

[PRESIDENTIAL DECREE NO. 764, August 07, 1975]

AMENDING SECTION TWO OF REPUBLIC ACT NUMBERED 1407 AS AMENDED, OTHERWISE KNOWN AS "THE PHILIPPINE OVERSEAS SHIPPING ACT OF NINETEEN HUNDRED AND FIFTY-FIVE".

WHEREAS, the Philippine Maritime Industry is a major contributor to the growth of the Philippine economy;

WHEREAS, ocean-going vessels of the industry are a source of foreign exchange earnings for the country;

WHEREAS, the income tax exemption granted to the overseas shipping business under Republic Act No. 1407 is about to expire at a time when the government is currently engaged in the maritime fleet expansion program;

WHEREAS, it is desirable that the said tax exemption be extended to help boost the industry which is vital to the national economy.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree that Section 2 of Republic Act No. 1407 as amended be further amended to read as follows:

"SEC. 2. In the pursuance of the above-declared policy, any citizen of the Philippines, or any association or corporation organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, engaged or which shall engage exclusively in overseas shipping business or in the construction of modern boats for overseas service shall be exempt from the payment of income tax on income derived from his or its overseas shipping business for a period of thirty years from the date of approval of this Act or until September nine, nineteen hundred and eighty-five; *Provided*, That they shall invest the entire net income, after deducting not more than ten per cent thereof for distribution to the stockholders or partners, realized during the period of exemption, which would otherwise have been taxable under the provisions of Title II of the National Internal Revenue Code, in the construction, purchase or acquisition of vessels and equipment and/or in the improvement of its vessels and equipment. The amount so invested shall not be withdrawn for a period of thirty years after the expiration of the period of income tax exemption or until after the vessels and equipment so acquired had been fully paid for. Any amount withdrawn before the end of this period shall be subject to the corresponding income tax, including surcharges and interests.

All such laws, decrees, orders, rules or regulations or any part thereof as are inconsistent with this Decree are hereby repealed or modified accordingly.

This Decree shall take effect upon its approval.

Done in the City of Manila, this 7th day of August, in the year of Our Lord, nineteen hundred and seventy-five.