

[REPUBLIC ACT NO. 6141, November 04, 1970]

AN ACT TO CREATE A PEACE AND ORDER SPECIAL ACCOUNT IN THE GENERAL FUND TO FINANCE THE ACTIVITIES AND FUNCTIONS OF THE POLICE COMMISSION AS DEFINED IN THE POLICE ACT OF 1966 AND CERTAIN POLICE ACTIVITIES OF THE NATIONAL BUREAU OF INVESTIGATION AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Purpose.*-It is hereby declared to be the purpose of this Act to support local governments in improving their police forces to attain the objectives set forth in the Police Act of 1966.

SEC. 2. *Creation of a Peace and Order Special Account in the General Fund.*-To carry out the purpose of this Act, there is hereby created in the General Fund a Peace Order Special Account, hereinafter referred to as the Account, which shall be used to finance the activities, functions and program of the Police Commission to carry out its powers and duties as defined in the Police Act of 1966 and certain police activities of the National Bureau of Investigation.

SEC. 3. *Financial Sources of the Account.*-The Account shall be constituted out of all the revenue collected from the following sources:

- a. The tax on stock transactions imposed under Section four hereof; and
- b. An additional tax on travel as imposed under Section three of Republic Act Numbered Fourteen hundred and seventy-eight, as amended, imposed under Section six hereof.

SEC. 4. A new section is hereby inserted between Sections one hundred and ninety-five-A and one hundred ninety-six of the National Internal Revenue Code, to be known as Section one hundred and ninety-five-B, which shall read as follows:

"SEC. 195-B. *Percentage tax on stock transactions.*-There shall be levied, assessed, collected, and paid on every sale, exchange, transfer or similar transaction intended to convey ownership of, or title to, any share or shares of stock, a tax equivalent to two *per centum* of the gross selling price of the share or shares of stock sold, or of the gross value in money of the share or shares of stock, exchanged or transferred, which shall be paid by the seller or transferor.

"The tax herein imposed shall not apply to:

"(1) The issuance by a corporation of shares of stock, whether original or

additional issues;

"(2) The donation of any share or shares of stock made to any educational or charitable corporation, institution, foundation, trust or philanthropic organization or research institution or organization as denned in and subject to the conditions imposed by Section one hundred ten of this Code;

"(3) The exchange of any share or shares of stock effected pursuant to the plan for merger or consolidation under paragraph (2), (b), Section thirty-five of this Code;

"(4) The transfer of shares of stock by testate or intestate succession; and

"(5) The sale, exchange or transfer of shares acquired before the effectivity of this Act, in which case the pertinent provisions of this Code shall apply.

"For a period of five years from the effectivity of this Act, any capital gain arising from a stock transaction on which the tax herein imposed has been paid shall not be into account in computing net capital gain or loss under Section thirty-four of this Code if (1) both the acquisition and the disposition of said stock by the taxpayer are effected after the effectivity of this Act and (2) the sale, exchange, and transfer is *bona fide* and the consideration for the transaction represents the substantial fair market value of the stock: *Provided*, That, in of gain not arising from, but realized out of the said stock transaction, the pertinent provisions of this Code shall apply. However, any capital loss arising from such transaction shall be taken into account in computing net capital gain in accordance with the provisions of this Code; *Provided*, That there shall be no capital loss carry-over.

"Notwithstanding the provisions of Section thirty of this Code, the tax imposed in this section shall not be an allowable deduction for income tax purposes.

"For purposes of this section, "fair market value" of shares of stock subject of any transaction in a stock exchange on any particular date will be determined by the actual selling price of the stock as certified by the stock exchange which handled the transaction. In the case of shares of stock not traded through a stock exchange but listed in one or more stock exchanges the highest closing price of the day on which the shares are transferred shall the fair market value of the shares. In the absence of any sale, the highest closing price of the day nearest to that day on which the shares are transferred shall be the r market value of the shares. In all other cases, the fair market value shall be determined by considering the nature and history of the business, book value of the stock, earning and dividend paying capacity of the company, goodwill, and sales of both the stock to be valued and that of companies similarly situated.

"No sale, exchange, transfer, or similar transaction intended to convey ownership of, or title to, any share or shares of stock which had been acquired after the date of effectivity of this Act, shall be registered in the books of a corporation, unless the receipt of a corporation, unless the receipt of payment of the tax imposed under this section or a copy thereof, is filed with and recorded by the stock transfer agent or secretary the corporation.

"In the case of stocks traded through a stock exchange it shall be the duty of the stock broker to collect on behalf of the government the tax due from the seller or transferor upon the issuance of the confirmation of sale. The stock broker shall issue the confirmation of sale for the account of any transferor or seller of stocks simultaneously upon payment of the tax herein imposed and not otherwise.

"In the case of stocks not traded through a stock exchange, it shall be the duty of the stock transfer agent or the secretary of the corporation, in case a corporation has no stock transfer agent, to collect on behalf of the government the tax due from the seller or transferor before recording the transfer of stock in the stock and transfer book.

"The stock broker, transfer agent, or secretary of the corporation shall issue the corresponding official receipt, which was previously registered with the Bureau of Internal Revenue to the seller or transferor.

"It shall be the duty of every stock broker to turn over the sums collected by him as tax to the Bureau of Internal Revenue within three banking days from the date of collection thereof; and to submit on Monday of each week to the secretary of the stock exchange of which he is member, a true and complete return, which shall contain a declaration that he made it under the penalties of perjury, of all transactions effected through him during the preceding week and of the taxes collected by him and turned over to the Bureau of Internal Revenue. The secretary of the stock exchange shall reconcile the same with the weekly reports of stock brokers and in turn transmit to the Bureau of Internal Revenue on the first and sixteenth day of each month a consolidated return of all transactions effected during the preceding period through the exchange.

"It shall likewise be the duty of every stock transfer agent or secretary of the corporation, as the case may be, over the sums collected by him as taxes under this section to the Bureau of Internal Revenue within three banking days from the date of collection thereof and to file with the Bureau of Internal Revenue on Monday of each week a true and complete return, which shall contain a declaration that he made it under the penalties of perjury of all taxable transactions effected through him during the preceding week and of all taxes collected by him and turned over to the Bureau of Internal Revenue."

SEC. 5. *Surcharges and penalties.*-If the tax imposed under the preceding section is not paid or is not turned over within the time prescribed above, there shall be added to the tax a surcharge of twenty-five *per centum* thereof, plus a special penalty of one *per centum* of the tax due for every banking day of delay in payment, the increments to form part of the tax.

In case a false or fraudulent return is filed, there shall be added to the tax or to the deficiency tax, if any payment has been made on the basis of such return before the discovery of the falsity or fraud, a surcharge of fifty *per centum* thereof, plus special penalty of one *per centum*, of the tax or deficiency tax due for every banking day of delay in the payment of the correct tax, the increment to form part of the tax.

The tax or amount so added to any tax due shall be collected from the seller, stock

broker, stock transfer agent, or secretary of the corporation, as the case may be, responsible for the non-payment or non-collection of the tax due or for the delay in the payment of and/or failure to turn over to the Bureau of Internal Revenue the tax collected or for the filing of a false or fraudulent return.

The surcharges and special penalties imposed hereinabove shall be in addition to any criminal liability that may incurred under Sections 209, 352, 353, and 355 of the National Internal Revenue Code and Articles 217 to 222 he Revised Penal Code.

SEC. 6. *Additional tax on travel.*-In addition to the tax imposed under Section three of Republic Act Number Fourteen hundred and seventy-eight, as amended, there I hereby imposed a tax of three hundred pesos for first class passage fares and two hundred pesos for all others to be collected from all citizens of the Philippines or permanent resident aliens: *Provided, however,* That Filipino Muslim pilgrims going to Mecca for the first time and crew members on duty aboard ships and airplanes plying international routes shall be exempt.

Out of the total proceeds from the additional tax on travel, two million pesos shall accrue annually to the funds of the Board of Travel and Tourist Industry to be spent exclusively for the development and maintenance of the Rizal Park: *Provided, however,* That not more than ten per cent thereof shall be used for salaries and wages: *And provided, further,* That any excess thereof shall be used for the development and maintenance of other public parks. The balance of such proceeds shall accrue to and form part of the Account.

The additional tax on travel imposed under this section .shall be collected at the same time, in the same manner and subject to the same penalties as the basic travel tax imposed under Section three of Republic Act Numbered Fourteen hundred and seventy-eight, as amended.

There shall be no exemptions from the payment of the additional travel tax except as provided herein and under existing laws, treaties, and international agreements.

SEC. 7. *Turnover of the collection, release of the Account is ministerial.*-The Commissioner of Tourism and the Commissioner of Internal Revenue shall turn over their collections of the taxes mentioned in the preceding sections to the Treasurer of the Philippines within ten days of every succeeding month. The Treasurer of the Philippines shall credit the collections to the Account which shall not be debited except for withdrawals pursuant to appropriations made by law for the Police Commission and National Bureau of Investigation. The credit balance, if any of this Account at the end of each fiscal year shall be available for appropriation for the following¹:

1. a grant to every barrio not to exceed six hundred pesos each annually to be spent in accordance with the Barrio Charter for promotion and maintenance of peace and order,
2. to cover the deficiencies in the Special Education Fund provided for in Section I(c) of Republic Act Numbered five thousand four hundred forty seven.

It shall be the ministerial duty of the Budget Commissioner to release the quarterly allotments from the appropriations of the Police Commission at least ten days before each quarter as requested by its Chairman provided that the same is covered by the