

[**PRESIDENTIAL DECREE NO. 2006, December 31, 1985**]

AMENDING CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE TO PROVIDE FOR SALES TAX ON SUBSEQUENT SALES AND TO SIMPLIFY TAX ADMINISTRATION.

WHEREAS, it is necessary to reduce the tax imposed on second sale and to make the tax burden more equitably distributed at every stage of subsequent sale;

WHEREAS, a tax on subsequent sale will simplify tax administration and insure voluntary tax compliance; and

WHEREAS, there is a need to alleviate the tax burden on the agricultural sector in order to hasten the economic development of the country.

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. Section 162 of the Tax Code, as amended, is hereby further amended to read as follows:

"SEC. 162. Returns and payment of sales and other taxes, (a) Return of gross sales, receipts, etc. and payment of taxes. (1) Persons liable to pay miller's sales tax on original sales and other percentage taxes.—Every person liable to pay any percentage tax imposed under this Title, other than the sales tax on subsequent sale, shall file a quarterly return of the amount of his gross sales, receipts or earnings or gross value of output actually removed from the factory or mill warehouses and pay the tax due thereon within twenty days after the end of each taxable quarter.

"(2) Persons liable to sales tax on subsequent sale. —Every person liable to pay sales tax on subsequent sale shall file a monthly return of his gross sales and pay the tax due thereon within ten days after the end of each month."

"(3) Persons retiring from business.— Any person retiring from a business subject to percentage tax shall notify the nearest internal revenue officer, file his return and pay the tax due thereon within twenty days after closing his business.

"(4) Exception. —The Commissioner may, by regulations prescribe:

"(i) The time for filing the return at intervals other than the time prescribed in the preceding paragraphs for a particular class or classes of taxpayer after considering such factors as volume of sales, financial condition, adequate measures of security, and such other relevant information required to be submitted under the pertinent provisions of this Code; and

"(ii) The manner and time of payment of sales and other percentage taxes other than as hereinabove prescribed, including a scheme of tax prepayment."

"(5) *Presumption of sales.*— (i) Sales on consignment. —For purposes of this Section, sales on consignment shall be considered actually sold on the day of sale or sixty days after the date consigned, whichever is earlier.

"(ii) *Determination of correct sales or receipt.* —When it is found that a person has failed to issue receipts or invoices, or when no return is filed, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the commissioner, after taking into account the sales, receipt or other taxable base of other persons engaged in similar businesses under similar situations or circumstances, or after considering other relevant information may prescribe a minimum amount of such gross receipts, sales and taxable base and such amount so prescribed shall be prima facie correct for purposes of determining the correct sales tax liabilities of such person.

"(b) *Where to file.* —(1) Persons subject to miller's or sales tax on original sale. —Every miller, manufacturer, producer or importer shall file the required return with the Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality where such taxpayer has his principal place of business.

"(2) *Persons subject to sales tax on subsequent sale.*— Every person subject to sales tax on subsequent sale shall file a separate return with the Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality where each and every separate branch or distinct place of business is located: *Provided*, That a taxpayer may elect to file a consolidated return for all the branches or places of business located within the same revenue district with the Revenue District Officer concerned.

"(3) *Persons subject to other percentage taxes.*— Any person other than those mentioned in paragraphs (a) and (b) above who is required to file a percentage tax return under this Title shall, at his option, file either a separate return with the Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality where each separate or distinct place of business is located, or a consolidated return with the same officers mentioned herein where such taxpayer has his principal place of business.

"The foregoing provisions notwithstanding, the Commissioner may in a meritorious case and upon request of the taxpayer, allow the filing of the return, with any other authorized revenue officer.

"(c) *Imported articles.* — When the articles are imported, the percentage taxes established in Sections 163, 164 AND 165

(a) (1) (2) (3) 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 by 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. Section 165(A) (3) of the Tax 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, beverages, vegetables, milk and dairy products, fish and other sea foods;

"(b) Wheat flour; 121

" (c) Bread and ordinary bakery products;

"(d) Medicine;

"(e) Laundry soap and detergents;

"(f) Writing pads, notebooks and ordinary lead pencils;

"(g) Cement, hollow blocks, lumber, roofing materials, steel bars, sand and gravel;

" (h) Fish, poultry, swine and cattle feeds; and "(i) Fertilizer."

SEC. 3. Section 165(A) (4) of the Tax Code, is hereby amended by reducing the one percent (1 %) sales tax on agricultural products to zero percent (0%).

SEC. 4. Section 165(B) of the Tax Code, as amended, is hereby further amended to read as follows:

"(B) *On every subsequent sale of articles.*— Except as *provided* in Section 167 of the Tax Code, there shall be levied, assessed and collected on every subsequent sale, barter, exchange or similar transaction for