

# [ PRESIDENTIAL DECREE NO. 1885, October 05, 1983 ]

## **AMENDING SECTION 290-B OF THE NATIONAL INTERNAL REVENUE CODE AS AMENDED, IN ORDER TO EXPAND THE SCOPE OF THE "FLEXIBILITY CLAUSE."**

**WHEREAS**, Sec. 290-B of the National Internal Revenue Code, as amended, provides for a flexibility clause empowering the President, under certain conditions and subject to specific limitations therein, to revise tax rates, change the classification of taxable articles, and revise the taxable base and manner of computing internal revenue tax;

**WHEREAS**, in order to enhance tax collection, it is necessary to simplify and modify the existing tax structure through the systematization of tax deadlines as well as the method and manner of tax computation;

**WHEREAS**, it appears that the present flexibility clause, is inadequate to satisfy the foregoing objectives; moreover, the same is not an effective instrument to enable the country to fulfill its ASEAN and international commitments;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree, as follows:

**SECTION 1.** Section 290-B (1) of the National Internal Revenue Code, as amended, is hereby amended as follows:

### **SEC. 290-B** *Flexibility Clause* —

"(1) In general. In the interest of the national economy and general welfare and subject to the limitations herein prescribed, the President upon recommendation of the Minister of Finance is hereby empowered to make adjustments on all internal revenue taxes where such adjustments refer to the following:

"(a) Revision of rates;

"(b) Change in the classification of articles;

"(c) Revision of taxable base including modification or change of the manner and method of computing the tax such as, but not limited to, the change in deduction scheme from tax credit to cost deduction;

"(d) Revision of deadlines for the filing of tax returns, payment of tax and compliance with other tax requirements; and

"(e) Modification of integration of safeguards to ensure the collection of the correct tax.

"The above authority may be exercised by the President if any of the following conditions exists: