

AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED THIRTY-ONE HUNDRED TWENTY-SEVEN, AUTHORIZING THE EXEMPTION OF BASIC INDUSTRIES FROM THE PAYMENT OF CERTAIN TAXES.

REPUBLIC ACT NO. 4095, June 19, 1964

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/d199363f51ea/>

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

SECTION 1. Section two of Republic Act Numbered Thirty-one hundred twenty-seven is amended to read as follows:

SEC. 2. Basic Industries.—For purposes of this Act, the following are basic industries:

- "(a) Basic iron and steel, nickel, and aluminum industries;
- "(b) Basic chemical industries, anti-biotics and fungicides, including cement manufacture and fertilizers;
- "(c) Copper and alumina smelting and refining;
- "(d) Pulping;
- "(e) Deep-sea fishing and the canning of sea foods and manufacture of fish meals; the manufacture of nets other fishing gear;
- "(f) Refining of gold; "(g) Mining and exploration of base metals, nuclear materials and crude oil or petroleum;
- "(h) Shipbuilding and dry-docking;
- "(i) Coal;
- "(j) Cattle and dairy industry;
- "(k) Manufacture of veneer and plywood;
- "(l) Manufacture of irrigation and waterworks equipment, mining equipment, farm machineries, railroad rolling stocks, gasoline and diesel engines; manufacture of firearms, manufacture of spare parts and tools exclusively for irrigation and waterworks equipment, mining equipment, farm machineries, railroad rolling stocks, gasoline and diesel engines;
- "(m) Processing of ramie and coconut coir and the manufacture of synthetic fibers;
- "(n) Manufacture of cigars, chewing tobacco, and pipe tobacco;
- "(o) Manufacture of clay-silica refractories;
- "(p) Canning of food products out of local raw materials; manufacture of cassava flour; and manufacture and/or processing of cereals.

"The tax exemption privileges granted herein shall be forfeited by any of the above-enumerated industries whose end-of-the-year profit shall be in excess of thirty Percent (30%) of the cost of production in so far as domestic sales are concerned."

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

"SEC. 3. Definition of terms.—The term 'basic iron and steel, nickel, and aluminum industries' shall refer to the manufacture of iron and steel, nickel, and aluminum from ore materials, including all processes from smelting in blast furnaces to the semi-finished stage, namely; the production of pig ingots, pellets, billets, blooms, slabs or bars and rolling and/or processing, including automatic welding, into basic forms either separately or part of

the integrated process in the industry, such as sheets, plates, strips, tubes, tubings, conduits, pipes, rails, rods tinplates and the like, and rough castings and forgings and other extrusions including tools, dies and moulds.

The term 'basic chemical' industries, including fertilizers' shall refer to the manufacture of basic industrial chemicals, such as acids, alkalis, salts, except sodium chloride and calcium hydroxide, intermediates, dyes, colour lakes and toners; explosive; ammunition; synthetic resins; synthetic rubber; fertilizers; all chemicals for the production of medicaments and insecticides; petro-chemical ; bitumen; sucro-chemical; and coke and coal chemicals.

"The term 'copper smelting and refining' shall refer to the manufacture of copper into basic forms, such as ingots, bars, billets, sheets, strips, circles, sections, rods castings and extrusion.

"The term 'pulp' shall refer to the manufacture of pulp from woods, rags, rice straw, bagasse, abaca waste and bamboo.

"The term 'deep-sea fishing' shall refer to commercial fishing in sea and inland waters using any tonnage of fishing vessels of over three thousand gross capacity, licensed by the Bureau of Fisheries.

"The term 'gold refining' shall refer to the smelting bars, bullion and treatment of chemical reagents, electro refining, to remove other metal contents leaving gold alone.

" 'Mining' shall mean the exploration for and extraction of minerals which occur in nature as either solids, liquids or gases.

" 'Base metals' shall mean all metallic minerals except noble metals.

" 'Nuclear materials' shall refer to uranium, plutonium, curium and other fissionable materials.

"Processing of ramie shall mean degumming decorticating, and spinning into ramie yarn.

"The term 'shipbuilding and dry-docking' shall refer to the construction of vessels, tugboats, barges, tankers, and all component parts related to the industry, including dredging and dry-docking equipment.

"The term 'cattle and dairy industry' shall refer to the raising of cattle and the acquisition of breeding and dairy animals, equipment, materials and machineries directly connected with the industry, including the manufacture and processing of meat and dairy products.

"The term 'cement manufacturing' shall refer to the manufacture of cement obtained by firing limestone naturally containing, or mixed artificially with, a suitable proportion of clay, and by subsequent crushing of the clinker so obtained (Portland cement) ; including cement fondu (aluminous cement), slag cement, super-sulphate cement (ground blast furnace slag mixed with an accelerator and calcined gypsum), pozzolana cement, fibro and roman cement, and mixtures thereof.

"The term 'spare parts' shall include only metallic parts exclusively for railroad rolling stocks, irrigation and waterworks equipment, mining equipment, farm machineries, gasoline and diesel engines.

The term 'alumina smelting and refining' refers to the production and manufacture of aluminum from ore or alumina into one or more basic forms such as ingots, billets, bars, sheets, strips, circles, tubes, rods, and castings, pipes, sections and extrusions."

SEC. 3. The first, third, and fourth paragraphs of Section four of the same Act are amended to read as follows:

"SEC. 4. Creation and composition of Board of Industries—For the purpose of carrying out the objectives : this Act, there is hereby created a Board of Industries, hereinafter referred to as the 'Board', to be composed seven members, namely, the Chairman of the National Economic Council, the Secretary of Commerce and Industry, the Secretary of Agriculture and Natural Resources, Secretary of Finance, the Chairman of the

Joint-Legislative-Executive Tax Commission and two members the private sector who shall be citizens of the Philippines, of good moral character and of recognized competence in the economics of finance, commerce and industry to be appointed by the President of the Philippines with the consent of the Commission of Appointments

"Four members of the Board shall constitute a quorum

"Members of the Board who are government officials shall serve without additional compensation. Private citizens who are appointed to sit in the Board shall receive a per diem of fifty pesos for each day of session of the Board actually attended by them. The Chairman Vice-Chairman, Secretary and members of the Board shall however, be allowed commutable traveling, representation and other necessary expenses."

SEC. 4. Sub-sections (a) and (d) of Section five of the same Act are amended to read as follows:

"SEC. 5. Powers and duties of the Board.—The Board shall have the following powers and duties:

"(a) To process and approve all applications filed with it for exemptions provided for in Section six of this Act of firms duly qualified under this Act to engage in basic industries and issue the necessary certificates of tax exemption therefor, subject to the requirements prescribed by Section eight and the limitations imposed in Section nine of this Act and to follow up the activities of the applicant for the purpose of determining compliance therewith.

"(d) To appoint a Technical Staff and other personnel as it deems advisable in accordance with the provisions of the Civil Service Law; and to adopt a salary schedule for the executive and technical personnel, any provisions of law to the contrary notwithstanding."

SEC. 5. Section six of the same Act is amended to read as follows:

"SEC. 6. Exemption from taxes and period of exempt to of basic industries.—Any person, partnership, company or corporation who or which is now engaged or shall engage in a basic industry shall be exempted from of the special import tax, the compensating tax, and tariff duties in respect of the importation of machinery, spare parts and equipment as follows:

"(a) One hundred per centum of the taxes due during the period from the date of approval of this Act to December thirty-one, nineteen hundred sixty-five;

"(b) Seventy-five per centum of the taxes due during the period from January first, nineteen hundred sixty-six to December thirty-first, nineteen hundred sixty-eight;

"(c) Fifty per centum of the taxes due during the period from January first, nineteen hundred sixty-nine to December thirty-first, nineteen hundred and seventy, after which such person, partnership, company or corporation shall be liable in full to all taxes: Provided, That packaging and assembly plants shall not be entitled to the benefits granted in this Act: Provided, further, That exemptions from taxes for spare parts as mentioned in this section shall only apply to spare parts imported at the time of the original importation of the machinery and equipment: Provided, finally, That in the case of shipbuilding and dry-docking, the steel plates necessary for the construction of ships shall also be exempt from the payment of the above-mentioned taxes until such time as there shall have been established in the Philippines an integrated steel industry capable of supplying the required steel plates for the shipbuilding and dry-docking industry, in which case the tax exemption for such steel plates shall automatically be withdrawn."

SEC. 6. Section eight of the same Act is amended to read as follows:

"SEC. 8. Requirement prior to approval of exemption. — The exemption from special import tax, compensating tax, and tariff duties on machinery, spare parts and equipment granted to basic industries shall be made only when the Board, after investigation, find that (a) no machinery, spare parts and equipment of domestic manufacture are available in reasonable quantity and quality at reasonable prices; (b) the same machinery and

equipment are directly and actually needed and will be used exclusively in the manufacture of articles by the grantee of exemption under this Act; and (c) the shipping documents covering the importation are in the name of the applicant firm to whom the goods shall be delivered directly by the customs authorities.

SEC. 7. Section nine of the same Act is amended to read as follows:

"SEC. 9. Limitation in the grant of exemption.— Where several applications for exemption are filed in connection with the same industry, the Board shall approve them in the order in which they have been filed and for this purpose the date appearing on the registry book of the Board and stamped on the application shall be considered the date of filing; Provided, That where two or more applications are pending at the time and not all the applications should be approved as they are in excess of the demands of the market, the applicant which has the greater Filipino participation and/or control shall be given preference.

SEC. 8. A new section is inserted between Sections nine and ten of the same Act, to read as follows:

"SEC. 9-A. Withdrawal of imported machineries, spare parts and equipment pending approval of exemption.— Persons or firms who or which have pending applications for tax exemption privileges under this Act and whose imported machinery, spare parts and equipment are already within the Bureau of Customs jurisdiction, may withdraw such machinery, spare parts and equipment from the customs house upon the posting of a bond equivalent to the duties, taxes and other charges due thereon, in accordance with the rules and regulation of the Department of Finance and the Bureau of Customs."

SEC. 9. The first paragraph of Section ten of the same Act is amended to read as follows:

"SEC. 10. Penal Provisions.—Any grantee under Act who shall make use of that privileges granted hereunder for purposes other than those for which such privileges were granted or who shall in any other manner violate the provisions of this Act or any rules or regulations promulgated by the Board in accordance therewith shall be penalized with imprisonment of not less than five years but not exceeding ten years and fine of not less than eight thousand pesos but not exceeding two hundred thousand pesos and, in addition, such violation shall ipso facto cause forfeiture of the exemption so granted, and taxes and duties not paid by virtue of the grant of exemption shall be paid to the Government with surcharge equivalent to fifty per centum of the amount due and payable."

SEC. 10. Section eleven of the same Act is hereby amended to read as follows:

"SEC. 11. Submission of report.—The Board shall submit its annual report to the President of the Philippines and to both presiding officers of Congress not later than June thirty of each year."

SEC. 11. A new section is inserted between Sections eleven and twelve of the same Act, to read as follows:

SEC. 11-A. Fixed fees.—For acts done, services rendered, and documents issued by the Board of Industries, the following fees shall be charged and collected, the same to accrue to the general fund of the National Government:

"(a) Filing fee-----

P 20.00

" (b) Registration fee-----

P 100.00

to be collected upon filing of the application form and the issuance of the certificate of exemption, respectively."

SEC. 12. Section twelve of the same Act is amended to read as follows:

"SEC. 12. Funds.—To carry out the provisions of this Act, the sum of five hundred thousand pesos is hereby appropriated out of any funds in the National Treasury otherwise appropriated. Thereafter, the amount necessary for the operation of the Board shall be included in the annual General Appropriations Act."

SEC. 13. Sections fourteen of the same Act is amended to read as follows:

"SEC. 14. Special provisions.—Any person, partnership, company or corporation who or which may qualify under existing general laws and is qualified under this Act may choose between this Act and all other Acts, but in no case shall such grantee be entitled to both simultaneously.

"For this purpose, within fifteen (15) days from date of receipt of advice of the approval of his or its application filed under this Act, the grantee may make a choice as to which Act or Acts granting tax exemption privileges he or it prefers to enjoy. Failure to inform the Board in writing of his or its choice within the afore-stated period of fifteen (15) days shall be construed as abandonment of the tax exemption privileges under this Act."

SEC. 14. A new section is inserted between sections fourteen and fifteen of the same Act, to be known as section fourteen-A, to read as follows:

"SEC. 14—A. Transitory provisions.—All formal applications filed with the Board of Industries on forms duly prescribed by said board shall be processed and evaluated by the technical staff in accordance with the provisions of Republic Act Numbered Three thousand one hundred twenty-seven: Provided, That only such applications as were received on or before the date this Act shall have been passed by both houses of Congress, shall be processed and evaluated."

SEC. 15. Effectivity.—This Act shall take effect upon approval and shall continue to be effective until December thirty-first, nineteen hundred and seventy.

Approved, June 19, 1964.

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.