

[PRESIDENTIAL DECREE NO. 1528, June 11, 1978]

INCREASING THE FRANCHISE TAX OF THE PHILIPPINE LONG DISTANCE TELEPHONE COMPANY FROM ONE PER CENT TO TWO PER CENT.

WHEREAS, under Act No. 3436, the Philippine Long Distance Telephone Company was granted a franchise for 50 years from November 28, 1928, to install, operate and maintain a telephone system throughout the Philippines, and the government imposed on it a franchise tax of 1% of all its gross receipts, but it shall still pay the same taxes on its real estate, buildings and personal property;

WHEREAS, on November 9, 1970, Republic Act No. 6146 was enacted extending the term of the franchise of the PLDT for 25 years from the date of its expiration;

WHEREAS, the average franchise tax for telephone corporations and power companies is 2%;

WHEREAS, it is the policy of the government to rationalize the taxes on private corporations;

WHEREAS, the Philippine Long Distance Telephone Company has committed itself to a massive service improvement and expansion program involving P4.6 billion through 1982 which is designed to:

- a. Install an additional 225,000 telephones.
- b. Introduce a total of 200,000 lines of electronic switching equipment. This is part of a modernization program which will also require the retirement of outmoded equipment.
- c. Introduce new systems into the present older type of equipment in order to ensure constant analysis of operations and ensure speedier corrective maintenance of faults.
- d. Introduce new subscriber services, electronic PABXs, and new types of subscriber equipment.
- e. Establish telephone service in 47 rural areas integrated into the PLDT nationwide system.
- f. Upgrade party line services and provide only main line services in electronic switching offices.
- g. Introduce subscriber metering service in electronic switching offices.
- h. Introduce Direct Distance Dialing for electronic switching subscribers and selected subscribers of step-by-step offices.
- i. Increase the capacity of the present Microwave backbone facility from 600 channels to 1200 channels and add to geographical coverage of the backbone to cover new areas.
- j. Expand the International and Domestic toll switching systems to meet demand forecasts.
- k. Provide the terrestrial link for all Domstat earth stations.
 - l. Provide interconnection with 15 telephone companies and 100 toll stations.
- m. Provide automatic mobile telephone service.
- n. Replace outmoded toll facilities.