

**[ REPUBLIC ACT NO. 4086, June 18, 1964 ]**

**AN ACT TO PROMOTE THE TEXTILE INDUSTRY OF THE PHILIPPINES BY EXEMPTING, UNDER CERTAIN CONDITIONS, IMPORTATIONS OF NEEDED RAW MATERIALS, CHEMICALS, DYESTUFFS AND SPARE PARTS AND THE SUBSEQUENT MANUFACTURE AND SALE OF PRODUCTS DERIVED THEREFROM, FROM DUTIES AND TAXES, BY CREATING A SPECIAL FUND FOR VITAL RESEARCH, AND FOR OTHER PURPOSES.**

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

SECTION 1. Any provision of existing law to the contrary notwithstanding, the importation of natural and synthetic raw fibers and tow, chemicals, dyestuffs and spare parts, as well as the manufacture and sale of finished products thereof, by the textile industry in the spinning, weaving and finishing of raw fibers into yarn, thread, grey cloth, and finished fabric, shall be free of duties, special import tax, sales and/or compensating tax, subject to the following conditions, all of which must concur:

- a. That the said imported natural and synthetic raw fibers and tow, chemicals, dyestuffs and spare parts are not grown, manufactured or produced locally in sufficient quantities to meet the requirements of the industry;
- b. That the importer is a Filipino citizen; or, in the case of an existing partnership, corporation or other entity, that it is registered with the Securities and Exchange Commission as a textile manufacturer prior to the enactment of this Act; that at least sixty percent of its subscribed capital stock is owned and controlled by Filipino citizens: *Provided*, That the employment of alien technical or management experts, with the prior authority of the President, shall not destroy the classification of an entity as being controlled by Filipino citizens;
- c. That the importer is a textile manufacturer who owns machinery and equipment for, and is actually engaged in, the spinning of raw fibers into yarn or thread or spinning and weaving the same raw fibers into yarn, thread, or grey cloth, or the integrated mills with spinning, weaving, and finishing facilities; or
- d. That the importer is registered with the Board of Industries, under such implementing rules and regulations as the Board of Industries is hereby authorized and required to promulgate within thirty days after the approval of this Act.

SEC. 2. *Period of Non-Payment of Duties and Taxes.*— Any person, partnership, company or corporation covered by this Act shall be excluded from the payment of duties and taxes as follows:

- a. One hundred *per centum* of the taxes and duties due during the period from the date of the approval this Act up to December thirty-first, nineteen hundred