

AMENDING SECTION 34 AND INSERTING SUBSECTION 34 (g) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, BY IMPOSING A CAPITAL GAINS TAX ON STOCK TRANSACTIONS AND EXTENDING THE DE...

PRESIDENTIAL DECREE NO. 779, August 25, 1975

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WHEREAS, it is imperative to adopt measures responsive to the requirements of a developing economy foremost of which is the financing of economic development programs;

WHEREAS, to encourage more capital investment, persons investing in shares of stock should be subjected to a lesser rate of capital gains tax.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree as follows:

SECTION 1. The five-year period prescribed in Republic Act Six Thousand One hundred and Forty-One during which any capital gain arising from a stock transaction on which the tax therein imposed has been paid shall not be taken into account in computing net capital gain or loss under Section 34 of the National Internal Revenue Code, shall be extended up to December 31, 1975: Provided, However, That the 1/4 of 1% stock transaction tax shall continue to be collected after the aforesaid date.

SEC. 2. Beginning January 1, 1976, capital gains arising from stock transaction shall be subject to tax under a new subsection in Section 34 of the National Internal Revenue Code, which shall read as follows:

"SEC. 34 (g). Gains from sale, barter, or exchange of shares of stock derived from sources within the Philippines shall be taxed under the following schedules:

Rate

Not over P10,000.00

10%

Over P10,000 but not over P15,000

12%

Over P15,000 but not over P20,000

14%

Over P20,000 but not over P35,000

17%

Over P35,000 but not over P50,000

20%

Over P50,000

25%

Provided, however, That non-resident investors buying and/or selling shares of stock of Philippine corporations listed in the dollar or any acceptable foreign currency board of any stock exchange shall be subject only to the 1/4 of 1% stock transaction tax."

SEC. 3. The Secretary of Finance shall issue rules and regulations for the proper implementation of this Decree.

SEC. 4. Effectivity.—Section 2 of this Decree shall take effect on January 1, 1976.

Done in the City of Manila, this 25th day of August, in the Year of Our Lord nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

ROBERTO V. REYES

Acting Executive Secretary

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