

[BATAS PAMBANSA BLG. 84, September 19, 1980]

AN ACT AMENDING CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1977, AS AMENDED, GOVERNING THE TAXATION OF MINERALS AND MINERAL PRODUCTS AND FOR OTHER PURPOSES.

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section 202 of the National Internal Revenue Code of 1977, as amended, is hereby further amended to read as follows:

"SEC. 202. *Articles not subject to percentage tax on sales.*—The following shall be exempt from the percentage taxes imposed in Sections 194, 195, 196, 197, 198, 199, and 201:

"(a) Articles subject to tax under Title IV of this Code.

"(b) Articles subject to tax under Section 203 of this Code.

"(c) .22 caliber firearms and cartridges as well as other forms of ammunitions sold or delivered directly to the Armed Forces of the Philippines or any government instrumentality or agency engaged in maintaining peace and order for their use or issue.

"(d) Articles shipped or exported by the manufacturer or producer, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the articles so exported.

"(e) Articles sold by 'registered export producers' to (1) other 'registered export producers' (2) 'registered export traders' or (3) foreign tourists or travelers, which are considered as 'export sales'.

"Any percentage or specific tax paid under this Title or Title IV, respectively, on domestically manufactured or on imported raw materials used in the manufacture of finished products exported shall be allowed to be credited against other tax liabilities of the manufacturer-exporter: *Provided, however,* That the amount of the tax on the raw material, part, accessory, or other article shall be indicated as separate item in the sales invoice.

"Sales to foreign tourists paid for in acceptable foreign currency directly made by manufacturers or producers shall be considered export sales if the articles purchased are actually brought out of the Philippines by the buyers upon their departure."

SEC. 2. Section 253 of the same Code is hereby amended to read as follows:

"SEC. 253. *Occupation fee.*—A locator, holder, or occupant of a mining claim shall pay to the Commissioner of Internal Revenue or his duly

authorized representatives on the date of the registration of the mining claim in the Office of the Mines Regional Recorder concerned, and on the same date every year thereafter an annual occupation fee of ten pesos per hectare or fractional part thereof, until the lease covering the mining claim shall have been granted. For this purpose the Office of the Mines Regional Recorder shall submit to the revenue district officer of the place where the mining claim is located or at its nearest office a complete list of all mining claims registered with it, indicating therein the name/s of locator/s, area in hectares, location, and date registered. Thirty *per centum* of all the fees collected under this Section shall accrue to the province, and seventy *per centum* to the municipality in which the mining claims are located: *Provided*, That in case the mining claims are located in a chartered city, the full amount shall accrue to the city concerned. Failure to pay the occupation fee herein required within thirty days after demand shall cause the mining claims to be open for relocation and lease by other persons qualified to locate and lease the same under the provisions of Presidential Decree No. 463, as amended, otherwise known as the Mineral Resources Development Decree of 1974, in the same manner as if no location of the said mining claims had ever been made, unless the locator, holder, occupant, his heirs, executors, administrators or legal representatives, shall have paid the delinquent occupation fees plus a surcharge of twenty-five *per centum* for every year of delinquency and have resumed occupation of the claims before relocation by other persons.

"No lease shall be granted on any mining claim until the occupation fees and surcharges required to be paid under this Section shall have been fully paid: *Provided, however*, That nothing herein contained shall be construed to extend the period within which application for lease of mining claims shall be filed from the date of recording of the mining claims in the Office of the Mines Regional Recorder, as provided for under Presidential Decree No. 463, as amended."

SEC. 3. Section 254 of the same Code is hereby amended to read as follows:

"SEC. 254. *Rentals and royalties on mineral lands under lease.*—For the privilege of exploring, developing, exploiting and disposing of the minerals from the lands covered by lease, there is hereby imposed upon the lessee, rentals and royalties as follows:

"(a) Rentals—

"(1) On coal-bearing public lands, an annual rental of five pesos per hectare or fraction thereof for each and every year for the first ten years, and ten pesos per hectare or fraction thereof for each and every year thereafter during the life of the lease.

"(2) On public lands bearing quarry resources, an annual rental of fifty pesos per hectare or fraction thereof for each and every year during the life of the lease.

"(3) On all other mineral lands containing metallic and non-metallic minerals under existing mining laws or decrees, ten pesos per hectare or fraction thereof for each and every year during the life of the lease.

"The rental shall be paid in advance to the Commissioner of Internal Revenue or his duly authorized representative on the date of the granting of the lease and on the same date every year thereafter during the life of the lease. Thirty *per centum* of all the rentals collected shall accrue to the province, and seventy *per centum* to the municipality in which the mining claims are located: *Provided*, That in case the mining claims are located in a chartered city, the full amount shall accrue to the city.

"(b) Royalties—

"(1) On coal, such royalties as may be specified in the lease, which shall not be less than twenty centavos per ton of one thousand and sixteen kilograms at the time of removal.

"(2) On all non-metallic minerals and quarry resources, a royalty tax of three *per centum* of the actual market value of the annual gross output thereof at the time of removal.

"(3) On all metallic minerals, a royalty tax of five *per centum* of the actual market value of the gross output thereof at the time of removal.

"A lessee, owner or operator who sells his minerals, mineral products or quarry resources locally shall be subject to sales tax."

SEC. 4. Section 255 of the same Code is hereby amended to read as follows:

"SEC. 255. *Royalty taxes collectible on minerals, mineral products or quarry resources extracted or produced from all mineral lands not covered by lease.*—The royalty taxes above prescribed shall be collected on all minerals or mineral products or quarry resources extracted or produced from all mineral lands not covered by lease."

SEC. 5. Section 256 of the same Code is hereby amended to read as follows:

"SEC. 256. *Time, manner and place of payment of royalties.*—The royalty taxes shall be due and payable upon the removal of the minerals or mineral products or quarry resources from the locality where mined.

"Before removing any mineral or mineral products or quarry resources subject to the royalty tax, the person liable to the said tax shall file, in duplicate, a return setting forth the quantity and the actual market value of the mineral or mineral products to be removed and pay the royalty taxes due thereon to the revenue district officer, collection agent, or the treasurer of the city or municipality of the place where the mine is located except as hereinbelow provided.

"However, the output of the mine may be removed from such locality without the prepayment of such royalty taxes if the lessee, owner, or operator shall file a bond in the form and amount and with such sureties as the Commissioner may require, conditioned upon the payment of such royalty taxes. It shall be the duty of every lessee, owner, or operator to make a true and complete return in duplicate setting forth the quantity and the actual market value of the minerals or mineral products or quarry resources removed during each calendar quarter, of the balance, if any, in cases where payment are made upon removal, and pay the