

**[ REPUBLIC ACT NO. 4095, June 19, 1964 ]**

**AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT  
NUMBERED THIRTY-ONE HUNDRED TWENTY-SEVEN,  
AUTHORIZING THE EXEMPTION OF BASIC INDUSTRIES FROM  
THE PAYMENT OF CERTAIN TAXES.**

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

SECTION 1. Section two of Republic Act Numbered Thirty-one hundred twenty-seven is amended to read as follows:

SEC. 2. *Basic Industries.*—For purposes of this Act, the following are basic industries:

- "(a) Basic iron and steel, nickel, and aluminum industries;
- "(b) Basic chemical industries, anti-biotics and fungicides, including cement manufacture and fertilizers;
- "(c) Copper and alumina smelting and refining;
- "(d) Pulping;
- "(e) Deep-sea fishing and the canning of sea foods and manufacture of fish meals; the manufacture of nets other fishing gear;
- "(f) *Refining of gold*; "(g) Mining and exploration of base metals, nuclear materials and crude oil or petroleum;
- "(h) Shipbuilding and dry-docking;
- "(i) Coal;
- "(j) Cattle and dairy industry;
- "(k) Manufacture of veneer and plywood;
- "(l) Manufacture of irrigation and waterworks equipment, mining equipment, farm machineries, railroad rolling stocks, gasoline and diesel engines; manufacture of firearms, manufacture of spare parts and tools exclusively for irrigation and waterworks equipment, mining equipment, farm machineries, railroad rolling stocks, gasoline and diesel engines;
- "(m) Processing of ramie and coconut coir and the manufacture of synthetic fibers;
- "(n) Manufacture of cigars, chewing tobacco, and pipe tobacco;
- "(o) Manufacture of clay-silica refractories;
- "(p) Canning of food products out of local raw materials; manufacture of cassava flour; and manufacture and/or processing of cereals.

"The tax exemption privileges granted herein shall be forfeited by any of the above-enumerated industries whose end-of-the-year profit shall be in excess of thirty Percent (30%) of the cost of production in so far as domestic sales are concerned."

SEC. 2. Section three of the same Act is amended to read as follows:

"SEC. 3. *Definition of terms.*—The term 'basic iron and steel, nickel, and aluminum industries' shall refer to the manufacture of iron and steel, nickel, and aluminum from ore materials, including all processes from smelting in blast furnaces to the semi-finished stage, namely; the production of pig ingots, pellets, billets, blooms, slabs or bars and rolling and/or processing, including automatic welding, into basic forms either separately or part of the integrated process in the industry, such as sheets, plates, strips, tubes, tubings, conduits, pipes, rails, rods tinplates and the like, and rough castings and forgings and other extrusions including tools, dies and moulds.

The term 'basic chemical' industries, including fertilizers' shall refer to the manufacture of basic industrial chemicals, such as acids, alkalis, salts, except sodium chloride and calcium hydroxide, intermediates, dyes, colour lakes and toners; explosive; ammunition; synthetic resins; synthetic rubber; fertilizers; all chemicals for the production of medicants and insecticides; petro-chemical ; bitumen; sucro-chemical; and coke and coal chemicals.

"The term 'copper smelting and refining' shall refer to the manufacture of copper into basic forms, such as ingots, bars, billets, sheets, strips, circles, sections, rods castings and extrusion.

"The term 'pulping' shall refer to the manufacture of pulp from woods, rags, rice straw, bagasse, abaca waste and bamboo.

"The term 'deep-sea fishing' shall refer to commercial fishing in sea and inland waters using any tonnage of fishing vessels of our three tones gross capacity, licensed by the Bureau of Fisheries.

"The term 'gold refining' shall refer to the smelting bars, bullion and treatment of chemical reagents, electro refining, to remove other metal contents leaving gold alone.

" 'Mining' shall mean the exploration for and extraction of minerals which occur in nature as either solids, liquids or gases.

" 'Base metals' shall mean all metallic minerals except noble metals.

" 'Nuclear materials' shall refer to uranium, plutonium, curium and other fissionable materials.

"Processing of ramie shall mean degumming decorticating, and spinning into ramie yarn.

"The term 'shipbuilding and dry-docking' shall refer to the construction of vessels, tugboats, barges, tankers, and all component parts related to the industry, including dredging and dry-docking equipment.

"The term 'cattle and dairy industry' shall refer to the raising of cattle

and the acquisition of breeding and dairy animals, equipment, materials and machineries directly connected with the industry, including the manufacture and processing of meat and dairy products.

"The term 'cement manufacturing' shall refer to the manufacture of cement obtained by firing limestone naturally containing, or mixed artificially with, a suitable proportion of clay, and by subsequent crushing of the clinker so obtained (Portland cement) ; including cement fondu (aluminous cement), slag cement, super-sulphate cement (ground blast furnace slag mixed with an accelerator and calcined gypsum), possolana cement, fibro and roman cement, and mixtures thereof.

"The term 'spare parts' shall include only metallic parts exclusively for railroad rolling stocks, irrigation and waterworks equipment, mining equipment, farm machineries, gasoline and diesel engines.

The term 'alumina smelting and refining' refers to the production and manufacture of aluminum from ore or alumina into one or more basic forms such as ingots, billets, bars, sheets, strips, circles, tubes, rods, and castings, pipes, sections and extrusions."

SEC. 3. The first, third, and fourth paragraphs of Section four of the same Act are amended to read as follows:

"SEC. 4. *Creation and composition of Board of Industries*—For the purpose of carrying out the objectives : this Act, there is hereby created a Board of Industries, hereinafter referred to as the 'Board', to be composed seven members, namely, the Chairman of the National Economic Council, the Secretary of Commerce and Industry, the Secretary of Agriculture and Natural Resources, Secretary of Finance, the Chairman of the Joint-Legislative-Executive Tax Commission and two members the private sector who shall be citizens of the Philippines, of good moral character and of recognized competence in the economics of finance, commerce and industry to be appointed by the President of the Philip pines with the consent of the Commission of Appointments

"Four members of the Board shall constitute a *quorum*

"Members of the Board who are government officials shall serve without additional compensation. Private citizens who are appointed to sit in the Board shall receive a *per diem* of fifty pesos for each day of session of the Board actually attended by them. The Chairman Vice-Chairman, Secretary and members of the Board shall' however, be allowed commutable traveling, representation and other necessary expenses."

SEC. 4. Sub-sections (a) and (d) of Section five of the same Act are amended to read as follows:

"SEC. 5. *Powers and duties of the Board.*—The Board shall have the following powers and duties:

"(a) To process and approve all applications filed with it for exemptions provided for in Section six of this Act of firms duly qualified under this Act