for exclusively public purposes, or to domestic corporations or associations organized and operated exclusively for religious, charitable, scientific, athletic, cultural or educational purposes or for the rehabilitation of veterans, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual to an amount not in excess of six per centum in the case of an individual, and three per centum in the case of a corporation, of the taxpayer's taxable net income as computed without the benefit of this paragraph.

"Notwithstanding the foregoing, the following donations shall be deductible in full and shall not be included for purposes of computing the maximum amount deductible under the preceding paragraph:

"(1) Any donation made to any school, college, or university recognized by the Government either for general or special purposes: Provided, That said donation is not for payment or granting of a salary increase, bonus, or personal benefits to any or all of the school officials, faculty, and personnel in case of a public school or to any of its stockholders, school officials, faculty, and personnel in case of private schools.

"(2) Donations to the Artesian Well Fund as provided in Republic Act Numbered Nine hundred seventy-seven.

"(3) Donations to the International Rice Research Institute as provided in Republic Act Numbered Two thousand seven hundred seven.

"(4) Donations to the National Science Development Board and its agencies and to public or recognized private educational institutions, and scientific and research foundations, as provided in Republic Act Numbered Three thousand five hundred eighty-nine.

"(5) Donations to the Ramon Magsaysay Award foundation, as provided in Republic Act Numbered Three thousand six hundred seventy-six.

"(6) Donations to the University of the Philippines, and other state colleges and universities subject to the same limitations in paragraph one above.

"(7) Donations to the Philippine Rural Reconstruction Movement.

"(8) Donations to the Catholic Relief Services-NCWC, and the Tools for Freedom Foundation as provided in Republic Act Numbered Four thousand four hundred eighty-one.

"(9) Donations to the Cultural Center of the Philippines.

"(10) Donations to the Philippine Amateur Athletic Federation.

"(11) Donations to the Trustees of the Press Foundation of Asia, Inc.

"(12) Donations to the National Commission on Culture.

"(13) Donations to Humanitarian Science Foundation.

"(14) Donations to Roxas Education and Welfare Committee, Inc.

"The provisions of existing special laws to the contrary notwithstanding, all other contributions or donations shall be subject to the limitations provided in the first paragraph of this subsection.

"Such contribution or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Secretary of Finance."

SEC. 13. Subsection (k) of Section thirty of the same Act is hereby amended to read as follows:

"(k) Optional standard deduction.—In lieu of the deductions allowed under this section an individual, other than a non-resident alien, may elect a standard deduction. Such optional standard deduction shall be in the amount of five thousand pesos or in an amount equal to ten per centum of his gross income, whichever is the lesser. Unless the taxpayer signifies in his return his intention to elect the optional standard deduction he shall be considered as having availed himself of the deductions allowed in the preceding subsection. The Secretary of Finance shall prescribe the manner of the election. Such election when made in the return shall be irrevocable for the taxable year for which the return is made."

SEC. 14. Subsection (a) of Section forty-five of the same act is hereby amended to read as follows:

"SEC. 45. Individual returns.—(a) Requirements.—

"(1) The following individuals are required to file an income tax return, if they have a gross income of at least one thousand eight hundred pesos for the taxable year:

"(A) Every Filipino citizen, whether residing in the Philippines or abroad and,

"(b) Every alien residing in the Philippines, regardless of whether the gross income was derived from sources within or outside the Philippines.

"(2) Regardless of amount, every non-resident alien deriving income from sources within the Philippines shall file an income tax return.

"(3) Notwithstanding the provisions of the preceding-paragraph, a Filipino citizen, whether residing in the Philippines or abroad, or a resident alien, Or a non-resident alien engaged in trade or business in the Philippines, shall file an income tax return if he falls under any of the following categories, regardless of whether he derives any income or not for the taxable year if, during that taxable year, he—

"(A) Is an official or employee of the government or has a contract with the Government of the Republic of the Philippines, or any of its agencies or instrumentalities, including government-owned or controlled corporations, regardless of the nature of his appointment or duration of his employment;

"(B) Is a professional as defined hereinbelow;

"(C) Is a registered or beneficial owner or mortgagee of any real property;

"(D) Is a registered or beneficial owner, or mortgagee of any motor vehicle;

"(E) Is a registered or beneficial owner, or mortgagee of any share of stock or security of a corporation, or any interest in a firm or partnership;

"(F) Has travelled abroad, except children below eighteen years of age;

"(G) Has filed a certificate of candidacy for any public office, except barrio officials and municipal councilors;

"(H) Is engaged in trade or commerce.

"For purposes of this section, an individual is deemed a professional if, during a taxable year, he passes any government examination for the practice of a profession given by a board of examiners or by the Supreme Court, or remains a registered member of any profession covered by such examination, regardless of whether or not, during that taxable year he actually practices his profession.

"The income tax return shall be filed in duplicate, and shall set forth specifically the gross amount of income from all sources, except that of non-resident aliens which shall contain only such incomes derived from sources within the Philippines."

SEC. 15. Section fifty of the same Act is hereby amended to read as follows:

"SEC. 50. Verification of returns.—The income tax return shall contain a declaration that the taxpayer or his authorized representative made it under the penalties of perjury."

SEC. 16. Section eighty-one of the same Act is hereby amended to read as follows:

"SEC. 81. Disposition of income tax returns; publication of lists of persons filing returns and paying taxes.—After the assessment shall have been made, as provided in this Title, the returns, together with any corrections thereof which may have been made by the Commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such upon the order of the President of the Philippines under rules and regulations to be prescribed within sixty days from the date of the effectivity of this Act by the Secretary of Finance.

"The Commissioner of Internal Revenue may in each year cause to be prepared and published in any newspaper and otherwise make available to public inspection upon written request and pursuant to regulations to be prescribed by the Secretary of Finance, lists containing the names and addresses of persons who have filed income tax return with the amount of income declared and the income tax paid by each. The list of taxpayers for the preceding taxable year in each municipality or city shall be posted at the main entrance of the respective municipal building or city hall."

SEC. 17. Section ninety-one of the same Act is hereby amended to read as follows:

"SEC. 91. Determination of value of usufructs, annuities, and other property.—To determine the value of the right of usufruct, use of habitation, as well as that of annuity there shall be taken into account the probable life of the beneficiary in accordance with the American Tropical Experience Table calculated at eight per centum annual interest.

"The estate shall be appraised at its fair market value as of the time of death, or as of six months thereafter, at the election of the executor or administrator in the case of the estate tax or the heirs in the case of inheritance tax. However, for the purpose of determining the value of real property, the value as of the time of death, or, at the election of the executor, administrator or the heirs, as of six months after death, as shown in the schedule of values fixed by the Department of Finance shall, be considered as the fair market value, and unless the contrary is shown by the taxpayer, the schedule shall be binding upon all concerned for purposes of computing any internal revenue tax based on the value of real property.

"For this purpose, a real property valuation committee shall be created in the Department of Finance which shall submit to the Secretary of Finance a schedule of percentage adjustment of the assessed value of real property in each municipality and city after due notice and hearing. This schedule shall be revised every three years.

"The Real Property Valuation Committee shall be composed of a chairman and four members, two of whom shall come from the private sector who shall be appointed by the Secretary of Finance. The representatives from the private sector shall hold office for six years. One representative shall be recommended by the Board of Realtors of the Philippines and the other representative shall be recommended by the registered Homeowners Association of the Philippines, but in the absence of either or both associations, the Secretary of Finance shall appoint any qualified real property owner or owners.

"The Secretary of Finance shall promulgate uniform rules and regulations for the guidance of the real property valuation committee in the discharge of their functions under this section. The presence of at least three members of the committee shall constitute a quorum sufficient to transact business. The members of the committee representing the private sector shall be entitled to a per diem of thirty pesos for each day of session actually attended, plus actual and ordinary traveling expenses from and to his usual place of residence, to be paid from the appropriations of the Department of Finance. The other members of the committee who are government officials shall serve without additional compensation."

SEC. 18. Section one hundred of the same Act is hereby amended to read as follows:

"SEC. 100. Interest on deficiency.—Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the Commissioner of Internal Revenue, and shall be collected as a part of the tax, at the rate of twelve per centum per annum from the due date of the tax to the date the deficiency is assessed."

SEC. 19. Section one hundred and eight of the same Act is hereby amended to read as follows:

"SEC. 108. Imposition of tax.—(a) There shall be levied, assessed, collected, and paid upon the transfer by any person, resident or non-resident, of the property by gift, a tax, computed as provided in Section one hundred and nine.

"(b) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible."

SEC. 20. The last paragraph of Section one hundred and nine of the same Act is hereby amended to read as follows:

"SEC. 109. Rates of tax payable by donor.—* * *

"The tax provided in this section shall not apply in every case where the donor makes the gift in favor of an educational and/or charitable corporation, institution, foundation, trust or philanthropic organization or research institution or organization as defined in the next section."

SEC. 21. Section one hundred and ten of the same Act is hereby amended to read as follows:

"SEC. 110. Rates of tax payable by donee.—In addition to the gift tax imposed under the preceding section, there shall be levied a tax in the amount equal to the excess of a tax, computed in accordance with the rate schedule hereinafter set forth, on the aggregate sum of the net gifts received by each donee for such calendar year and for each of the preceding calendar years over a tax computed in accordance with the rate schedule, on the aggregate sum of the net gifts for each of the preceding calendar years received by each donee.

"Rate Schedule

“(a) When the donee or beneficiary is a spouse, a legitimate, recognized natural, illegitimate or adopted child, or a legitimate descendant or ascendant, or either of the adopting parents of the donor, or the father or mother who had recognized such donor as a natural or illegitimate child, and in every case where the donee receives the property exclusively for educational or charitable purposes, there shall be collected from the donee upon the gifts received by him a tax equal to the sum of the following: Provided, however, That such portion of the gifts in favor of a spouse or a legitimate, recognized natural, illegitimate or adopted child of the donor, who is a citizen or resident of the Philippines, which is not in excess of five thousand pesos shall be exempted from this tax: Provided, further, That the total amount of the gifts received by a non-profit educational and/or charitable corporation, institution, foundation, trust, shall be exempted from the tax provided for in this section subject to the condition that not more than thirty per centum. of said gifts shall be used by such donee for administration purposes.

"Two per centum upon the first twelve thousand pesos;

"Four per centum of the amount by which the net gifts exceed twelve thousand pesos and do not exceed thirty thousand pesos;

"Six per centum of the amount by which the net gifts exceed thirty thousand pesos and do not exceed fifty thousand pesos;

"Eight per centum of the amount by which the net gifts exceed fifty thousand pesos and do not exceed seventy thousand pesos;

"Twelve per centum of the amount by which the net gifts exceed seventy thousand pesos and do not exceed one hundred thousand pesos;

"Fourteen per centum of the amount by which the net gifts exceed one hundred thousand pesos and do not exceed one hundred and fifty thousand pesos;

"Sixteen per centum of the amount by which the net gifts exceed one hundred and fifty thousand pesos and do not exceed two hundred and fifty thousand pesos;

"Eighteen per centum of the amount by which the net gifts exceed two hundred and fifty thousand pesos and do not exceed five hundred thousand pesos;

"Twenty per centum of the amount by which the net gifts exceed five hundred thousand pesos and do not exceed one million pesos; and

"Twenty-two per centum of the amount by which the net gifts exceed one million pesos.

"Where the property is received for educational or charitable purposes, it shall be the duty of the person or persons in charge thereof to submit from time to time a report of the administration and use of the property to the Commissioner of Internal Revenue and within twenty days after demand therefor has been made by the said Commissioner.

"Where the gift is received by a non-profit educational and/or charitable corporation, institution, foundation, trust or philanthropic organization and/or research institution or organization it shall be the duty of the person

or persons in charge thereof to submit within ninety days after the end of each calendar year a report to the Commissioner of Internal Revenue on the use and disposition of the gift received during the year which shall be subject to verification by the Commissioner.

"For the purpose of this tax, a non-profit educational and/or charitable corporation, institution, foundation, trust or philanthropic organization and/or research institution or organization is a school, college or university and/or charitable corporation, foundation, trust or philanthropic organization and/or research institution, or organization, incorporated as a non-stock entity, without stockholders, paying no dividends, governed by trustees who receive no compensation, and devoting all its income, whether student's fees, or gifts, donations, subsidies or other forms of philanthropy, to the accomplishment and promotion of the purposes enumerated in its articles of incorporation.

"(b) When the donee or beneficiary is a brother or sister who is a legitimate, acknowledged natural or illegitimate child of a common father or mother, or both, of the donor, or the children of such brother or sister, or any descendant mentioned as such in the deed and not included in sub-section (a) hereof, there shall be collected the same tax fixed in said sub-section with an increase of seventy-five per centum.

"(c) When the donee or beneficiary is a relative within the sixth degree and not included in subsections (a) and (b), there shall be collected the same tax fixed in subsection (a) with an increase of one hundred and fifty per centum.

"(d) When the donee or beneficiary is a relative by affinity within the same degree as those mentioned in subsections (a) and (b) with the exception of the spouse, there shall be collected the same tax fixed in subsection (a) with an increase of two hundred and twenty-five per centum.

"(e) When the donee or beneficiary is a stranger, there shall be collected the same tax fixed in subsection (a) with an increase of four hundred per centum., provided that if the gifts received by him exceed five hundred thousand pesos, the excess shall be subject to tax at ninety-five per centum.

"For the purpose of this tax, strangers are deemed those relatives by consanguinity in the collateral line not within the degree of relationship recognized by law in intestate succession, and all relatives by affinity not included in subsections (a) and (b); Provided, however, That where the beneficiary is a domestic servant or a trusted employee, there shall be collected on the first two thousand pesos and five thousand pesos, respectively, the tax fixed in subsection (a) of this section and, on the excess, the tax prescribed in this subsection. In cases of property which by the desire of the donor should be divided among the poor, without the designation of any particular persons, or which should be disposed of for masses or other pious works, there shall be collected from the donee the tax at the rate fixed in this subsection upon the total aggregate amount of such gifts.

"In case the property donated is subject to the usufructuary interest, use or habitation or annuity of a third person, the tax shall be based on the value of the net gifts less that of the usufruct, use or habitation or annuity determined in accordance with the provisions of Section ninety-one."

SEC. 22. Section one hundred and thirteen of the same Act is hereby amended to read as follows:

"SEC. 113. Valuation of gifts made in property.—If the gift is made in property, the fair market value thereof at the time of the gift shall be considered the amount of the gift. In case of real property, the provisions of paragraph two, Section ninety-one shall apply to the valuation thereof.

SEC. 23. A new section is hereby inserted between Sections one hundred and eighteen and one hundred and nineteen of the same Act, to be known as Section one hundred and eighteen-A which shall read as follows:

"SEC. 118-A. Interest on Deficiency.—Interest upon the amount determined as a deficiency, shall be paid upon notice and demand from the Commissioner of Internal Revenue, and shall be collected as a part of the tax, at

the rate of twelve per centum per centum. from the due date of the tax to the date the deficiency is assessed."

SEC. 24. Section one hundred and thirty-seven (b) of the same Act is hereby amended to read as follows:

"SEC. 137. (a) * * *

"(b) Cigarettes—

"(1) On cigarettes containing Philippine-grown flue cured and/or redried Virginia type tobacco of seventy-one millimeters or less in length, on each thousand, eight pesos: Provided, That if the length exceeds seventy-one millimeters, the tax shall be increased by one hundred per centum.

"(2), On cigarettes containing Philippine-grown Virginia type tobacco blended with imported Virginia type tobacco and/or flue-cured tobacco of seventy-one millimeters or less in length, on each thousand, twelve pesos: Provided, That if the length exceeds seventy-one millimeters, the tax shall be increased by one hundred per centum.

"(3) On cigarettes made of leaf tobacco other than Philippine-grown flue-cured and/or re-dried Virginia type tobacco and imported Virginia type tobacco of eighty-one millimeters or less in length, packed in thirty cigarettes or more per pack, on each thousand, two pesos and fifty centavos: Provided, That if the length exceeds eighty-one millimeters, the tax shall be increased by fifty per centum.; Provided, further, That if the length exceeds one hundred twenty-one millimeters, on each thousand the tax shall be increased by one hundred per centum. If the cigarettes under this subparagraph are packed in twenty cigarettes or less per pack and the length does not exceed eighty-one millimeters, on each thousand the tax shall be three pesos: Provided, That if the length exceeds eighty-one millimeters, the tax shall be increased by fifty per centum.: Provided, further, That if the length exceeds one hundred twenty-one millimeters, the tax shall be increased by one hundred per centum.

"All duly registered and/or existing brands of cigarettes at the time of the approval of this Act, falling under subparagraphs (1) and (2), paragraph (6) of this section, shall not be allowed to be classified under subparagraph (3) hereof, regardless of the kind of leaf tobacco used.

"(4) If the cigarettes are mechanically wrapped or packed or are manufactured purely out of imported leaf tobacco, the tax shall be increased by one hundred and twenty per centum per thousand cigarettes,

"Cigarettes shall be considered as mechanically wrapped or packed when at any stage of the wrapping or packing, a machine or any mechanical contrivance shall have been used.

"Any provision of Republic Act Numbered Twelve hundred eighty-seven to the contrary notwithstanding, any process of chemical treatment of tobacco leaves shall not be allowed.

"The maximum price at which the various classes of cigars are sold at wholesale in the factory or in the establishment of the importer to the public shall determine the rate of the tax applicable to such cigars; and if the manufacturer or importer also sells, or allows to be sold, his cigars at wholesale in another establishment of which he is the owner or in the profits of which he has an interest, the maximum sale price in such establishment shall determine the rate of the tax applicable to the cigars therein sold: Provided, however, That when such maximum wholesale price is less than the cost of manufacture or importations plus all expenses incurred until the cigars are finally sold by the manufacturer or importer, such cost plus expenses shall determine the amount of tax to be applied.

"Every manufacturer or importer of cigars shall file with the Commissioner of Internal Revenue on the date or dates designated by the latter, a sworn statement showing the maximum wholesale prices of cigars, together with the cost of manufacture or importation plus expenses incurred or to be incurred until the cigars are finally sold and it shall be unlawful to sell said cigars at wholesale at a price in excess of the one specified in the statement required by this Title without previous written notice to said Commissioner of Internal Revenue. In the case of imported cigars, the sworn statement required herein shall be accompanied by verified sales

invoices of the manufacturers of the cigars as well as the consular invoice issued by a Philippine Consul, should one be available at the place of origin or shipment.

"Every manufacturer or importer of cigarettes shall file with the Commissioner of Internal Revenue, on the date or dates designated by the latter, a sworn statement showing the quantity and value of sundried, flue-cured and/or re-dried or imported Virginia-type tobacco or other types of tobacco purchased, imported or manufactured; the brand or brands of cigarettes manufactured or imported; their corresponding length in millimeters, whether containing flue-cured tobacco; whether the cigarettes are mechanically wrapped or packed; and indicating the names and address of the person or persons from which purchased. Every producer of Philippine-grown sun-dried Virginia tobacco or Philippine-grown flue-cured and/or re-dried Virginia tobacco shall, likewise file with the Commissioner of Internal Revenue a statement of the quantity and value of sun-dried or flue-cured and/or re-dried Philippine-grown Virginia type tobacco produced by him and the names and addresses of his purchasers or the products. In the case of imported cigarettes, the sworn statement required herein shall, in addition to the above information, be accompanied by a verified commercial invoice of the manufacturer of the cigarettes as well as the consular invoice issued by a Philippine Consul, if any, containing the information that Philippine Internal Revenue strip stamps have been affixed to each and every pack of cigarettes and that such pack bears the inscription "for export to the Philippines."

"If the government of a foreign country permits the revenue stamps of such country to be affixed in the Philippines to tobacco (including cigars) or snuff manufactured in the Philippines and imported into such foreign country, internal revenue stamps of the Philippines may be affixed to tobacco (including cigars) or snuff manufactured in such foreign country to be imported into the Philippines from such foreign country, under such rules and regulations as the Commissioner of Internal Revenue with the approval of the Secretary of Finance may prescribe,

"Any producer, manufacturer or importer who, in violation of this section, knowingly misdeclares or misrepresents in his report the type of tobacco produced, and the tobacco contents of manufactured or imported cigarettes shall upon conviction be required to pay twice the amount of the tax evaded and punished by a fine of not less than one thousand pesos nor more than five thousand pesos and by imprisonment of not less than one year nor more than six years."

SEC. 25. Section one hundred and forty-eight of the same Act is hereby amended to read as follows:

"SEC. 148. Specific tax on saccharine.—On saccharine, sodium saccharinate and all its derivatives or salts of saccharine and other artificial sweetening agents, there shall be collected a tax of seventy-five pesos per kilogram."

SEC. 26. Section one hundred and sixty of the same Act is hereby amended to read as follows:

"SEC. 160. Information to be given by manufacturers, importers, indentors, and wholesalers of any apparatus or mechanical contrivance specially for the manufacture of articles subject to specific tax and importers, indentors, manufacturers or sellers of cigarette paper in bobbins, cigarette tipping paper or cigarette filter tips.—Manufacturers, indentors, wholesalers and importers of any apparatus or mechanical contrivance specifically for the manufacture of articles subject to specific tax shall before any such apparatus or mechanical contrivance is removed from the place of manufacture or from the customhouse, give written information to the Commissioner of Internal Revenue as to the nature and capacity of the same, the time when it is to be removed, and the place for which it is destined as well as the name of the person by whom it is to be used; and such apparatus or mechanical contrivance shall not be set up nor dismantled or transferred without a permit in writing from the Commissioner of Internal Revenue.

"A written permit from the Commissioner of Internal Revenue for importing, manufacturing or selling of cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips is required before any person shall engage

in the importation, manufacture, or sale of the said articles. No permit to sell said article shall be granted unless the name and address of the prospective buyer is first submitted to the Commissioner of Internal Revenue and approved by him. Records showing the stock of the said articles and the disposal thereof by sale to persons with their respective addresses as approved by the Commissioner of Internal Revenue shall be kept by the seller, and records showing stock of said articles and consumption thereof shall be kept by the buyer, subject to inspection by internal revenue officers.

"It shall be unlawful for any person to have in his possession cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips, without the corresponding authority therefor issued by the Commissioner of Internal Revenue. Any person, importer, manufacturer of cigar and cigarettes, who has in his or its stock cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips and which are not supported by permit from the Commissioner of Internal Revenue shall be fined in an amount of not less than ten thousand pesos and imprisoned for not less than five years."

SEC. 27. Section one hundred and eighty of the same Act is hereby amended to read as follows:

"SEC. 180. Time for payment of fixed taxes.—All fixed taxes shall be payable, at the option of the taxpayer, annually, on or before the twentieth of January or semi-annually, on or before the twentieth of January and July. But any person first beginning a business or occupation must pay the tax before engaging therein.

"If the privilege tax is not paid within the time specified, the amount of the tax shall be increased by twenty-five per centum, the increment to be part of the tax."

SEC. 28. Section one hundred and eighty-two of the same Act is hereby amended to read as follows:

"SEC. 182. Fixed taxes.—(A) On business. (1) Persons subject to percentage tax.—Unless otherwise provided, every person engaging in a business on which the percentage tax is imposed shall pay a fixed annual tax of fifty pesos.

(2) Persons not subject to percentage tax.—Every person who is not required to pay the percentage tax prescribed in Sections one hundred eighty-four, one hundred eighty-five and one hundred eighty-six shall pay for each calendar year or fraction thereof in which the person shall engage in business a fixed annual tax based upon his gross annual sales during the preceding calendar year, as follows:

"Ten pesos, if the amount of the gross annual sales exceeds two thousand four hundred pesos but does not exceed ten thousand pesos;

"Forty pesos, if the amount of the gross annual sales exceeds ten thousand pesos but does not exceed thirty thousand pesos;

"Eighty pesos, if the amount of the gross annual sales exceeds thirty thousand pesos but does not exceed fifty thousand pesos;

"One hundred thirty pesos, if the amount of the gross annual sales exceeds fifty thousand pesos but does not exceed seventy-five thousand pesos;

"One hundred seventy-five pesos, if the amount of the gross annual sales exceeds seventy-five thousand pesos but does not exceed one hundred thousand pesos;

"Two hundred fifty pesos, if the amount of the gross annual sales exceeds one hundred thousand pesos but does not exceed one hundred fifty thousand pesos;

"Four hundred fifty pesos, if the amount of the gross annual sales exceeds one hundred fifty thousand pesos but does not exceed three hundred thousand pesos;

"Eight hundred pesos, if the amount of the gross annual sales exceeds three hundred thousand pesos but does not exceed five hundred thousand pesos;

"One thousand five hundred pesos, if the amount of the gross annual sales exceeds five hundred thousand pesos but does not exceed one million pesos;

"Two thousand pesos if the amount of the gross annual sales exceeds one million pesos. If a merchant is engaged in two or more businesses, one or more of which is subject to, and the others exempt from, the percentage tax he shall pay the graduated fixed annual tax provided above, based on the individual sales of his business not subject to the percentage tax under this Title. The initial graduated fixed annual tax to be paid by the person first engaging in business subject to the said tax shall be ten pesos.

"(3) Other fixed taxes.—The following fixed taxes shall be collected as follows, the amount stated being for the whole year, when not otherwise specified;

"(a) Brewers, five thousand pesos;

"(b) Distillers of spirits, one thousand pesos, if the annual production does not exceed one hundred thousand gauge liters; two thousand pesos, if the annual production exceeds one hundred thousand gauge liters but does not exceed two hundred thousand gauge liters; three thousand pesos, if the annual production exceeds two hundred thousand gauge liters but does not exceed three hundred thousand gauge liters; four thousand pesos, if the annual production exceeds three hundred thousand gauge liters but does not exceed five hundred thousand gauge liters; and five thousand pesos, if the annual production exceeds five hundred thousand gauge liters: Provided, That if the annual production does not exceed ten thousand gauge liters, only one hundred pesos shall be collected.

"(c) Rectifiers of distilled spirits, compounders, and repackers of wines or distilled spirits, one thousand pesos.

"(d) Wholesale dealers of distilled spirits and wines—

1. In the City of Manila, one thousand pesos;
2. In chartered cities other than Manila, six hundred pesos;
3. In any other place, two hundred pesos.

"(e) Wholesale dealers in fermented liquors, except basi, tuba and tapuy, two hundred pesos.

"(f) Wholesale peddlers of distilled spirits and wines, two hundred pesos.

"(g) Wholesale peddlers of fermented liquors, two hundred pesos.

"(h) Retail liquor dealers, two hundred pesos.

"(i) Retail vino dealers, twenty pesos.

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

"(k) Retail peddlers of distilled spirits, wine, and fermented liquors, fifty pesos.

"(l) Wholesale leaf tobacco dealers, four hundred pesos.

"(m) Wholesale dealers of cigars, cigarettes and other manufactured tobacco products, one hundred pesos.

"(n) Wholesale peddlers of manufactured tobacco products, one hundred pesos.

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

"(p) Retail dealers of cigars, cigarettes and other manufactured tobacco products, twenty pesos.

"(q) Retail peddlers of cigars, cigarettes and other manufactured tobacco products, twenty pesos.

"(r) Manufacturers, importers or exporters of cigars, cigarettes and other manufactured tobacco products—

1. In the cities of Manila, Quezon, Pasay and Caloocan and in the Province of Rizal, one thousand pesos;

2. In any other place, five hundred pesos.

"(s) Importers or exporters of leaf tobacco, scrap tobacco and other partially manufactured tobacco products, one thousand pesos.

"(t) Manufacturers or importers of cigarette paper in bobbins or rolls, cigarette tipping paper or cigarette filter tips, one thousand pesos.

"(u) Manufacturers or importers of playing cards, saccharine or sodium saccharinate or any of its other derivatives and salts and other artificial sweetening agents, lighter fluid in liquid or gaseous form, matches, firecrackers, denatured alcohol for motive power, five hundred pesos.

"(v) Manufacturers, importers or exporters of petroleum or other manufactured oils and fuels from petroleum, two thousand pesos.

"(w) Manufacturers, producers or importers of soft drinks or other mineral waters, four hundred pesos.

"(x) Wholesale dealers of soft drinks or other mineral waters, fifty pesos.

"(y) Wholesale peddlers of soft drinks, or other mineral waters, fifty pesos.

"(z) Dealers in securities, one hundred and fifty pesos.

"(aa) Real estate dealers, one hundred and fifty pesos, if the annual income from buying, selling, exchanging, leasing or renting property (whether on their own account as principals or as owners of rental property or properties) is over four thousand pesos but not exceeding ten thousand pesos;

"Three hundred pesos, if the annual income exceeds ten thousand pesos but does not exceed thirty thousand pesos;

"Five hundred pesos, if the annual income exceeds thirty thousand pesos but does not exceed fifty thousand pesos; and

"One thousand pesos, if the annual income exceeds fifty thousand pesos.

"(bb) Stock brokers, real estate brokers, commercial brokers, customs brokers and immigration brokers, three hundred pesos.

"(cc) Owners of race tracks for each day on which races are run on any track, one thousand pesos.

"(dd) Lending investors—

1. In chartered cities and first class municipalities, five hundred pesos;

2. In second and third class municipalities, two hundred and fifty pesos;

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

"(ee) Cinematographic film owners, lessors or distributors, three hundred pesos.

"(ff) Pawnshops, five hundred pesos.

"(gg) Banks, insurance companies, finance and investment companies doing business in the Philippines and

franchise grantees, five hundred pesos.

"(hh) Operators, proprietors or lessees of theaters and cinema houses: first run, five hundred pesos; second run, two hundred pesos.

"(ii) Operators, proprietors or lessees of boxing arenas, swimming pools, resorts, skating rinks, golf links and other places of amusement, one hundred pesos.

"(jj) Night clubs and day clubs, one thousand pesos.

"(kk) Cockpits and cabarets, five hundred pesos.

"(ll) Jai-alai, for each day on which games are played, two hundred and fifty pesos.

"(mm) Operators or owners of rice .or corn mills shall be subject to an annual graduated fixed tax based upon total capacity per machine in accordance with the following schedule:

Corn mill, not exceeding one hundred cavans per twelve hour capacity

P30.00

"Kiskisan" type, exceeding one hundred cavan of palay per twelve hour capacity 75.00

"Cono", of not exceeding one hundred cavan of palay per twelve hour capacity

200.00

"Cono", of not exceeding two hundred cavan of palay per twelve hour capacity 400.00

"Cono", of not exceeding three hundred cavan of palay per twelve hour capacity 600.00

"Cono", of not exceeding four hundred cavan of palay per twelve hour capacity 900.00

"Cono", of not exceeding five hundred cavan of palay per twelve hour capacity 1,300.00

"Cono", of not exceeding six hundred cavan of palay per twelve hour capacity 1,800.00

"Cono", of not exceeding seven hundred cavan of palay per twelve hour capacity 2,500.00

"Cono", of not exceeding eight hundred cavan of palay per twelve hour capacity 3,200.00

"Cono", of not exceeding nine hundred cavan of palay per twelve hour capacity 4,000.00

"Cono", of over one thousand cavan of palay per twelve hour capacity 4,800.00

"(B) On occupation.—Annual taxes on occupation shall be collected as follows:

"(1) Seventy-five pesos:

"(a) Lawyers, medical practitioners, architects, interior decorators, certified public accountant, civil, electrical, chemical, mechanical, mining or sanitary engineers, insurance agents and sub-agents, customs brokers, marine surveyors, actuaries, registered master plumbers, veterinarians, dental surgeons, opticians, commercial aviators, professional appraisers or connoisseurs of tobacco and other domestic or foreign products, licensed ship masters and marine chief engineers;

"(b) Mechanical plant engineers, junior mechanical engineers and certified plant mechanics, unless he or she is a professional mechanical engineer and has paid the corresponding fixed tax for mechanical engineers.

"The term 'mechanical engineers' as used herein, means professional mechanical engineers as defined in

Commonwealth Act Numbered Two hundred and ninety-four.

"(2) Fifty pesos:

"(a) Land surveyors, chief mates, marine second engineer, pharmacists, registered nurses, chiroprodists, tatoosers, masseurs, pelotaris, jockeys, professional actors or actresses, stage performers, hostesses, statisticians, dietitians, commercial stewards and stewardesses, flight attendants, insurance adjusters and embalmers;

"(b) Midwives, unless he or she is a registered nurse and has paid the corresponding fixed tax for nurses;

"(c) Chemist, unless he or she is registered chemical engineer and has paid the corresponding fixed tax for chemical engineers;

"(d) Associate electrical engineers, unless he or she is a professional electrical engineer and has paid the corresponding fixed tax for electrical engineers;

"(e) Marine officer, unless he is a marine engineer or second engineer and has paid the corresponding fixed tax for marine engineers or second engineers.

"Every professional legally authorized to practice his profession, who has paid the corresponding annual privilege tax on professions as herein imposed, shall be entitled to practice the profession for which he has been duly qualified under the law, in all parts of the Philippines without being subject to any other national tax, license or fee for the practice of the profession, if they have paid to the office concerned the registration fees required by their respective profession.

"Any professional subject to the foregoing taxes shall write or print in deeds, receipts, prescriptions, reports, books of account, plans and designs, surveys and maps, as the case may be, his privilege tax receipt number.

"Any individual or corporation employing a person subject to tax under Section one hundred eighty-two (B) shall require payment by that person of the privilege tax on occupation before employment and annually thereafter.

"(C) Exception.—The following shall be exempt from the tax imposed under this section:

"(1) Persons whose gross monthly sales or receipts do not exceed two hundred pesos.

"(2) All Filipinos in public market places selling at retail all forms or kinds of food products, meats, fruits, vegetables, game, poultry, fish and other raw or cooked food products whose stock in trade on any one day does not exceed a retail value of one hundred pesos. The term 'public market' includes tabu, talipapa, and other barrio markets.

"(3) 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 stock in trade, on any one day does not exceed a retail value of one hundred pesos.

"(4) 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 six pesos.

"(5) Owners of animal drawn, two-wheeled vehicles.

"(6) Owners of bancas.

"(7) Electric plants owned by municipalities and municipal districts."

SEC. 29. Section one hundred and eighty-three of the same Act is hereby amended to read as follows:

"SEC. 183. Payment of percentage taxes.— (a) In general.—It shall be the duty of every person conducting a business on which a percentage tax is imposed under this Title, to make a true and complete return of the amount of his, her or its gross monthly sales, receipts or earnings or gross value of output actually removed from the factory or mill warehouse and within twenty days after the end of each month, pay the tax due thereon: Provided, That any person retiring from a business subject to the percentage tax shall notify the nearest internal revenue officer thereof, file his return or declaration, and pay the tax due thereon within twenty days after closing his business.

"For purposes of this section, sales on consignment shall be considered actually sold on the day of sale or sixty days after the date consigned, whichever is earlier; Provided, however, That the corresponding adjustment shall be allowed for consigned goods actually returned to the consignor."

"If the percentage tax in any business is not paid within the time specified above, the amount of the tax shall be increased by twenty-five per centum, the increment to be a part of the tax.

"In case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax or to the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud, a surcharge of fifty per centum of its amount. The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax unless the tax has been paid before the discovery of the falsity or fraud, in which case the amount so added shall be collected in the same manner as the tax

"(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 the regulations promulgated by the Secretary of Finance and prior to the release of such articles from customs' custody, based on import invoice value thereof, certified to as correct under penalties of perjury 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, of such total value in the case of articles enumerated in section one hundred eighty-five; one hundred eighty-five-A and one hundred eighty-five-B; and twenty-five per centum in the case of articles 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.

"The tax herein imposed shall be collected in all cases where the original importer sold, transferred, or negotiated the imported articles to third persons before release thereof from customs' custody, regardless of the tax status of the original importer and the indorsee or transferee, the same to be paid by the transferee and/or indorsee.

"The provisions of this Act shall not be construed as nullifying whatever interpretation the government has given to the word "importer" heretofore.

"In the case of tax-free articles brought or imported into the Philippines by persons, entities or agencies exempt from tax which are subsequently sold, transferred, or exchanged in the Philippines to non-exempt private persons or entities, the purchasers shall be considered the importers thereof. The tax due on such articles shall constitute a lien on the article itself superior to all other charges or liens, irrespective of the possessor thereof.

(c) Sales tax on articles manufactured locally and sold on installment basis.—When the articles are manufactured locally and sold on installment term of at least twelve months, the percentage taxes established in sections one hundred eighty-four, one hundred eighty-five, and one hundred eighty-six of this Code shall be based on the cash prices of the articles, cash price being defined as the price at which an article is offered for sale on cash term to the public without any discount and/or rebate whatsoever during the tax period."

SEC. 30. Section one hundred and eighty-four of the same Act is hereby 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 hereinbelow enumerated a tax equivalent to seventy 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 enumerated hereinbelow 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 such manufactured articles:

"(a) Automobile chassis and bodies, the selling price of which does not exceed ten thousand pesos shall be taxed at the rate of one hundred per centum, of such selling price: Provided, That where the selling price of an automobile exceeds ten thousand pesos but does not exceed fifteen thousand pesos the same shall be taxed at the rate of one hundred twenty-five per centum of such selling price: And provided, further, That where the selling price of an automobile exceeds fifteen thousand pesos but does not exceed twenty thousand pesos the same shall be taxed at the rate of one hundred and fifty per centum of such selling price: And provided, still further, That where the selling price of an automobile exceeds twenty thousand pesos, the same shall be taxed at the rate of two hundred per centum of such selling price. A sale of an 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: Provided, however, That parts and accessories of automobiles imported as replacements or as completely knocked down parts as well as locally manufactured parts and accessories for the assembly of automobiles shall be subject to tax under section one hundred and eighty-six: And provided, further, That the total cost of such materials or parts on which tax has already been paid under section one hundred and eighty-six, as duly established, shall be deductible from the gross selling price or gross value in money of the assembled or manufactured articles: And provided, still further, That for the purposes of this deduction locally manufactured parts shall be considered as if they had been subjected to twenty-five per cent mark-up. The term 'automobile' used herein shall not include motor vehicles classified as trucks.

"The provisions of existing general and special laws to the contrary notwithstanding, there shall be no exemption from the tax in this subsection.

"(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. The term "precious metals" shall include platinum, gold, silver, and other metals of similar or greater value. The term "imitations thereof" shall include platings and alloys of such metals.

"(c) Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous, toilet powders, and any similar substance, article, or preparations by whatsoever name known or distinguished; and any of the above which are used or applied or intended to be used or applied for toilet purposes; except tooth and mouth washes, dentrifices, tooth paste; and talcum or medicated toilet powders.

"(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.

"Any part or accessory of the above-mentioned articles shall be taxed at the same rate as the finished articles."

SEC. 31. Section one hundred and eighty-five of the same Act is hereby amended to read as follows:

"SEC. 185. Percentage tax on sales of sporting goods, 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 hereinbelow enumerated, a tax equivalent to forty 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 enumerated hereinbelow 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 such manufactured articles.

"(a) Luggage, trunks, valises, traveling bag's, suitcases, satchels, overnight bags, hat boxes for use of travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, and salesman's sample and display cases; purses, handbags, pocketbooks, wallets, billfolds, and card, pass, and key cases; toilet cases and other cases, bags, and kits (without regard to size, shape, construction, or material from which made) for use in carrying toilet article or articles of wearing apparel;

"(b) Watches and clocks and cases and movements therefor;

"(c) Fishing rods and reels;

"(d) Articles of which celluloid is the component material of chief value;

“(e) (Repealed by Sec. 1, Republic Act No. 3029);

"(f) (Repealed by Sec. 1, Republic Act No. 3029);

"(g) Pianos; phonograph records (except those locally manufactured and those used for educational purposes); juke boxes;

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

"(i) Electric fans and air circulators (except those locally manufactured and those specially adapted 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 (except those locally manufactured); electric mixers, whippers, and juicers; and household type of electric vacuum cleaners;

"(j) (Repealed by this Act);

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

(l) Washing machines of all types;

“(m) (Repealed by Sec. 1, Republic Act No. 3029);

"(n) Mechanical lighters;

"(o) Upholstered furniture, 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 (except those locally manufactured), 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, wholly or in chief value of silk, wool, linen, or nylon or other synthetic and/or chemical fabrics (except those locally manufactured); wool and silk hats; and furs and manufactures thereof;

"(q) Fountain pens 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 eight-six hereof;

"(r) Toys and playthings of all sorts (without regard to material from which made), except those locally manufactured.

"Any part or accessory of the above-mentioned articles shall be taxed at the same rate as the finished articles."

SEC. 32. Section one hundred and eighty-five-A of the same Act is hereby amended to read as follows:

"SEC. 185-A. Percentage tax on sales of refrigerators, airconditioners, beverage coolers, ice cream cabinets, 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 hereinbelow enumerated a tax equivalent to forty 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, however, That where the articles hereinbelow enumerated are locally manufactured and come under the classification of non-integrated manufactured products as hereinafter defined, the tax shall be fifteen per centum: Provided, further, That where the articles hereinbelow enumerated are locally manufactured and come under the classification of integrated manufactured products as hereinafter defined, the tax shall be seven per centum: Provided, still further, That where the articles enumerated hereinbelow 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" such manufactured articles:

"(a) Refrigerators of all types;

"(b) 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 designated for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or other means; and

"(c) Air-conditioning units.

"Any part or accessory of the above-mentioned articles shall be taxed at the same rate as the finished articles.

"The words 'integrated manufactured products' mean articles manufactured in a manufacturing enterprise which undertakes the operations of processing and/or physically converting raw materials such as metal sheets, plastic pellets, wires, rods, extrusion tubings, castings, forgings and chemical compounds into various intermediate components and parts, and subsequently assembling or fitting them together into completed and finished articles: Provided, however, That not less than eighty per centum of the total quantity, including the compressor unit, if any, of all the aforementioned intermediate components and parts of said products are manufactured by and within the said manufacturing enterprise.

"The words 'non-integrated manufactured products' mean articles manufactured in a manufacturing enterprise which undertakes the operations of a manufacturing plant as defined in the preceding paragraph: Provided, however, That not less than fifty per centum of the total quantity of all the aforementioned intermediate components and parts of said products are manufactured by and within the said manufacturing enterprises."

SEC. 33. Section one hundred and eighty-five-B of the same Act is hereby amended to read as follows:

"SEC. 185-B. Percentage tax on sales of phonographs, combination radio and phonograph sets of all types, television sets, combination radio and television sets, combination radio-phonograph-television sets, gramophones, and similar articles,—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 hereinbelow enumerated a tax equivalent to forty 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, however, That where the articles hereinbelow enumerated are locally manufactured articles as hereinafter defined, the tax shall be seven per centum: Provided, further, That where the articles enumerated hereinbelow are manufactured from materials subject to tax under this section the total cost of such materials shall be deducted from the gross selling price or gross value in money of such manufactured articles:

"(a.) Phonographs;

"(b) Combination radio and phonograph sets of all types;

"(c) Television sets;

"(d) Combination radio and television sets;

"(e) Combination radio-phonograph-television sets;

"(f) Gramophones, and

"(g) Similar articles¹ for reproducing and/or recording music and sound, like tape recorders, etc.

"The words 'locally manufactured articles' mean articles manufactured in a manufacturing enterprise which processes physically and/or chemically raw materials such as copper clad boards, silicon, steel laminations, other metal sheets, wires, plastic powder and/or pellets, fiber boards, wood, metallic and non-metallic tubes, rods, special paper, etc., into the various intermediate components and parts, and subsequently assembling or fitting them together with other imported collaterals or intermediate components and parts into such completed and finished articles: Provided, however, That if the following parts intermediate components of a finished article, except as used in the tuner assembly, they must be locally manufactured within the manufacturing enterprise or any other local manufacturing enterprise:

"1. Printed circuit roads;

"2. Transformers;

"3. Coils, except yoke and flyback, and sheet metalware attached hereto except the mask;

"4. Cabinets; and

"5. Chasis."

SEC. 34. Section one hundred and eighty-six of the same Act is hereby 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, intended to transfer ownership of, or title to, the articles not enumerated in sections one hundred and eighty-four, one hundred and eighty-five, one hundred and eighty-five-A, and one hundred eighty-five-B 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 subject to tax under this section are manufactured out of materials likewise subject to tax under this section and Section one hundred and eighty-nine, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of such manufactured articles."

SEC. 35. Section one hundred and eighty-nine of the same Act is hereby amended to read as follows:

"SEC. 189. Percentage tax upon processors of pineapple, proprietors or operators of rope factories, sugar

centrals, coconut oil mills, cassava mills and desiccated coconut factories.—Processors of pineapple, proprietors or operators of rope factories, sugar centrals, coconut oil mills, cassava mills and desiccated coconut factories shall pay a tax equivalent to two per centum. of the gross value in money of all the pineapple, rope, sugar, coconut oil, cassava flour or starch, and desiccated coconut manufactured, processed or milled by them, including the by-products of the raw materials from which said articles are produced, processed, or manufactured, such tax to be based on the actual selling price or market value of these articles at the time they leave the factory or mill warehouse: Provided, however, That this tax shall not apply to pineapple, ropes, coconut oil, and the by-product of copra from which it is produced or manufactured, and desiccated coconuts, if such pineapple, ropes, oil, copra by-products and desiccated coconuts shall be removed for exportation and are actually exported without returning to the Philippines, whether so exported in their original state, or as an ingredient or part of any manufactured article or product.

"In case the raw materials are processed, manufactured or milled in pursuance of a contract where the factory, central, or mill receives a share of the finished products, the tax on the share pertaining to the planter or owner of the raw materials shall be charged to the planter or owner and withheld by the proprietor or operator of the factory, central or mill and paid by him to the Commissioner of Internal Revenue.

"A proprietor or operator of a refined sugar factory shall be subject to the tax imposed by this section but shall be permitted to deduct from the actual selling price or market value of the refined sugar the total cost, as duly established, of the raw sugar upon which the tax under this section has previously been paid.

"Where articles are manufactured out of materials subject to tax under this section, the total cost, as duly established, of the said materials shall be deductible from the gross selling price or gross value in money of the manufactured articles."

SEC. 36. Section one hundred and ninety-one of the same Act is hereby amended to read as follows:

"SEC. 191. Contractors, proprietors or operators of dockyards, and others.—A contractor's tax of three per cent of gross receipts is hereby imposed on the following:

"(1) General engineering, general building, and specialty contractors as defined in Republic Act Numbered Four thousand live hundred sixty-six;

"(2) Filling, demolition and salvage work contractors; and proprietors or operators of mine drilling apparatus;

"(3) Proprietors or operators of dockyard;

"(4) Persons engaged in the installation of water system, and gas or electric light, heat, or power;

"(5) Persons selling water, light, heat, or power, except those paying a franchise tax and electric plants owned by municipalities and municipal districts;

"(6) Proprietors or operators of smelting plants, engraving plants, plating establishments, and plastic lamination establishments;

"(7) Proprietors or operators of establishments for upholstering, washing or greasing of motor vehicles, vulcanizing, recapping and battery charging;

"(8) Proprietors or operators of establishments for planing or surfacing and recutting of lumber, and sawmills under contract to saw or cut logs belonging to others;

"(9) Proprietors or operators of dry-cleaning or dyeing establishments, steam laundries, and laundries using washing machines ;

"(10) Proprietors or owners of shops for the repair of any kind of bicycles or vehicles, mechanical and electrical devices, instruments, apparatus, or furniture and shoe repairing by machine or any mechanical

contrivance;

"(11) Proprietors or operators of establishments or lots for parking purposes;

"(12) Proprietors or operators of telephone or telegraph lines or exchanges, broadcasting or wireless station, except those paying a franchise tax;

"(13) Proprietors or operators of tailorshops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, photographic studios, and funeral parlors;

"(14) Proprietors or operators of hotels, motels, and lodging houses;

"(15) Proprietors or operators of arrastre and stevedoring, warehousing, or forwarding establishments;

"(16) Registered master plumbers, smiths, and house or sign painters;

"(17) Printers, bookbinders, lithographers and 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;

"(18) Business agents and other independent contractors except persons, associations and corporations under contract for embroidery and apparel for export, as well as their agents and contractors and except gross receipts of or from a pioneer industry registered with the Board of Investments under the provisions of Republic Act Numbered Five thousand one hundred and eighty-six."

SEC. 37. A new section is hereby inserted between sections one hundred and ninety-one and one hundred ninety-two, to be known as Section one hundred and ninety-one-A which shall read as follows:

"SEC. 191-A. Caterers.—A caterer's tax is hereby imposed as follows:

"(1) On proprietors or operators of restaurants, refreshment parlors and other eating places, including clubs, and caterers, three per cent of their gross receipts;

"(2) On proprietors or operators of restaurants, bars, cafes and other eating places, including clubs, where distilled spirits, fermented liquors, or wines are served, three per cent of their gross receipts from sale of food or refreshments and seven per cent of their gross receipts from sale of distilled spirits, fermented liquors or wines.

Two sets of commercial invoices or receipts serially numbered in duplicate shall be separately prepared and issued, one for each sale of food or refreshment served and another for each sale of distilled spirits, fermented liquors or wines served, the originals of the invoices or receipts to be issued to the purchaser or customer.

"(3) On proprietors or operators of restaurants, refreshment parlors, bars, cafes and other eating places which are maintained within the premises or compound of a cockpit, race track, jai-alai, cabaret, night or day club or which are accessible to patrons of such cockpit, race track, jai-alai, cabaret night or day club by means of a connecting door or passage, twenty per cent of their gross receipts.

"Where the establishments enumerated above are operated or maintained by clubs of any kind or nature (irrespective of the disposition of their net income and whether or not they cater exclusively to members or their guests) the keepers of the establishments shall pay the corresponding tax at the rates fixed above."

SEC. 38. Section one hundred and ninety-two of the same Act is hereby amended to read as follows:

"SEC. 192. Percentage tax on carriers and keepers of garages.—Keepers of garages, cars for rent or hire driven by the lessee, transportation contractors, persons who transport passengers or freight for hire, and common carriers by land, air, or water, except owners of bancas, and owners of animal-drawn two-wheeled vehicles, shall pay a tax equivalent to two per centum of their monthly gross receipts.

"In computing the percentage tax provided in this section, the following shall be considered the minimum monthly gross receipts in each particular case:

Autocalesa—

1. Manila and other cities P200.00

2. Provincial 100.00

Jeepney for hire—

1. Manila and other cities 400.00

2. Provincial 200.00

Public utility bus—

Not exceeding 30 passengers 600.00

Exceeding 30 but not exceeding 50 passengers 1,000.00

Exceeding 50 passengers 1,200.00

Taxis—

1. Manila and other cities 600.00

2. Provincial 400.00

Car for hire (with chauffeur) 500.00

Car for hire (without chauffeur)

300.00"

SEC. 39. Section one hundred and ninety-four (g) of the same Act is hereby amended to read as follows:

"SEC. 194 (g). 'Wholesale dealer of distilled spirits and wines' comprehends every person who for himself or on commission sells or offers for sale wines or distilled spirits in larger quantities than five liters at any one time, or who sells or offers the same for sale for the purpose of resale, irrespective of quantity."

SEC. 40. A new section is hereby inserted between Sections one hundred and ninety-five and one hundred and ninety-six to be known as Section one hundred and ninety-five-A, which shall read as follows:

"SEC. 195-A. Percentage tax on dealers in securities; lending investors,—Dealers in securities and lending investors shall pay a tax equivalent to three per centum on their gross income."

SEC. 41. Section two hundred and eight of the same Act is hereby amended to read as follows:

"SEC. 208. Unlawful pursuit of business or occupation.—Any person who distills, rectifies, repacks, compounds, or manufactures any article subject to a specific tax, without having paid the privilege tax therefor, or who aids or abets in the conduct of illicit distilling, rectifying, repacking, compounding, or illicit manufacture of any article subject to a specific tax shall, in addition to being liable for the payment of the tax, be fined not less than two thousand pesos nor more than ten thousand pesos and imprisoned for not less than six months nor more than six years, and all articles distilled, rectified, repacked, compounded or manufactured, and all personal property found at the distilling, repacking, rectifying, compounding or manufacturing establishment or in any building, room, yard, or inclosure connected therewith and used with or constituting a

part of the premises on which distilling, repacking, rectifying, compounding, or manufacturing of those articles is carried on, and the right, title, and interest of the person in the lot or tract of land in which the distilling, repacking, rectifying, compounding, or manufacturing establishment is situated, and the right, title and interest therein of every person who knowingly or with negligence has suffered or permitted the business of a distiller, repacker, rectifier, compounder, or manufacturer of any article subject to a specific tax to be there carried on or has connived at the business, shall be forfeited: Provided, further, That in the case of a corporation, partnership or association, the official and/or employee who caused the violation shall be responsible: Provided, finally, That if the violation is committed by a public official or employee, he shall be dismissed and permanently disqualified from holding any public office.

"In case of repetition of offense, the offender shall be fined not less than five thousand pesos nor more than fifteen thousand pesos and imprisoned for not less than two years nor more than twelve years.

"Any person who carries on any other business, or pursues any occupation for which a privilege tax is imposed without paying the tax as required by law or who aids or abets in the conduct of the business or occupation shall, in addition to being liable to the payment of the tax, be fined not exceeding one thousand pesos or imprisoned for a term of not exceeding six months, or both.

"Any individual who has not paid his annual privilege tax for the current year shall be fined not less than two hundred pesos and not more than five hundred pesos.

"Any person subject to the occupation tax who fails without justifiable cause to indicate his privilege tax receipt number in deeds, receipts, prescriptions, reports, books of accounts, plans and designs, surveys and maps, or the like, shall be fined not exceeding five hundred pesos."

SEC. 42. Section two hundred and twenty-one of the same Act, is hereby amended to read as follows:

"SEC. 221. Stamp tax on policies of insurance upon property.—On all policies of insurance or other instruments by whatever name the same may be called, by which insurance shall be made or renewed upon property of any description, including rents or profits, against peril by sea or on inland waters, or by fire or lightning, there shall be collected a documentary stamp tax of six centavos on each four pesos, or fractional part thereof, of the amount of the premium charged: Provided, however, That no documentary stamp tax shall be collected on reinsurance contracts or on any instrument by which cession or acceptance of insurance risks under any reinsurance agreement is effected or recorded."

SEC. 43. Section two hundred and twenty-six of the same Act is hereby amended to read as follows:

"SEC. 226. Stamp tax on warehouse, motel and hotel receipts: and others.— (a) On each warehouse receipt for property held in storage in a public or private warehouse or yard for any other person than the proprietor of such warehouse or yard himself, there shall be collected a documentary stamp tax of thirty centavos: Provided, That no tax shall be collected on each warehouse receipt issued to any one person in any one calendar month covering property the value of which does not exceed two hundred pesos.

"(b) On each hotel receipt issued by keepers of hotels, motels, resthouses, lodging houses or resorts to a guest for lodging, there shall be collected a documentary stamp tax of one peso on each twenty pesos or fractional part thereof."

SEC. 44. Section two hundred and twenty-seven of the same Act is hereby amended to read as follows:

"SEC. 227. Stamp tax on bills of lading or receipts.—On each set of bills of lading or receipts (except charter party) for any goods, merchandise, or effects shipped from one port or place in the Philippines to another port or place in the Philippines (except on ferries across rivers), or to any foreign port, there shall be collected a documentary stamp tax of six centavos, if the value of such goods exceeds five pesos and does not exceed two hundred pesos; fifteen centavos, if the value exceeds two hundred pesos and does not exceed one thousand

pesos; thirty centavos, if the value exceeds one thousand pesos and does not exceed five thousand pesos; seventy-five centavos, if the value exceeds five thousand pesos and does not exceed ten thousand pesos; and one peso and fifty centavos, if the value exceeds ten thousand pesos: Provided, however, That freight tickets covering goods, merchandise, or effects carried as accompanied baggage of passengers on land and water carriers primarily engaged in the transportation of passengers are hereby exempt."

SEC. 45. Section two hundred and thirty-six of the same Act is hereby amended to read as follows:

"SEC. 236. Documents and papers not subject to stamp tax.—The following instruments, documents, and papers shall be exempt from the documentary stamp tax:

"(1) Bonds, debentures, and certificates of indebtedness issued by the Government of the Republic of the Philippines or the government of any province, city, or municipality.

"(2) Checks, drafts, warrants, and bills of exchange issued in payment of any debt, obligation, or liability or in fulfillment of any contract of the Government of the Republic of the Philippines or the government of any province, or municipality; and similar instruments issued in payment of pensions, gratuities, or compensation of veterans, their widows, heirs or dependents.

"(3) Policies of insurance or annuities made or granted by a fraternal or beneficiary society, order, association, or cooperative company, operated on the lodge system or local cooperation plan and organized and conducted solely by the members thereof for the exclusive benefit of its members and not for profit.

"(4) Certificates of oaths administered to any government official in his official capacity or of acknowledgment by any government official in the performance of his official duties, written appearances in any court by any government official, in his official capacity; certificates of the administration of oaths to any person as to the authenticity of any paper required whether to be filed in court by any person or party thereto, whether the proceedings be civil or criminal; papers and documents filed in courts by or for the national, provincial, city, or municipal governments, affidavits of poor persons for the purpose of proving poverty; statements and other compulsory information required of persons or corporations by the rules and regulations of the national, provincial, city or municipal governments exclusively for statistical purposes and which are wholly for the use of the bureau or office in which they are filed, and not at the instance or for the use or benefit of the person filing them; certified copies and other certificates placed upon documents, instruments, and papers for the national, provincial, city or municipal governments, made at the instance and for the sole use of some other branch of the national, provincial, city or municipal governments; and certificates of the assessed value of lands, not exceeding two hundred pesos in value assessed, furnished by provincial, city or municipal treasurer to applicants for registration of title to land.

"When any bond, note, or other obligation is secured by a mortgage, pledge, deed of trust, or by the assignment or transfer of any documentary security, one tax only shall be collected upon these papers, the tax to be at the highest rate imposed on the mortgage, bond, note, obligation, or other documents, as the case may be."

SEC. 46. Section two hundred and forty-one of the same Act is hereby amended to read as follows:

"SEC. 241. Occupation Fee.—A locator, holder, or occupant of any mining claim shall pay to the Commissioner of Internal Revenue in advance, upon the expiration of the period of two years from the date of the registration of the claim in the Office of the Mining Recorder, and on the same date every year thereafter, an annual occupation fee of two pesos a hectare or fractional part thereof, until the lease covering the mining claim shall have been granted. Fifty per centum of all the fees collected under this section shall accrue to the province, and fifty per centum to the municipality in which the mining claims are located: Provided, That in case the mining claims are located in a chartered city, the full amount shall accrue to the city concerned. Failure to pay the occupation fee herein required within thirty days after demand shall cause the mining claims to be opened to relocation and lease by other persons qualified to locate and lease the same under the provisions of the Mining

Act, in the same manner as if no location of the said mining claims had ever been made, unless the locator, holder, occupant, his heirs, executors, administrators or legal representatives, shall have paid the delinquent occupation fees and have resumed occupation of the claims before relocation by other persons.

"No lease shall be granted on any mining claim until the occupation fees required to be paid under this section shall have been fully paid: Provided, however, That nothing herein contained shall be construed to extend the period of four years within which application for lease of mining claim shall be filed from the date of the recording of the claim in the Office of the Mining Recorder, as provided for in the Mining Act."

SEC. 47. Section two hundred and forty-two of the same Act is hereby amended to read as follows:

"SEC. 242. Rentals and royalties on mineral lands under lease.—For the privilege of exploring, developing, mining, extracting, and disposing of the minerals from the lands covered by lease, there is hereby imposed upon the lessee rentals and royalties as follows:

(a) Rentals—

(1) On coal-bearing public lands, an annual rental, five pesos per hectare or fraction thereof for each and every year for the first ten years, and ten pesos per hectare or fraction thereof for each and every year thereafter during the life of the lease. Rental for any year shall be credited against the royalties as they accrue for that year as provided in subsection (b) hereof: Provided, That such rental and royalties paid during any year shall be credited against the specific tax provided for in Section one hundred forty-three.

(2) On all mineral lands of the first, second, fourth and fifth groups provided under the Mining Act, two pesos a hectare or fraction thereof. The rental shall be paid in advance to the provincial, city, or deputy provincial treasurers on the date of the granting of the lease and on the same date every year thereafter during the life of the lease. Fifty per centum. of all the rentals collected shall accrue to the province, and fifty per centum. to the municipality in which the mining claims are located: Provided, That in case the mining claims are located in a chartered city, the full amount shall accrue to that city.

(b) Royalties.—

(1) On coal, such royalties as may be specified in the lease, which shall not be less than twenty centavos a ton of one thousand and sixteen kilograms.

(2) On gold, a royalty of one and one-half per centum. of the actual market value of the annual gross output thereof.

(3) On all other minerals, extracted from, or mineral products of, mineral lands of the first, second, fourth, and fifth groups as provided in the Mining Act, a royalty of two per centum of the actual market value of the gross output thereof.

"Before the minerals or mineral products are removed from the mines, the Commissioner of Internal Revenue or his representatives shall first be notified of such removal on a form prescribed for the purpose.

"The rentals and royalties at the rates herein established or at such rates as hereafter may be prescribed by law shall be paid by the lessee and a provision to this effect shall be deemed to be a part of every contract of lease covering the mineral lands and mineral products referred to in this section."

SEC. 48. Section two hundred and forty-three of the same Act is hereby amended to read as follows:

"SEC. 243. Ad valorem taxes on output of mineral lands not covered by lease. —There is hereby imposed on the actual market value of the annual gross output of the minerals or mineral products extracted or produced from all mineral lands not covered by lease, an ad valorem tax in the amount of two per centum of the value of the output, except gold which shall pay one and one-half per centum.

"Before the minerals or mineral products are removed from the mines, the Commissioner of Internal Revenue or his representatives shall first be notified of such removal on a form prescribed for the purpose."

SEC. 49. Section two hundred and forty-eight of the same Act is hereby amended to read as follows:

"SEC. 248. Specific penalties.—Anyone liable to make a return of the actual market value of the output of mines or to pay the royalties or ad valorem taxes required in section two hundred forty-five, who refuses or neglects to file such return, or to pay such royalties or ad valorem taxes at the time or times specified therein; and any lessee, owner, or person in charge of any minerals or mineral products upon which the royalties or ad valorem taxes imposed in this Title are applicable, who removed, in violation of the first paragraph of said section, or who allows or procures the unlawful removal from the place where mined of any such products, upon which the royalties or ad valorem taxes have not been paid; and any person who abets or aids in the unlawful removal of minerals or mineral products, shall be fined not more than five thousand pesos and imprisoned for not more than three years.

"Any one required by this Title to make, render, or file a return of the actual value of the output of mines, who makes, renders, or files a false or fraudulent return with intent to defeat or evade the payment of the royalties or ad valorem taxes, as the case may be shall be fined not more than ten thousand pesos and imprisoned for not more than five years."

SEC. 50. A new section is hereby inserted between Sections two hundred and forty-nine and two hundred and fifty of the same Act, to be known as Section two hundred and forty-nine-A which shall read as follows:

"SEC. 249-A. Tax on finance companies.—There shall be collected a tax of one per centum on the gross receipts derived by all finance companies doing business in the Philippines from interests, discounts, and all other items treated as gross income under this Code.

"As used in this section 'finance companies' refers to corporations or partnerships other than a bank, or insurance company, primarily organized for the purpose of extending credit facilities to consumers and to industrial, commercial or agricultural enterprises whether by granting direct loans or by discounting or factoring commercial papers or accounts receivables for profit, buying and selling contracts, leases, chattel mortgages and other evidences of indebtedness arising out of one or more of the steps in the distribution and sale of commodities."

SEC. 51. Section two hundred and fifty of the same Act is hereby amended to read as follows:

"SEC. 250. Times for Payment of Tax.—Increase of Tax in Case of Delinquency.—The tax imposed in Sections two hundred and forty-nine and two hundred and forty-nine-A shall be payable at the end of each calendar quarter and it shall be the duty of every bank or finance company, within twenty days after the end of each calendar quarter, to make a true and complete return of the amount of gross income derived during the proceeding calendar quarter and pay the tax due thereon and if the tax is not paid within the time prescribed herein, the amount of the tax shall be increased by twenty-five per centum, the increment to be a part of the tax."

SEC. 52. Section two hundred and fifty-five of the same Act is hereby amended to read as follows:

"SEC. 255. Taxes on insurance premiums.—There shall be collected from every person, company, or corporation (except purely cooperative companies or associations) doing insurance business of any sort in the Philippines a tax of three per centum of the total premiums collected, whether such premiums are paid in money, notes, credits, or any substitute for money; but premiums refunded within six months after payment on account of rejection of risk or returned for other reason to a person insured shall not be included in the taxable receipts; nor shall any tax be paid upon re-insurance by a company that has already paid the tax; nor upon premiums collected or received by any branch of a domestic corporation, firm or association doing business outside the Philippines on account of any life insurance of the insured who is a non-resident, if any percentage

tax on such premiums is imposed by the foreign country where the branch is established nor upon premiums collected or received on account of any re-insurance, if the risk insured against covers property located outside the Philippines, or the insured, in case of personal insurance, resides outside the Philippines, if any percentage tax on such premiums is imposed by the foreign country where the original insurance has been issued or perfected.

"Cooperative companies or associations are such as are conducted by the members thereof with the money collected from among themselves and solely for their own protection and not for profit."

SEC. 53. Section two hundred and fifty-nine of the same Act is hereby amended to read as follows:

"SEC. 259. Tax on franchises.—There shall be collected in respect to all franchises, upon the gross receipts from the business covered by the law granting the franchise, a tax of five per centum. or such taxes, charges, and percentages as are specified in the special charters of the grantees upon whom such franchises are conferred, whichever is higher, unless the provisions thereof preclude the imposition of a higher tax. For the purpose of facilitating the assessment of this tax, reports shall be made by the respective holders of the franchises in such form and at such times, as shall be required by the regulations of the Department of Finance.

"The taxes, charges, and percentages on franchises, shall be assessed, collected by and paid to the Commissioner of Internal Revenue or any of his collection agents, any provision in the franchise to the contrary notwithstanding, and shall be due and payable as specified in the particular franchise, or, in case no time limit is specified therein, the provisions of Section one hundred eighty-three shall apply; and if such taxes, charges, and percentages remain unpaid on the date on which they must be paid, twenty-five per centum. shall be added to the amount of such taxes, charges, and percentages, which increase shall form part of the tax."

SEC. 54. Section two hundred and sixty of the same Act is hereby amended to read as follows:

SEC. 260. Amusement taxes.—There shall be collected from the proprietor, lessee, or operator of theaters, cinematographs, concert halls, circuses and other places of amusement the following rates:

"(a) When the amount paid for admission is one peso or less, twenty percent;

"(b) When the amount paid for admission exceeds one peso, thirty percent.

"In the case of boxing exhibitions, there shall be collected from the proprietor, lessee, or operator an amusement tax at a rate equivalent to fifty per centum of the taxes prescribed in the preceding paragraph: Provided, That no local government shall impose any tax in excess of five per centum.: Provided, further, That all laws and ordinances in contravention hereto are repealed.

"In the case of theaters or cinematographs, the taxes herein prescribed shall first be deducted and withheld by the proprietors, lessees, or operators of the theaters or cinematographs and paid to the Commissioner of Internal Revenue before the gross receipts are divided between the proprietors, lessees, or operators of the theaters or cinematographs and the distributors of the cinematographic films.

"In the case of cabarets, day and night clubs, and race tracks, there shall be collected from the proprietor, lessee, or operator a tax equivalent to twenty per centum and in the case of cockpits, ten per centum of their gross receipts, irrespective of whether or not any amount is charged or paid for admission: Provided, however, That in the case of race tracks, the tax is in addition to the privilege tax prescribed in Section one hundred eighty-two-A 3 (cc). For the purpose of amusement tax, the term "gross receipts" embraces all the receipts of the proprietor, lessee or operator of the amusement place.

"The holding of operas, concerts, recitals, dramas, painting and art exhibitions, flower shows, musical programs, circuses, literary and oratorical presentations, except film exhibitions and radio or phonographic records thereof, shall be exempt from the payment of the taxes imposed in this section.

"The taxes imposed herein shall be payable at the end of each month and it shall be the duty of the proprietor, lessee, or operator concerned, within twenty days after the end of each month, to make a true and complete return of the amount of gross receipts derived during the preceding month and pay the tax due thereon. If the tax is not paid within the time prescribed above, the amount of the tax shall be increased by twenty-five per centum, the increment to be part of the tax.

"In case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax or to the deficiency tax, in case any payment has been made, on the basis of the return before the discovery of the falsity or fraud, a surcharge of fifty per centum, of its amount. The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax unless the tax has been paid before the discovery of the falsity or fraud, in which case the amount so assessed shall be collected in the same manner as the tax."

SEC. 55. Section two hundred and sixty-A of the same Act is hereby amended to read as follows:

SEC. 260-A. Tax on winnings.—Every person who wins in horse races or jai-alai shall pay a tax equivalent to five per cent of his winnings or 'dividends' the tax to be based on the actual amount paid to him for every winning ticket after deducting the cost of the ticket. The tax herein prescribed shall be deducted from the "dividends" corresponding to each winning ticket and withheld by the operator, manager, or person in charge of the horse races or jai-alai before paying the 'dividends' to the person entitled thereto. The same tax shall be collected from owners of winning race horses at the same time and in the same manner above.

"The operator, manager, or person in charge of horse races or jai-alai shall, within twenty days from the date the tax was deducted and withheld in accordance with the first paragraph hereof, file a true and correct return with the Commissioner of Internal Revenue in the manner or form to be prescribed by the Secretary of Finance, and pay within the same period the total amount of tax so deducted and withheld.

"If the tax herein provided is not paid within the time prescribed above, or in case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax or to the deficiency tax, in case any payment has been made on the basis of the return before the discovery of the falsity or fraud, the corresponding surcharges provided in Section two hundred and sixty of this Code."

SEC. 56. Section two hundred and sixty-two of the same Act is hereby amended to read as follows:

"SEC. 262. Measuring of forest products and invoicing and collection of charges thereon.—The duties incident to the measuring of forest products shall be discharged by the Bureau of Forestry, under regulations of Department of Agriculture and Natural Resources. The invoicing and collection of the charges thereon shall be done by the Bureau of Internal Revenue under regulations approved by the Secretary of Finance."

SEC. 57. Section two hundred and sixty-five of the same Act is hereby amended to read as follows:

"SEC. 265. Charges on firewood cut in public forests.— On firewood cut in public forests and forest reserves, the following charges shall be collected:

"On bacauan, langaray, pototan, and tangal, per cubic meter, sixty centavos.

"On other woods, per cubic meter, thirty centavos.

"Only third or fourth-group wood can be taken for firewood. However, at the discretion of the Director of Forestry, first and second-group woods may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes."

SEC. 58. Section three hundred and thirty-four of the same Act is hereby amended to read as follows:

"SEC. 334. (A) Corporations, companies, partnerships, or persons required to keep books of accounts.—All

corporations, companies, partnerships, or persons required by law to pay internal revenue taxes shall keep a journal and a ledger, or their equivalents: Provided, however, That those whose gross quarterly sales, earnings, receipts, or output do not exceed five thousand pesos shall keep and use a simplified set of bookkeeping records duly authorized by the Secretary of Finance wherein all transactions and results of operations are shown and from which all taxes due the government may readily and accurately be ascertained and determined any time of the year: And provided, further, That in the case of corporations, companies, partnerships, or persons whose gross quarterly sales, earnings, receipts or output exceed twenty-five thousand pesos, shall have their books of accounts audited and examined yearly by independent Certified Public Accountants and their income tax returns accompanied with certified balance sheets, profit and loss statements, schedules listing income-producing properties and the corresponding incomes therefrom and other relevant statements.

"(B) Independent Certified Public Accountant Defined.—The term 'Independent Certified Public Accountant' as used in the preceding paragraph, means an accountant who possesses the independence as defined in Article IV Section seven of the rules and regulations of the Board of Accountancy promulgated by authority of Republic Act Numbered Five thousand one hundred sixty-six.

"(C) Penal provision.—Any certified public accountant employed exclusively to examine and audit books of taxpayers under subsection (a) of this section or any person under his direction who willfully falsifies any report or statement bearing on any examination or audit, or renders a report, including exhibits, statements, schedules or other forms of accountancy work which has not been verified by him personally or under his supervision or by a member of his firm or by a member of his staff in accordance with sound auditing practices, or certified financial statements of a business enterprise containing an essential misstatement of fact of omission in respect to the transactions, taxable income, deduction and exemption of his client, or who, not being an Independent Certified Public Accountant according to subsection (b) of this section, examines and audits books of taxpayers, or any person who offers to sign and certify financial statement without audit, or any person who offers any taxpayer to use or use wrong accounting/bookkeeping records, or in any way commits an act or omission in violation of the provision of this section shall be punished by a fine of not exceeding five thousand pesos and imprisonment of not less than two years. If the offender is a certified public accountant, upon conviction, his certificate as a certified public accountant shall automatically be revoked or cancelled. In the case of foreigners, conviction under this Act shall constitute a ground for deportation."

SEC. 59. Section three hundred and thirty-seven of the same Act is hereby amended to read as follows:

"SEC. 337. Preservation of books of accounts, and other accounting records.—All the books of accounts, including the subsidiary books, and other accounting records, of corporations, partnerships, or persons shall be preserved by them for a period of at least five years from the last entry in each book and shall be subject to examination and inspection only once in a taxable year during that five-year period by internal revenue officers, except in cases of fraud, irregularity or mistake as determined by the revenue regional director, or unless the taxpayer requests otherwise, in which case, another examination and inspection may be made. Examination and inspection of books of accounts and other accounting records shall be done only in the taxpayer's office or place of business or in the office of the Bureau of Internal Revenue. All corporations, partnerships, or persons, that retire from business shall, within ten days from the date of retirement or within such period of time as may be allowed by the Commissioner of Internal Revenue in special cases, submit their books of accounts, including the subsidiary books, and other accounting records, to the Commissioner of Internal Revenue or any of his deputies for examination, after which they shall be returned."

SEC. 60. A new section is hereby inserted after Section three hundred and thirty-seven, to be known as Section three hundred and thirty-seven A, which shall read as follows:

"SEC. 337-A. Supplying of taxpayer account number.— Any person required under the authority of this Code to make, render, or file a return, statement, or other document shall be supplied with or assigned a taxpayer account number which he shall include in such return, statement or document filed with the Commissioner of

Internal Revenue for his proper identification for tax purposes.

"(1) Furnishing number to person filing return.—Any person with respect to whom a return, statement, or other document is required under the authority of this Code to be made by another person shall furnish to such other person such taxpayer account number as may be prescribed for securing his proper identification.

"(2) Furnishing number of person for whom returns filed.—Any person required under the authority of this Code to make, render, or file a return, statement or other document with respect to another person shall request from such other person his taxpayer account number, and shall include in any such return, statement or document such taxpayer account number for the proper identification of such other person."

SEC. 61. A new section is hereby inserted between Sections three hundred and thirty-eight and three hundred and thirty-nine, to be known as Section three hundred and thirty-eight A, which shall read as follows:

"SEC. 338-A. Non-retroactivity of rulings.—Any revocation, modification, or reversal of any of the rules and regulations promulgated in accordance with the preceding section or any of the rulings or circulars promulgated by the Commissioner of Internal Revenue shall not be given retroactive application if the revocation, modification, or reversal will be prejudicial to the taxpayers except in the following cases: (a) where the taxpayers deliberately misstates or omits material facts from his return or in any document required of him by the Bureau of Internal Revenue; (b) where the facts subsequently gathered by the Bureau of Internal Revenue are materially different from the facts on which the ruling is based; or (c) where the taxpayer acted in bad faith."

SEC. 62. Section three, hundred and forty-four of the same Act is hereby amended to read as follows:

"SEC. 344. Passage ticket to be issued only to persons exhibiting certificates of tax clearance.—No person, corporation, company, or association engaged in the business of carrying passengers shall issue or validate a passage ticket or carry any passengers from a place or port in the Philippines to a foreign place or port, unless the tax clearance certificate prescribed in the next preceding section is duly presented."

SEC. 63. Section three hundred and fifty-eight of the same Act is hereby amended to read as follows:

"SEC. 358. Disposition of proceeds of certain taxes.—"One per cent of the proceeds from the percentage taxes provided in Title V shall accrue to a special fund which shall be disbursed for the effective implementation of the provisions of this Code, including research, the purchase of necessary vehicles and equipment, and confidential tax information. This amount shall be considered receipts automatically appropriated, and shall be retained and disbursed by the Commissioner of Internal Revenue. The provisions of any law, rules or regulations to the contrary notwithstanding, any disbursement from this fund shall be accounted for solely on the certificate of the Commissioner of Internal Revenue. After deducting the special fund stated herein and the existing special allotments, the balance of the proceeds shall be disposed of in accordance with Section three hundred and sixty-two as amended."

SEC. 64. The first paragraph of section three hundred and fifty-nine is hereby amended to read as follows:

"SEC. 359. Disposition of proceeds of taxes on franchises.—The provisions of existing special laws to the contrary notwithstanding, the proceeds of the franchise tax shall accrue as follows: Where the grantee of any franchise, his lessees, successors or assigns have issued bonds with interest guaranteed by the Government of the Philippines, the franchise tax shall accrue in its entirety to the National Government until the guaranty ceases."

SEC. 65. Section three hundred and sixty is hereby amended to read as follows:

"SEC. 360. Disposition of proceeds of income, inheritance, and gift taxes.—Two and one-half per centum of the proceeds of the tax on income and of the tax on inheritance, legacies, and other acquisitions mortis causa as

well as on gifts, shall accrue to the provinces, two and one-half per centum shall accrue to the municipalities and the remaining ninety-five per centum shall accrue to the National Government. The proceeds accruing to the provinces and municipalities shall be apportioned on the basis of population as shown by the latest official census.

"In addition to the foregoing, whenever the total annual collection of income taxes within a municipality or province as the case in may be, exceeds the total collection of these taxes within such municipality or province during the tenth fiscal year immediately preceding, all the excess shall be apportioned as follows: twenty per centum to the municipality, ten per centum to the province and seventy per centum to the National Government.

"The net proceeds in every fiscal year representing the gross collection .of income tax withheld from wages under supplement (a) of Title two of the National Internal Revenue Code, as amended by Republic Act Numbered Five hundred and ninety, less the refunds thereof authorized in the same fiscal year, shall for the purposes of the preceding paragraph be credited equally among municipalities and cities."

SEC. 66. Separability Clause.—If any clause, sentence, Paragraph or part of this Act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this Act, but shall be confined in its operations to the clause, sentence, paragraph or part thereof directly involved in the controversy.

SEC. 67. Repealing Clause.—All Acts, special laws, executive orders, proclamations, rules and regulations, or parts thereof, inconsistent with any of the provisions of this Act are repealed or modified accordingly.

SEC. 68. Effectivity Clause.—This Act shall take effect on September 1, 1969: Provided, That where at the time of death or within six months thereafter no schedule of values as provided in Section 17 of this Act has been fixed in the areas where the properties of the decedent are located, the assessed values as shown in the tax rolls shall be considered as the fair market value, unless the contrary is shown: Provided, further, That the provisions of Sections 5, 10, 11, 12, 13, 14, and 15 of this Act shall apply to the entire taxable year in which this Act is approved: Provided, still further, That the provisions of Sections 64 and 65 of this Act shall be effective on July 1, 1970: Provided, finally, That Section 358 as amended by this Act, shall be effective only for a period of four years from July 1, 1969 unless extended.

Approved August 4, 1969.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.