

[REPUBLIC ACT NO. 2025, June 22, 1957]

**AN ACT TO AMEND CERTAIN SECTIONS OF THE NATIONAL
INTERNAL REVENUE CODE, AS AMENDED.**

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

SECTION 1. Section one hundred eighty of the National Internal Revenue Code, as amended by Republic Act Numbered Sixteen hundred twelve, is further amended to read as follows:

"SEC. 180. *Time for payment of fixed taxes.*—All fixed taxes shall be payable, at the option of the taxpayer, annually, on or before the twentieth of January, or semi-annually, on or before the twentieth of January and July. But any person first beginning a business or occupation must pay the tax before engaging therein."

SEC. 2. Section one hundred eighty-one of the same Code which was repealed by Republic Act Numbered Sixteen hundred twelve, is reenacted to read as follows:

"SEC. 181. *Reckoning of tax for business first begun or abandoned during year.*—When an occupation or business subject to a fixed tax is newly begun during any year, the tax shall be reckoned from the commencement of the current semester; and when either is at any time abandoned, the tax shall not be exacted for a longer period than to the end of the semester: *Provided*, That any person who elected to pay the tax in full for the year shall not be entitled to a refund of the tax corresponding to the unused period for which the tax had been paid."

SEC. 3. Paragraph (a), section one hundred eighty-three" of the National Internal Revenue Code, as amended by Republic Act Numbered Sixteen hundred twelve, is further amended to read as follows:

"SEC. 183. *Payment of percentage taxes.*— (a) *In general.*—It shall be the duty of every person conducting a business on which a percentage tax is imposed under this Title, to make a true and complete return of the amount of his, her or its gross monthly sales, receipts or earnings, or gross value of output actually removed from the factory or mill warehouse and within twenty days after the end of each month, pay the tax due thereon: *Provided*, That any person retiring from a business subject to the percentage tax shall notify the nearest internal revenue officer thereof, file his return or declaration, and pay the tax due thereon within twenty days after closing his business.

"If the percentage tax on any business is not paid within the time specified above, the amount of the tax shall be increased by twenty-five

per centum, the increment to be a part of the tax.

"In case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax or to the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud, a surcharge of fifty *per centum* of its amount. The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax unless the tax has been paid before the discovery of the falsity or fraud, in which case the amount so added shall be collected in the same manner as the tax."

SEC. 4. Section one hundred eighty-six of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 186. *Percentage tax on sales of other articles.*— There shall be levied, assessed and collected once only on every original sale, barter, exchange, and similar transaction either for nominal or valuable considerations, intended to transfer ownership of, or title to, the articles not enumerated in sections one hundred and eighty-four and one hundred and eighty-five a tax equivalent to seven *per centum* of the gross selling price or gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: *Provided*, That where the articles subject to tax under this section are manufactured out of materials likewise subject to tax under this section and section one hundred and eighty-nine, the total cost of such materials, as duly established, shall be deductible from the gross selling price or gross value in money of such manufactured articles.

"In the case of operators or proprietors of sawmills, who buy logs for the purpose of sawing and/or cutting them into lumber of standard sizes, the tax prescribed in this section shall be computed on thirty-three and one-third *per centum* of the gross cost of logs purchased during any given month intended for manufacture. Operators or proprietors of sawmills entitled to the privilege of paying the tax on thirty-three and one-third *per centum* of the gross cost of the logs purchased, including freight, insurance, and similar charges incurred up to the delivery to mill site, by them shall keep a complete record of their transactions, especially their purchase of logs together with the corresponding vouchers, such as official and auxiliary invoices, or the commercial invoices of the producers from whom they purchased the logs, in cases where the logs purchased constitute merely a portion of the logs covered by an official invoice, in which commercial invoices the assessment numbers of the official invoices covering the logs and the names and addresses of the vendors shall be indicated. They shall also keep a complete record of lumber purchased by them for resale."

SEC. 5. A new section between sections one hundred eighty-six and one hundred eighty-seven of the same Code, as amended, is inserted to read as follows:

"SEC. 186-A. Whenever a tax-free product is utilized in the manufacture or production of any article, in the determination of the value of such

finished article, the value of such tax-free product shall be deducted."

SEC. 6. Section one hundred eighty-nine of the same Code, as amended by Republic Act Numbered Eight hundred twenty-two, is further amended to read as follows:

"SEC. 189. *Percentage tax upon proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil mills, corn mills and desiccated coconut factories.*—Proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil mills, corn mills, and desiccated coconut factories shall pay a tax equivalent to two *per centum* of the gross value in money of all the rope, sugar, rice, coconut oil, ground or milled corn, and desiccated coconut manufactured or milled by them, including the by-products of the raw materials from which said articles are produced or manufactured, such tax to be based on the actual selling price or market value of these articles at the time they leave the factory or mill warehouse: *Provided, however,* That this tax shall not apply to ropes, coconut oil, and the by-products of copra from which it is produced or manufactured, and desiccated coconuts, if such ropes, oil, copra by-products and desiccated coconuts shall be removed for exportation and are actually exported without returning to the Philippines, whether so exported in their original state, or as an ingredient or part of any manufactured article or product; and to rice, ground or milled corn, including the by-products of the raw materials from which they are produced or manufactured, produced or manufactured by proprietors or operators of rice and corn mills of sixteen horse-power or less.

"In case the raw materials are manufactured or milled in pursuance of a contract where the factory, central, or mill receives a share of the finished products, the tax on the share pertaining to the planter or owner of the raw-materials shall be charged to the planter or owner and withheld by the proprietor or operator of the factory, central, or mill and paid by him to the Collector of Internal Revenue.

"A proprietor or operator of a refined sugar factory shall be subject to the tax imposed by this section but shall be permitted to deduct from the actual selling price or market value of the refined sugar the total cost, as duly established, of the raw sugar upon which the tax under this section has previously been paid.

"Where articles are manufactured out of materials subject to tax under this section, the total cost, as duly established, of the said materials shall be deductible from the gross selling price or gross value in money of the manufactured articles."

SEC. 7. Section one hundred ninety-one of the same Code, as amended, is further amended to read as follows:

"SEC. 191. *Percentage tax on road, building, irrigation, artesian well, waterworks, and other construction work contractors, proprietors or operators of dockyards, and others.*—Road, building, irrigation, artesian well, waterworks, and other construction work contractors; filling contractors; demolition and salvage work contractors; arrastre contractors; persons engaged in the installation of gas or electric light,