

AN ACT TO AMEND SECTIONS ONE, THREE, SEVEN, EIGHT, TEN, SEVENTEEN, AND TWENTY-ONE OF ACT NUMBERED TWENTY-EIGHT HUNDRED AND THIRTY-THREE, AS AMENDED BY ACTS NUMBERED TWENTY-NINE ...

Commonwealth Act No. 117, November 03, 1936

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Be it enacted by the National Assembly of the Philippines:

SECTION 1. Subsection (&) of section one of Act Numbered Twenty-eight hundred and thirty-three, as amended by section one of Act Numbered Twenty-nine hundred and twenty-six, is hereby further amended to read as follows:

“(b) In addition to the income tax imposed by subdivision (a) of this section, herein referred to as the normal tax, there shall be levied, assessed, collected, and paid upon the total net income of every individual, or, in the case of a non-resident alien, the total net income received from all sources within the Philippines, an additional income tax of one per centum per annum upon the amount by which such total net income exceeds ten thousand pesos and does not exceed thirty thousand pesos; two per centum per annum upon the amount by which such total net income exceeds thirty thousand pesos and does not exceed fifty thousand pesos; three per centum per annum upon the amount by which such total net income exceeds fifty thousand pesos and does not exceed seventy thousand pesos; four per centum per annum upon the amount by which such total net income exceeds seventy thousand pesos and does not exceed ninety thousand pesos; five per centum per annum upon the amount by which such total net income exceeds ninety thousand pesos and does not exceed one hundred ten thousand pesos; six per centum per annum upon the amount by which such total net income exceeds one hundred ten thousand pesos and does not exceed one hundred forty thousand pesos; seven per centum per annum upon the amount by which such total net income exceeds one hundred forty thousand pesos and does not exceed one hundred seventy thousand pesos; eight per centum per annum upon the amount by which such total net income exceeds one hundred seventy thousand pesos and does not exceed two hundred thousand pesos; nine per centum per annum upon the amount by which such total net income exceeds two hundred thousand pesos and does not exceed two hundred thirty thousand pesos; ten per centum per annum upon the amount by which such total net income exceeds two hundred thirty thousand pesos and does not exceed two hundred sixty thousand pesos; eleven per centum per annum upon the amount by which such total net income exceeds two hundred sixty thousand pesos and does not exceed three hundred thousand pesos; twelve per centum per annum upon the amount by which such total net income exceeds three hundred thousand pesos and does not exceed three hundred sixty thousand pesos; fourteen per centum, per annum upon the amount by which such total net income exceeds three hundred sixty thousand pesos and does not exceed four hundred twenty thousand pesos; sixteen per centum per annum upon the amount by which such total net income exceeds four hundred twenty thousand pesos and does not exceed four hundred eighty thousand pesos; eighteen per centum, per annum upon the amount by which such total net income exceeds four hundred eighty thousand pesos and does not exceed five hundred forty thousand pesos; twenty per centum per annum upon the amount by which such total net income exceeds five hundred forty thousand pesos and does not exceed six hundred thousand pesos; twenty-three per centum per annum upon the amount by which such total net income exceeds six hundred thousand pesos and does not exceed one million pesos; twenty-six per centum, per annum

upon the amount by which such total net income exceeds one million pesos and does not exceed one million four hundred thousand pesos; twenty-nine per centum per annum upon the amount by which such total net income exceeds one million four hundred thousand pesos and does not exceed one million eight hundred thousand pesos; thirty-two per centum per annum upon the amount by which such total net income exceeds one million eight hundred thousand pesos and does not exceed two million two hundred thousand pesos; thirty six per centum per annum upon the amount by which such total net income exceeds two million two hundred thousand pesos.

"For the purposes of the additional tax there shall be included as income the income derived from dividends or net earnings subject to the tax established in subsection (a) of section ten.

"All the provisions of this law relating to the normal tax on individuals, so far as they are applicable and are not inconsistent with this subdivision and section three, shall apply to the imposition, levy, assessment, and collection of the additional tax imposed under this subdivision."

SEC. 2. Section three of Act Numbered Twenty-eight hundred and thirty-three is hereby repealed, and there is enacted, in lieu thereof, as section three of the law, the following:

"SEC. 3. If any corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, however, created or organized, except banks and insurance companies, is formed or availed of for the purpose of preventing the imposition of the additional tax or surtax upon its shareholders or members through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there is hereby levied and assessed against such corporation, joint-stock-company, partnership, joint account (cuenta en participacion), or association 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 ten, as amended, 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. 3. Section seven of Act Numbered Twenty-eight hundred and thirty-three, as amended by section five of Act Numbered Twenty-nine hundred and twenty-six, is hereby further amended to read as follows:

"SEC. 7. For the purpose of the normal tax only, there shall be allowed as an exemption in the nature of a deduction from the amount of the net income of each citizen or resident of the Philippines, ascertained as provided in the law, the sum of two thousand pesos plus two thousand pesos additional if the person making the return be a married man with a wife not legally separated from him, or plus the sum of two thousand pesos additional if the person making the return be a married woman with a husband not legally separated from her or an unmarried man or woman with one or both parents or one or more brothers, or sisters or one or more legitimate, recognized natural or adopted children dependent upon him or her for support where such brothers, sisters, or children are less than twenty-one years of age; but in no event shall this additional exemption of two thousand pesos be deducted by both: Provided, That only one deduction of four thousand pesos shall be made from the aggregate income of both husband and wife when not legally separated: Provided, further, That if the person making the return is the head of a family, there shall be an additional exemption of five hundred pesos for each legitimate, recognized natural, or adopted child dependent upon such person, if such dependents are less than twenty-one years of age, or incapable of self-support because mentally or physically defective: Provided, further, That guardians or trustees shall be allowed to claim this personal exemption as to income derived from the property of which such guardian or trustee has charge in favor of each ward or cestui que trust: Provided, finally, That in no event shall a ward or cestui que trust be allowed a greater personal exemption than as provided in this section, from the amount of net income received from all sources. There shall also be allowed an exemption from the amount of the net income of estates of deceased citizens or residents of the Philippines during the period of administration or settlement, and of trusts or other estates of citizens or residents of the Philippines the income of which is not distributed annually or regularly under the provisions of subdivision (b) of section two of this Act the sum of two thousand pesos, including such

deductions as are allowed under section five.

"A nonresident alien individual shall be entitled to personal exemption in an amount equal to the exemptions allowed by the income tax law in the country of which he is a subject or citizen to citizens of the Philippines not residing in such country, but not to exceed the amount fixed in this section as exemption for citizens or residents of the Philippines: Provided, That said nonresident alien file a true and accurate return of the total income received by him from all sources in the Philippines, as required by this Act."

Sec. 4. Subsection (b) of section eight of Act Numbered Twenty-eight hundred and thirty-three, as amended by section six of Act Numbered Twenty-nine hundred and twenty-six and section one of Act Numbered Thirty-six hundred and five, is hereby further amended to read as follows:

"(b) On or before the first day of March, nineteen hundred and thirty-seven, and the first day of March in each year thereafter, a true and accurate return under oath, shall be made by each person of lawful age, except as hereinafter provided, having a gross income of two thousand pesos or over for the taxable year to the Collector of Internal Revenue or treasurer of the province, city, or municipality in which such person has his legal residence or principal place of business, or if there be no legal residence or place of business in the Philippines, then with the Collector of Internal Revenue in such form and manner as the latter, with the approval of the Secretary of Finance, shall prescribe, setting forth specifically the gross amount of income from all separate sources and deducting from the total thereof the aggregate items of allowances authorized in this Act: Provided, That in the case of married persons, whether citizens, resident or nonresident aliens, only one consolidated return for the taxable year shall be filed by either spouse to cover the income of both spouses; but where it is impracticable for the spouse to file one consolidated return, each spouse may file his separate return of income, but the returns so filed shall be consolidated for the purpose of the normal and additional income taxes prescribed in this Law: Provided, further, That the Collector of Internal Revenue shall have authority to grant a reasonable extension of time, in meritorious cases, for filing returns of income: Provided, finally, That the aforesaid return may be made by a representative when by reason of illness, absence, or nonresidence, the person liable for filing said return is unable to make and render the same, the principal and his representative assuming the responsibility of making the return and incurring penalties provided for erroneous, false, or fraudulent returns."

Sec. 5. Section ten of Act Numbered Twenty-eight hundred and thirty-three, as amended by section seven of Act Numbered Twenty-nine hundred and twenty-six and section two of Act Numbered Thirty-seven hundred sixty-one, is hereby further amended to read as follows:

"SEC. 10. There shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources by every corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, or insurance company, organized in the Philippines, no matter how created or organized, but not including duly registered general copartnerships (companias colectivas), a tax of six per centum upon such income, and a like tax shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources within the Philippines by every corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, or insurance company organized, in authorized, or existing under the laws of any foreign country including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise: Provided, however, That nothing in this section shall be construed as permitting the taxation of the income derived from dividends or net profits on which the normal tax has been paid.

"The gain derived or loss sustained from the sale or other disposition by a corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, or insurance company, or property, real, personal, or mixed, shall be ascertained in accordance with subsections (c) and (d) of section two of Act Numbered Two thousand eight hundred and thirty-three, as amended by Act Numbered Twenty-nine hundred and twenty-six.

"The foregoing tax rate shall apply to the net income received by every Taxable Corporation, joint - stock company, partnership, joint account (cuenta en participacion), association, or insurance company in the calendar year nineteen hundred and thirty-six and in each year thereafter."

SEC. 6. Section seventeen of Act Numbered Twenty eight hundred and thirty-three is hereby amended to read as follows:

"SEC. 17. Any one liable to pay the tax, to make a return or to supply information required under this law, who refuses or neglects to pay such tax, to make such return or to supply such information at the time or times herein specified in each year, shall be guilty of a less grave felony, and shall be punished by a fine of not less than forty pesos nor more than two thousand pesos, or by imprisonment for not more than six months, or both, with the costs of prosecution, and with subsidiary imprisonment in case of insolvency.

"Any individual or any officer of any corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, insurance company, or general copartnership (compania colectiva), required by law to make, render, sign, or verify any return or to supply any information, who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this law to be made, shall be guilty of less grave felony, and shall be punished by a fine of not exceeding four thousand pesos or by imprisonment for not exceeding one year, or both, in the discretion of the court, with the costs of prosecution, and with subsidiary imprisonment in case of insolvency: Provided, That where any tax heretofore due and payable has been duly paid by the taxpayer, it shall not be recollected from any withholding agent required to retain it at its source, nor shall any penalty be imposed or collected in such cases from the taxpayer, or such withholding agent whose duty it was to retain it, for failure to return or to pay the same, unless such failure was fraudulent and for the purpose of evading payment."

SEC. 7. Section twenty-one of Act Numbered Twenty-eight hundred and thirty-three is hereby amended to read as follows:

"SEC. 21. Every corporation, joint-stock company, partnership, joint account (cuenta en participacion), association, or insurance company whether domestic or foreign, subject to the tax herein imposed, or otherwise engaged in business or trade within the Philippines, when required by the Collector of Internal Revenue, shall render a correct return, duly verified under oath, of its payments of profits or dividends, whether made in cash or its equivalent or in stock, including the names and addresses of members or stockholders, the paid-up capital or the number of shares owned by each, and the tax years and gains or earnings from which such dividends or profits were derived, in such form as may be prescribed by the Collector of Internal Revenue with the approval of the Secretary of Finance. Any such corporation, firm, or association which fails to keep records of the names and addresses of its members or stockholders, or the correct amount of profits or dividends paid or credited to each of them, or which fails to furnish the information referred to in this section together with certified copies of its balance sheet, profit and loss statements and such other financial statements which may be required by the Collector of Internal Revenue, shall pay to the Government an amount equal to ten per centum of the dividends or profits distributed, or, in the absence of information as to the amount of profits or dividends distributed, the additional amount herein required to be paid shall be computed on the net profits or income reported in the income tax returns or shown in the books of such corporation, firm or association. However, resident foreign corporations, firms, or associations, fifty-one per centum or more of whose income is derived from sources outside of the Philippines shall not be liable to the payment of the amount prescribed in this section." SEC. 8. This Act shall take effect upon its approval and shall apply to income received from January first, nineteen hundred and thirty-six.

Approved, November 3, 1936.

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