

[Commonwealth Act No. 465, June 14, 1939]

AN ACT TO IMPOSE A RESIDENCE TAX

Be it enacted by the National Assembly of the Philippines:

Sec. 1. *Persons liable to residence tax.*- Every inhabitant of the Philippines over eighteen years of age who has been regularly employed on a wage or salary basis for at least thirty consecutive working days during any calendar year at the rate of not less than fifty centavos a day, to is engaged in business or occupation, or who owns real property with an aggregate assessed value of one thousand pesos or more, or who is required by law to file an income tax return shall pay an annual residence tax of fifty centavos, and an annual additional tax which in no case shall exceed five hundred pesos, in accordance with the following schedule:

- a. For every five thousand pesos worth of real property in the Philippines owned by such person during the preceding year, the valuation to be based upon the assessment rolls of the municipality where the property is situated, one peso;
- b. For every five thousand pesos of gross receipts or earnings derived by such person from his business in the Philippines during the preceding year, one peso; and
- c. For every one thousand pesos of salaries or gross receipts or earnings derived by such person from the exercise of any profession in the Philippines or from the pursuit of any occupation therein during the preceding year, one peso.

For the purposes of the additional tax, dividends received by the taxpayer from any corporation shall not be considered as part of his gross receipts or earnings.

In the case of husband and wife, the additional tax herein imposed shall be based upon the total property owned by them, or upon the total gross receipts or earnings derived by them.

Sec. 2. *Entities liable to residence tax,* - Every corporation, no matter how created or organized, whether domestic or resident foreign, engaged in or doing business in the Philippines shall pay an annual residence tax of five pesos and an annual additional tax which, in no case, shall exceed one thousand pesos, in accordance with the following schedule:

- a. For every five thousand pesos worth of real property in the Philippines owned by it during the preceding year, the valuation to be based upon the assessment rolls of the municipality where the real property is situated, one peso; and
- b. For every five thousand pesos of gross receipts or earnings derived by it from its business in the Philippines during the preceding year, one peso: provided, however, That dividends received by a corporation from another corporation shall not, for the purposes of

the additional tax, be considered as part of the gross receipts or earnings of said corporation.

The term "corporation" as used in this Act includes joint-stock company, partnership, joint account (cuenta en participacion), association, or insurance company, no matter how created or organized.

The term "resident foreign" when applied to a corporation means a foreign corporation engaged in trade or business within the Philippines or having an office or place of business therein.

Sec. 3. Residence Certificates. - A residence certificate shall be issued to every person or corporation upon payment of the residence tax. A residence certificate shall also be issued to any person or corporation not liable to the payment of the residence tax upon payment of twenty centavos.

The residence certificate for persons shall contain the full name, place and date of birth, citizenship, civil status, length of residence in the Philippines, length of residence in the city or municipality where the certificate is issued, occupation or calling, right hand thumb mark, and signature of the person to whom such residence certificate is issued. It shall also contain the signature of the officer issuing it.

Sec. 4. Exemptions. - The following shall not be taxed under this Act:

- a. The United States High Commissioner and members of his staff;
- b. Commissioned officers of the United States Army and Navy;
- c. Enlisted soldiers, sailors and marines of the United States Army and Navy;
- d. Civilian employees of the military or naval branches of the United States Government who have come to the Philippines under orders from the United States Government;
- e. Diplomatic and consular representatives and officers of foreign powers; and
- f. Transient visitors when their stay in the Philippine does not exceed three months.

Sec. 5. Time for payment; penalties for delinquency. - Liability for the residence taxes accrues on the first day of January of each year as regards persons then resident of the Philippines and liable to the taxes; and if a person so liable fails to pay the taxes on or before the last day of April, he shall be delinquent. As regards those who come to reside in the Philippines on or before the last day of June, and those who reach the age of eighteen years or otherwise lose the benefit of exemption on or before that day, liability shall attach upon the day of arrival or upon the day exemption ceases, and if arriving or becoming liable on or before the tenth day of April, they shall likewise be delinquent upon failure to pay the taxes on or before the last day of April, but such persons, arriving or becoming liable after the tenth day of April, shall have twenty days within which to pay the taxes without