

[REPUBLIC ACT NO. 7717, May 05, 1994]

AN ACT IMPOSING A TAX ON THE SALE, BARTER OR EXCHANGE OF SHARES OF STOCK LISTED AND TRADED THROUGH THE LOCAL STOCK EXCHANGE OR THROUGH INITIAL PUBLIC OFFERING, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, BY INSERTING A NEW SECTION AND REPEALING CERTAIN SUBSECTIONS THEREOF

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. A new section is hereby inserted in the National Internal Revenue Code, as amended, as Section 124-A, which shall read as follows:

SEC. 124-A. Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange or through Initial Public Offering. - (a) Tax on sale, barter or exchange of shares of stock listed and traded through the local stock exchange. - There shall be levied, assessed, and collected on every sale, barter, exchange, or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of one-half of one percent (1/2 of 1%) of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged, or otherwise disposed which shall be paid by the seller or transferor.

It shall be the duty of every stock broker who effected the sale subject to the tax imposed herein to collect the tax and remit the same to the Bureau of Internal Revenue in five (5) banking days from the date of collection thereof and to submit on Mondays of each week to the secretary of the stock exchange, of which he is a member, a true and complete return which shall contain a declaration of all the transactions effected through him during the preceding week and of taxes collected by him and turned over to the Bureau of Internal Revenue.

(b) Tax on shares of stock sold or exchanged through initial public offering. - There shall be levied, assessed, and collected on every sale, barter, exchange, or other disposition through initial public offering of shares of stock in closely held corporations, as defined herein, a tax at the rates provided hereunder based on the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged, or otherwise disposed in accordance with the proportion of shares of stock sold, bartered, exchanged, or otherwise disposed to the total outstanding shares of stock after the listing in the local stock exchange: