

**[ REPUBLIC ACT NO. 3176, June 17, 1961 ]**

**AN ACT TO AMEND SECTION ONE HUNDRED NINETY OF  
COMMONWEALTH ACT NUMBERED FOUR HUNDRED AND SIXTY-  
SIX, OTHERWISE KNOWN AS THE NATIONAL INTERNAL  
REVENUE CODE.**

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

SECTION 1. The first paragraph of Section one hundred ninety of the National Internal Revenue Code, as amended, is hereby amended to read as follows:

"SEC. 190." *Compensating tax.*—All persons residing or doing business in the Philippines who purchase or receive from without the Philippines any commodities, goods, wares, or merchandise, excepting those subject to specific taxes under Title IV of this Code, shall pay on the total value thereof at the time they are received by such persons, including freight, postage, insurance, commission and all similar charges, a compensating tax equivalent to the percentage taxes imposed under this Title on original transactions effected by merchants, importers, or manufacturers, such tax to be paid before the withdrawal or removal of said commodities goods, wares, or merchandise from the customhouse or the post office: *Provided, however,* That merchants, importers and manufacturers, who are subject to tax under Sections one hundred eighty-four, one hundred eighty-five, one hundred eighty-six, or one hundred eighty-nine of this Title, shall not be required to pay the tax herein imposed where such commodities, goods, wares, or merchandise purchased or received by them from without the Philippines are to be sold, resold, bartered, or exchanged or are to be used in the manufacture or preparation of articles for sale, barter, or exchange and are to form part thereof: *And provided, further,* That the tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to specific tax or those for consignment abroad and are to form part thereof or to articles to be used by the importer himself as a passenger and/or cargo vessel, whether coastwise or oceangoing, including engines and spare parts of said vessel. If any article withdrawn from the customhouse or the post office without the payment of the compensating tax is subsequently used by the importer for other purposes, corresponding entry should be made in the books of accounts, if any are kept, or a written notice thereof sent to the Commissioner of Internal Revenue and payment of the corresponding compensating tax made within ten days from the date of such entry or