

# [ PRESIDENTIAL DECREE NO. 69[1], November 24, 1972 ]

## AMENDING CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE.

**WHEREAS**, prior to the promulgation of Proclamation No. 1081, dated September 21, 1972, there were pending in Congress certain priority measures vital to the national development programs of the Government, one of which was the Omnibus Tax Bill for 1972;

**WHEREAS**, the Omnibus Tax Bill for 1972 is designed to institute basic reforms in our antiquated tax system by simplifying tax incentive policies, increasing the financial resources of the Government, making it a more effective tool for redistribution of income and wealth and keeping it in step with modernization;

**WHEREAS**, there are provisions of the National Internal Revenue Code which need to be revised but were not included in the said bill;

**WHEREAS**, it is imperative to adopt these proposed measures to make the tax system more responsive to the requirements of a developing economy, foremost of which is the speedy restructuring of the social, economic and political institutions of the country;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, in order to transform the tax system into an effective tool for the implementation of the desired changes and reforms in our society, do hereby order and decree that the said amendments to the National Internal Revenue Code be adopted, as it is hereby adopted, and made part of the law of the land.

**SECTION 1.** Certain sections of Title I of the National Internal Revenue Code, as amended, are hereby further amended, and a new Section 8-A is hereby inserted, to read as follows:

### TITLE I—ORGANIZATION OF THE BUREAU

**SEC. 3.** *Powers and duties of Bureau.* — The powers and duties of the Bureau of Internal Revenue shall comprehend the assessment and collection of all national internal revenue taxes, fees, and charges, and the enforcement of all forfeitures, penalties, and fines connected therewith, including the execution of judgments in all cases decided in its favor by the Court of Tax Appeals and the ordinary courts. Said Bureau shall also give effect to and administer the supervisory and police power conferred to it by this Code or other laws.

**SEC. 4.** Specific provisions to be contained in regulations. — The regulations of the Bureau of Internal Revenue shall, among other things, contain provisions specifying, prescribing, or defining:

- a. The time and manner in which provincial treasurers shall canvass their provinces for the purpose of discovering persons and) properly liable to

- national internal revenue taxes, and the manner in which their lists and records of taxable persons and taxable objects shall be made and kept.
- b. The forms of labels, brands, or marks to be required on goods subject to a specific tax, and the manner in which the labeling, branding, or marking shall be effected.
  - c. The conditions under which and [he manner in which goods intended for export, which if not exported would be subject to a specific tax, shall be labelled, branded, or marked.
  - d. The conditions to be observed, by revenue officers, provincial fiscals, and other officials respecting the institution and conduct of legal actions and proceedings.
  - e. The manner in which persons authorized to have and keep prohibited drugs shall keep their records relating to the same.
  - f. The conditions under which opium may be imported, the manner of its storage and removal for use, as well as the manner in which the same shall be marked or labelled prior to removal.
  - g. The conditions under which prohibited drugs may be transferred from the possession of persons authorized to have and keep the same to the possession of other persons similarly authorized.
  - h. The conditions under which goods intended for storage in bonded warehouses shall be conveyed thither, their manner of storage, and the method of keeping the entries and records in connection therewith, also the books to be kept by storekeepers and the reports to be made by them in connection with their supervision of such houses.
  - i. The conditions under which alcohol intended for use in the arts and industries may be removed and dealt in, the character and quantity of the denaturing material to be used, the manner in which the process of denaturing shall be effected, the bonds to be given, the books and records to be kept, the entries to be made therein, the reports to be made to the Commissioner of Internal Revenue, and the signs to be displayed in the business or by the person for whom such denaturing is done or by whom such alcohol is dealt in.
  - j. The manner in which revenue shall be collected and paid, the instrument, document, or object to which revenue and science stamps shall be affixed, any provision of Republic Act Numbered 5448 to the contrary notwithstanding, the mode of cancellation of the same, the manner in which the proper books, records, invoices, and other papers shall be kept and entries therein made by the person subject to the tax, as well as the manner in which licenses and stamps shall be gathered up and returned after serving their purposes.
  - k. The conditions to be observed by revenue officers, provincial fiscals, and other officials respecting the enforcement of Title III imposing a tax on estates, inheritances, legacies, and other acquisitions mortis causa as well as on gifts and such other rules and prohibitions which the Commissioner of Internal Revenue may consider suitable for the enforcement of the said Title III.
  - l. The manner in which income tax returns, information, and reports shall be prepared and reported and the tax collected and paid, as well as the conditions under which evidence of payment shall be furnished the taxpayer, and the preparation and publication of income tax statistics.
  - m. The manner in which internal revenue taxes such as income tax, estate and gift taxes, specific taxes, percentage taxes, mining taxes, taxes on banks, finance companies, insurance companies, franchise taxes, taxes on amusements, charges on forest products and such other taxes as may be added thereto shall be paid through the collection agents of the Bureau of

Internal Revenue or through authorized agent commercial banks who are hereby deputized to receive payments of such taxes and the returns, papers and statements that may be filed by the taxpayers in connection with the payment of the tax.

**SEC. 8.** *Internal revenue districts.* — With the approval of the Secretary of Finance, the Commissioner of Internal Revenue shall divide the Philippines into such number of revenue districts as may from time to time be required for administrative purposes. Each of these districts shall be under the supervision of a Revenue District Officer.

**SEC. 8-A.** *Revenue Regional Director.* — Under rules and regulations, policies and standards formulated by the Commissioner of Internal Revenue, the Regional Director shall, within the region and district offices under his jurisdiction, among others:

1. Implement laws, policies, plans, programs, rules and regulations of the department or agencies in the regional area;
2. Administer and enforce, internal revenue laws and regulations, including the assessment and collection of all internal revenue taxes, charges and fees;
3. Provide economical, efficient and effective service to the people in the area;
4. Coordinate with regional offices or other departments, bureaus, and agencies in the area;
5. Coordinate with local government units in the area;
6. Exercise control and supervision over the officers and employees within the region; and
7. Perform such other functions as may be provided by law and as may be delegated by the Commissioner.

**SEC. 9.** *Duties of Revenue District Officer, and other internal revenue officers.* — It shall be the duty of every Revenue District Officer or other internal revenue officers and employees to see that all laws and regulations affecting national internal revenues are faithfully executed and complied with, and to aid in the prevention, detection and punishment of frauds or delinquencies in connection therewith.

It shall also be the duty of every Revenue District Officer to examine into the efficiency of all officers and employees of the Bureau of Internal Revenue under his supervision, and to report in writing to the Commissioner of Internal Revenue, through the Regional Director, any neglect of duty, incompetency, delinquency, or malfeasance in office of any internal revenue officer of which he may obtain knowledge, with a statement of all the facts and any evidence sustaining each case.

**SEC. 11.** *Assignment of internal revenue officers.* — The Commissioner of Internal Revenue shall employ and assign internal revenue officers to regional offices and the Regional Director shall assign them to establishments or places where articles subject to specific tax are produced or kept.

**SEC. 16.** *Authority of officers to administer oaths and take testimony.* — The Commissioner of Internal Revenue, the Deputy Commissioners of Internal Revenue, chiefs and assistant chiefs of divisions, special deputies of the Commissioner, internal revenue officers and any other employee of the Bureau thereunto especially deputized by the Commissioner shall have power to administer oaths and to take testimony in any official matter or investigation conducted by them touching any matter within the jurisdiction of the Bureau,

TITLE II-INCOME TAX

**SEC. 2.** Certain sections of Title II of the same Code, as amended, are hereby further amended to read as follows:

**SEC. 21.** *Rates of tax on citizens or residents.* — A tax is hereby imposed upon the taxable net income received during each taxable year from all sources by every individual, whether a citizen of the Philippines, residing therein or an alien residing in the Philippines, determined in accordance with the following schedule: Provided, however, That nonresident citizens shall be subject to tax under this schedule only on income derived by them from sources within the Philippines.

	Not over P2,000				3%	
Over P	2,000	but not over	P	4,000	60 plus 6% of excess over	P 2,000
Over P	4,000	but not over	P	6,000	180 plus 9% of excess over	P 4,000
Over P	6,000	but not over	P	8,000	360 plus 12% of excess over	P 6,000
Over P	8,000	but not over	P	10,000	600 plus 14% of excess over	P 8,000
Over P	10,000	but not over	P	12,000	880 plus 16% of excess over	P 10,000
Over P	12,000	but not over	P	14,000	1,200 plus 18% of excess over	P 12,000
Over P	14,000	but not over	P	16,000	1,560 plus 20% of excess over	P 14,000
Over P	16,000	but not over	P	18,000	1,960 plus 22% of excess over	P 16,000
Over P	18,000	but not over	P	20,000	2,400 plus 24% of excess over	P 18,000
Over P	20,000	but not over	P	24,000	2,880 plus 27% of excess over	P 20,000

Over P	24,000	but not over	P	28,000	P	excess over 3,960 plus 30% of excess	P	24,000
Over P	28,000	but not over	P	32,000	P	5,160 plus 33% of excess	P	28,000
Over P	32,000	but not over	P	36,000	P	6,400 plus 36% of excess	P	32,000
Over P	36,000	but not over	P	40,000	P	7,920 plus 39% of excess	P	36,000
Over P	40,000	but not over	P	46,000	P	9,480 plus 42% of excess	P	40,000
Over P	46,000	but not over	P	52,000	P	12,000 plus 44% of excess	P	46,000
Over P	52,000	but not over	P	58,000	P	14,640 plus 46% of excess	P	52,000
Over P	58,000	but not over	P	64,000	P	17,400 plus 48% of excess	P	58,000
Over P	64,000	but not over	P	70,000	P	20,280 plus 50% of excess	P	64,000
Over P	70,000	but not over	P	78,000	P	23,280 plus 52% of excess	P	70,000
Over P	78,000	but not over	P	86,000	P	27,440 plus 54% of excess	P	78,000
Over P	86,000	but not over	P	94,000	P	31,760 plus 56% of excess	P	86,000