

LETTER OF INSTRUCTION NO. 497, January 21, 1977

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TO:

Secretary Cesar Virata
Department of Finance

Governor Gregorio S. Licaros
Central Bank of the Philippines

SUBJECT:

AUTHORIZING THE CENTRAL BANK, THE DEPARTMENT OF FINANCE AND THE BUREAU OF INTERNAL REVENUE TO MAKE THE NECESSARY CHANGES IN THE PRESENT SYSTEM OF EFFECTING TAX PAYMENT THROUGH BANKS AND EXPAND THE SAME AS MAY BE WARRANTED AND PROVIDING FOR THE REIMBURSEMENT TO THE CENTRAL BANK OF EXPENSES INCURRED BY IT IN ITS TAX COLLECTION ASSISTANCE.

WHEREAS, the Central Bank of the Philippines was directed, under Executive Orders Nos. 2, 206, 339, and 425, dated January 5, 1966, January 9, 1970, September 9, 1971, February 16, 1974, respectively, Republic Act No. 6125 and Presidential Decree No. 230, to collect for the government various types of taxes, duties, levies and revenues by using the facilities of the banking system;

WHEREAS, experience has shown that the use of the facilities of the banking system is very effective in the government's collection efforts;

WHEREAS, the Central Bank's expenses in its assistance to the government's tax collection efforts should appropriately be passed on the National Government;

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

- That all expenses of the Central Bank of the Philippines in connection with its tax collection activities in assistance to the National Government, in the implementation of Republic Act No. 6125, Presidential Decree No. 230, Executive Order No. 2, dated January 5, 1966, Executive Order No. 206, dated January 9, 1970, Executive Order No. 339, dated September 9, 1971, Executive Order No. 425, dated February 16, 1974, and such other laws, Presidential orders, and directives as may hereafter be promulgated requiring the participation of the Central Bank in a tax or revenue collection program, shall be booked as Central Bank accounts receivable from the National

Government;

- That the Central Bank and the Bureau of Internal Revenue are hereby authorized to make the necessary changes in the present system of effecting tax payment through banks and expand the same as may be warranted;
- That the Secretary of Finance is hereby authorized to set up within the Department of Finance, the Bureau of Internal Revenue and the Bureau of Customs, the necessary counterpart office units, personnel complement and facilities to assist in the implementation of the aforementioned collection system and to authorize the Central Bank to advance the additional expenses incurred in connection therewith, which shall likewise be treated as Central Bank accounts receivable from the National Government; and
- That the necessary funds for the liquidation of the said Central Bank accounts receivable from the National Government shall be drawn by the Central Bank from its profits under Section 41 of the Central Bank Charter.

Done in the City of Manila, this 21st day of January in the year of Our Lord, nineteen hundred and seventy-seven.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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