

[REPUBLIC ACT NO. 361, June 09, 1949]

**AN ACT AMENDING SECTION ONE HUNDRED AND NINETY OF
COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX,
OTHERWISE KNOWN AS 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 and ninety of Commonwealth Act Numbered Four hundred and sixty-six, otherwise known as the National Internal Revenue Code, as last amended by section two of Republic Act Numbered Two hundred and fifty-three, is hereby further amended by adding thereto a new paragraph so that, as amended, said section will 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 tax imposed under this Title on original transactions effected by merchants, importers, or manufacturers, such tax to be paid upon 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 where the same 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. If any article withdrawn from the customhouse or the post office without payment of the compensating tax is subsequently used by the importer for other purposes, corresponding entry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 Collector of Internal Revenue and payment the corresponding compensating tax made within thirty days from the date of such entry or notice and if the tax is not paid within such period the amount of the tax shall be increased by twenty-five per centum, the increment to be a part