

[PRESIDENTIAL DECREE NO. 2031, February 04, 1986]

FURTHER AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE

WHEREAS, certain raw material inputs are taxable at higher rates than the finished article which may result in accumulation of excess tax credits;

WHEREAS, certain articles presently classified as ordinary articles should be considered as essential articles for sales tax purposes;

WHEREAS, to achieve the effect of placing the raw materials and finished products at essentially the same rate of tax on finished articles under the existing tax credit system;

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

SECTION 1. Paragraph (c) of Section 162 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(c) *Imported articles.* —When the articles are imported, the percentage taxes established in Sections 163, 164 and 165 (A) of this Code shall be paid in advance by the importer prior to the release of such articles from customs custody, based on the total value used by the Bureau of Customs in determining tariff and customs duties, including customs duties and other charges. On the original sale, barter, exchange or transfer of such imported articles by the importer himself, there shall be levied, assessed and collected a sales tax at the same rate on the gross value in money of the articles so sold, bartered, exchanged or transferred: *Provided*, That the tax paid in advance the importer shall be credited against the sales tax due on the original sale. The tax required to be paid herein shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to excise tax under Title IV of this Code: *Provided, however*, That where the National Economic and Development Authority certifies to the availability of local raw materials of sufficient quantity, comparable quality and price to meet the needs of manufacturers subject to excise tax, the importation of such raw materials shall be subject to the tax herein imposed."

SEC. 2. Sub-paragraph (3), paragraph (A) of Section 165 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(3) *Essential articles.* —10% of the gross selling Price or gross value in money of the following articles so sold, bartered, exchanged, or transferred:

"(a) Processed meat, fruits, vegetables, fish and other sea foods;