

# [ PRESIDENTIAL DECREE NO. 2026, February 03, 1986 ]

## RESTORING THE TAX PRIVILEGES GRANTED TO RURAL BANKS, AND AMENDING FOR THE PURPOSE SECTION 1 OF PRESIDENTIAL DECREE NO. 1955

**WHEREAS**, rural banks play a vital role in the agricultural development program of the Government, as they serve the vast majority of the population in the rural areas;

**WHEREAS**, rural banks had earlier been granted tax privileges to strengthen and ensure their viability;

**WHEREAS**, however, Presidential Decree No. 1955 withdrew the duty and tax privileges granted to private business, enterprises and or persons engaged in any economic activity, including rural banks;

**WHEREAS**, the withdrawal of the tax exemption previously extended to rural banks, has adversely affected the profitability and viability of more than ninety percent (90%) of all rural banks operating throughout the country, especially in view of the prevailing economic conditions;

**WHEREAS**, the restoration of the tax exemption of rural banks, will certainly help them weather the present economic crisis;

**WHEREAS**, Parliamentary Bill No. 4531 introduced by MPs Emilio C. Macias II and Ricardo D. Abiera, was pending in the Batasang Pambansa, but was not passed before the Batasan's adjournment, for lack of material time;

**WHEREAS**, considering the urgent representations of the rural bankers, and in order to ensure their survival in the face of the grave emergency caused by present economic difficulties, there is a need to act expeditiously to save the rural banking system from total collapse;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested upon me by the Constitution, do hereby decree:

**SECTION 1.** Section 1 of Presidential Decree No. 1955, is hereby amended by adding a new paragraph thereto, as follows:

"(f) Rural banks whose net assets are less than thirty Million Pesos (P30,000,000.00) *Provided*, That the tax privileges shall be extended only for a period of five years from the date of the effectivity of this Decree, subject to further extension as may be recommended by the Minister of Finance."

**SEC. 2.** All laws, orders, rules, regulations and issuances Inconsistent with the provisions of this Decree, are hereby repealed, amended, or modified accordingly.

**SEC. 3.** This Decree shall take effect immediately.

Done in the City of Manila, this 3rd day of February, in the year of Our Lord, nineteen hundred and eighty-six.