

AMENDING SECTION 206 (CATERER'S TAX) AND SECTION 268 (AMUSEMENT TAXES) OF THE NATIONAL INTERNAL REVENUE CODE OF 1977.

PRESIDENTIAL DECREE NO. 1299, February 08, 1978

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WHEREAS, the tax on keepers of restaurants and other eating places, formerly levied under the second paragraph of Section 191 of the National Internal Revenue Code of 1939, as amended, was re-enacted with some amendments and made into a separate section numbered 191-A and denominated as caterer's tax by virtue of R.A. 6110;

WHEREAS, under the amendments introduced by R.A. 6110, clubs of any kind and nature (irrespective of the disposition of their net income and whether or not they cater exclusively to members of their guests) are required to pay a tax of three per centum of their gross receipts from the sale of food or refreshment and seven per centum of their gross receipts from the sale of distilled spirits, fermented liquors or wines, in common with proprietors or operators of restaurants, refreshment parlors and other eating places catering to and open to the general public;

WHEREAS, the said caterer's tax was carried over to the National Internal Revenue Code of 1977 and is now found in Sec. 206 thereof;

WHEREAS, the 20% tax imposed by said Sec. 206 on proprietors or operators of restaurants, refreshment parlors, bars and cafes and other eating places maintained inside the premises of a cockpit under day or night club and the 20% amusement tax imposed under Sec. 268 of the same Code on the same establishments have been found to be prohibitively high and adversely affect the development of the tourist industry in our country;

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:

SECTION 1. Section 206 of the National Internal Revenue Code of 1977 is hereby amended to read as follows:

"SEC. 206. Caterers.— A caterer's tax is hereby imposed as follows:

- On proprietors or operators of restaurants, refreshment parlors and other eating places, including clubs and caterers, three per cent of their gross receipts;
- 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 the sale 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;
- 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, cabaret, night or day club, Jai-alai, race track, or which are accessible to patrons of such cockpit, cabaret, night or day club, Jai-alai, race track by means of a

connecting door or passage, ten per centum in the case of cockpit, twelve per centum in the case of cabaret, night or day club, and twenty per centum in the case of Jai-alai and race track, 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 or 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. 2. Section 268 of the National Internal Revenue Code of 1977 is hereby amended to read as follows:

"SEC. 268. Amusement Taxes. — There shall be collected from the proprietor, lessee or operator of cockpits, night or day clubs, Jai-alai, race tracks, a tax equivalent to ten per centum in the case of cockpits, twelve per centum in the case of cabarets, night or day clubs, and twenty per centum in the case of Jai-alai and race tracks, of their gross receipts, irrespective of whether or not any amount is charged or paid for admission.

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 taxes imposed herein shall be payable at the end of each quarter and it shall be the duty of the proprietor, lessee, or operator concerned, within twenty days after the end of each quarter, to make a true and complete return of the amount of the gross receipts derived during the preceding quarter 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 of 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. 3. This Decree is hereby made part of the law of the land and shall take effect immediately.

DONE in the City of Manila, this 8th day of February, in the year of Our Lord, Nineteen Hundred and seventy-eight.

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

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Assistant

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