

[EXECUTIVE ORDER NO. 72, November 25, 1986]

FURTHER AMENDING SECTION 227 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES

WHEREAS, there is a need to rationalize the taxes and exemptions on franchises by prescribing a new rate structure on franchise operators and withdrawing income tax exemptions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 227 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 227. Tax on franchises. - Any provision of general or special law to the contrary notwithstanding, there shall be levied, assessed and collected in respect to all franchises, upon the gross receipts from the business covered by the law granting the franchise, a tax in accordance with the schedule prescribed hereunder:

(a) On electric utilities, city gas and water supplies - - - Two (2%) per cent

(b) On telephone and/or telegraph systems, and radio broadcasting stations - - - Three (3%) per cent

(c) On other franchises - Five (5%) per cent

The grantee shall file the return with, and pay the tax due thereon to, the Commissioner of Internal Revenue or his duly authorized representative in accordance with the provisions of Section 162 of this Code, and the return shall be subject to audit by the Bureau of Internal Revenue, any provision of any existing law to the contrary notwithstanding."

SECTION 2. Any provision of general or special law to the contrary notwithstanding, all grantees of franchises shall be subject to income tax levied under Title II of the National Internal Revenue Code, as amended.

SECTION 3. Section 1 of the Republic Act No. 2889, Section 1 of Presidential Decree No. 551, as amended, Section 15(1) of Presidential Decree No. 1445, the pertinent provisions of the charters of franchise grantees, and all other laws, orders, issuances, rules and regulations or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.