

[Commonwealth Act No. 637, June 10, 1941]

AN ACT TO EXEMPT NON-RESIDENT CITIZENS OF THE UNITED STATES AND CORPORATIONS ORGANIZED UNDER THE LAWS OF THE UNITED STATES FROM CERTAIN TAXES.

Be it enacted by the National Assembly of the Philippines:

SECTION 1, The income of non-resident citizens of the United States or corporations organized under the laws of the United States or any of its political subdivisions, which consist exclusively of earnings derived from the operation of ships documented under the laws of the United States, except income derived by them from the operation of a ship or ships in the Philippine coastwise trade, shall not be included as a part of the gross income of such citizens or corporations and shall be exempt from the tax established under Title II (Income Tax) of the National Internal Revenue Code.

SEC. 2. The income derived exclusively by non-resident citizens of the United States or by corporations organized under the laws of the United States of any of its political subdivisions from the operation of ships documented under the laws of the United States, except income derived by such citizens or corporations from the operation of a ship or ships in the Philippine coastwise trade, shall not be included in the computation of the residence tax collectible under Commonwealth Act Numbered four hundred and sixty-five, entitled "An Act to impose a Residence Tax."

SEC. 3. The exemptions herein provided shall be allowable if and when the Government of the United States grants an equivalent exemption to non-resident citizens of the Philippines in the United States and to corporations organized in the Philippines with regard to their income derived exclusively from the operation of ships documented under the laws of the Philippines.

SEC. 4. This Act shall take effect upon its approval.

Approved, June 10, 1941.



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