

[REPUBLIC ACT NO. 6110, August 04, 1969]

**AN ACT AMENDING CERTAIN PROVISIONS OF THE NATIONAL
INTERNAL REVENUE CODE, AS AMENDED.**

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

SECTION 1. Section two of Commonwealth Act Numbered Four hundred and sixty-six, as amended, is hereby amended to read as follows:

"SEC. 2. *Chief officials of Bureau.*—The Bureau of Internal Revenue shall have a chief to be known as Commissioner of Internal Revenue, and two assistant chiefs, to be known as deputy commissioners."

SEC. 2. Section five of the same Act is hereby amended to read as follows:

"SEC. 5. Forms, certificates, and appliances supplied by the Commissioner of Internal Revenue.—It shall be the duty of the Commissioner of Internal Revenue, among other things, to prescribe, provide, and distribute to the proper officials the requisite licenses, internal revenue stamps, and labels or tags used in sealing weights, and measures, and all other forms, certificates, bonds, records, invoice books, instruments, appliances, and apparatus used in administering the laws falling within the jurisdiction of the Bureau. For this purpose, internal revenue stamps, strip stamps, science stamps and labels shall be caused by the Commissioner of Internal Revenue to be printed in the same manner as Philippine currency."

SEC. 3. A new section is hereby inserted after Section seven of the same Act to be known as Section seven-A, which shall read as follows:

"SEC. 7-A. *Power of Commissioner of Internal Revenue to obtain information; on potential taxpayers.*—When it comes to the knowledge of the Commissioner of Internal Revenue that certain offices of the national and local governments, such as the Office of Register of Deeds, the Securities and Exchange Commission, the Philippines Patent Office, those of mayors and treasurers, the Government Service Insurance System, the Social Security System and others, possess valuable information for discovery of potential taxpayers, the Commissioner or his deputies shall obtain that information upon proper request from the offices concerned. It shall be the duty of those offices to furnish the desired information within thirty days from receipt of the request of the Commissioner of Internal Revenue or his deputies."

SEC. 4. Section eighteen of the same Act is hereby amended to read as follows:

"SEC. 18. *Sources of Revenue.*—The following taxes, fees and charges are deemed to be national internal revenue taxes:

- "(a) Income tax;
- "(b) Estate, inheritance and gift taxes;
- "(c) Specific taxes on certain articles;
- "(d) Privilege taxes on business or occupation;
- "(e) Documentary stamp taxes and science stamp taxes;
- "(f) Mining taxes; and
- "(g) Miscellaneous taxes, fees, and charges, namely, taxes on banks, finance companies, insurance companies, franchise taxes, taxes on amusements, charges on forest products, fees for sealing weights and measures, firearms license fees, tobacco inspection fees, water rentals, and such other taxes as are or hereafter may be imposed and collected by the Bureau of Internal Revenue."

SEC. 5. Subsection (d) of Section twenty-three of the same Act is hereby amended to read as follows:

"(d) *Change of status.*—

If the taxpayer married or should have additional dependents as defined in subsection (c) above during the taxable year the taxpayer may claim the corresponding personal exemptions in full for such year.

"If the taxpayer should die during the taxable year, his estate may still claim the personal and additional deductions for himself and his dependents as if he died at the close of such year.

"If the spouse or any of the dependents should die during the year, the taxpayer may still claim the same deductions as if they died at the close of such year."

SEC. 6. Subsection (b) of Section twenty-four of the same Act is hereby amended to read as follows:

"(b) *Tax on foreign corporations.*— (1) Non-resident corporations.—A foreign corporation not engaged in trade, or business in the Philippines including a foreign life: insurance company not engaged in the life insurance business in the Philippines shall pay a tax equal to thirty-five per cent of the gross income received during each taxable year from all sources within the Philippines, as interests, dividends, rents, royalties, salaries, wages, premiums, annuities, compensations, remunerations for technical services or otherwise, emoluments or other fixed or determinate annual, periodical or casual gains, profits, and income, and capital gains: Provided, however, That premiums shall not include reinsurance premiums.

"(2) *Resident corporations.*—A corporation, organized, authorized, or existing under the laws of any foreign country, except a foreign life insurance company, engaged in trade or business within the Philippines, shall be taxable as provided in subsection (a) of this section upon, the

total net income received in the preceding taxable year from all sources within the Philippines."

SEC. 7. Paragraph (a) of Section twenty-five of the same Act is hereby amended to read as follows:

"SEC. 25. *Additional tax on corporations improperly, accumulating profits or surplus.*— (a) *Imposition of tax.*—If any corporation, except banks, insurance companies or personal holding companies, whether domestic or foreign, is formed or availed of for the purpose of preventing the imposition of the tax upon its share-holders or members or the share-holders or members of another corporation, through the medium of permitting its gain and profits to accumulate instead of being divided or distributed, there is levied and assessed against such corporation, for each taxable year, a tax equal to twenty-five per centum of the undistributed portion of its accumulated profits or surplus which shall be in addition to the tax imposed by section twenty-four, and shall be computed, collected and paid in the same manner and subject to the same provisions of law, including penalties, as that tax."

SEC. 8. Section twenty-seven of the same Act is hereby amended by adding at the end thereof a new paragraph to read as follows:

"(I) Development banks as provided in Republic Act Numbered Four thousand ninety-three, as amended."

SEC. 9. Subsection (b) (7) of Section twenty-nine of the same Act is hereby amended to read as follows:

"SEC. 29. Gross Income * * *

"(b) Exclusions from gross income
* * * *

"(7) Miscellaneous items

(A) * * *

(B) * * *

(C) Income derived as rewards under Republic Act Numbered Twenty-three hundred and thirty-eight."

SEC. 10. Subsection (c) of Section twenty-nine of the same Act is hereby amended to read as follows:

"(c) *Dividends received from domestic corporations.*— In the case of dividends received by a domestic or resident foreign corporation from a domestic corporation liable to tax under this Code, only twenty-five per cent of such dividends shall be returnable for purposes of the tax imposed by Section twenty-four."

SEC. 11. Paragraph (1) subsection (a) of Section thirty of the same Act is hereby amended to read as follows:

"(a) Expenses:

"(1) *In general.*—All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for

personal services actually rendered; traveling expenses while away from home in the pursuit of a trade or business, rentals or other payments required to be made as a condition to the continued use or possession, for the purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"In the case of an individual, ordinary and necessary entertainment expenses in an amount not in excess of one thousand pesos or five *per centum*. of gross income, whichever is lesser, shall be allowed as deduction. Claims for such ordinary and necessary entertainment expenses in an amount exceeding this allowance shall be duly supported by the corresponding vouchers and/or receipts."

SEC. 12. Section thirty (h) of the same Act is hereby amended to read as follows:

"SEC. 30. (h) Charitable and other contributions.— Contributions or gifts actually paid or made within the taxable year to or for the use of the Government of the Philippines or any political subdivision thereof for exclusively public purposes, or to domestic corporations or associations organized and operated exclusively for religious, charitable, scientific, athletic, cultural or educational purposes or for the rehabilitation of veterans, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual to an amount not in excess of six per centum in the case of an individual, and three *per centum* in the case of a corporation, of the taxpayer's taxable net income as computed without the benefit of this paragraph.

"Notwithstanding the foregoing, the following donations shall be deductible in full and shall not be included for purposes of computing the maximum amount deductible under the preceding paragraph:

"(1) Any donation made to any school, college, or university recognized by the Government either for general or special purposes: Provided, That said donation is not for payment or granting of a salary increase, bonus, or personal benefits to any or all of the school officials, faculty, and personnel in case of a public school or to any of its stockholders, school officials, faculty, and personnel in case of private schools.

"(2) Donations to the Artesian Well Fund as provided in Republic Act Numbered Nine hundred seventy-seven.

"(3) Donations to the International Rice Research Institute as provided in Republic Act Numbered Two thousand seven hundred seven.

"(4) Donations to the National Science Development Board and its agencies and to public or recognized private educational institutions, and scientific and research foundations, as provided in Republic Act Numbered Three thousand five hundred eighty-nine.

"(5) Donations to the Ramon Magsaysay Award foundation, as provided in Republic Act Numbered Three thousand six hundred seventy-six.

"(6) Donations to the University of the Philippines, and other state colleges and universities subject to the same limitations in paragraph one above.

"(7) Donations to the Philippine Rural Reconstruction Movement.

"(8) Donations to the Catholic Relief Services-NCWC, and the Tools for Freedom Foundation as provided in Republic Act Numbered Four thousand four hundred eighty-one.

"(9) Donations to the Cultural Center of the Philippines.

"(10) Donations to the Philippine Amateur Athletic Federation.

"(11) Donations to the Trustees of the Press Foundation of Asia, Inc.

"(12) Donations to the National Commission on Culture.

"(13) Donations to Humanitarian Science Foundation.

"(14) Donations to Roxas Education and Welfare Committee, Inc.

"The provisions of existing special laws to the contrary notwithstanding, all other contributions or donations shall be subject to the limitations provided in the first paragraph of this subsection.

"Such contribution or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Secretary of Finance."

SEC. 13. Subsection (k) of Section thirty of the same Act is hereby amended to read as follows:

"(k) Optional standard deduction.—In lieu of the deductions allowed under this section an individual, other than a non-resident alien, may elect a standard deduction. Such optional standard deduction shall be in the amount of five thousand pesos or in an amount equal to ten *per centum* of his gross income, whichever is the lesser. Unless the taxpayer signifies in his return his intention to elect the optional standard deduction he shall be considered as having availed himself of the deductions allowed in the preceding subsection. The Secretary of Finance shall prescribe the manner of the election. Such election when made in the return shall be irrevocable for the taxable year for which the return is made."

SEC. 14. Subsection (a) of Section forty-five of the same act is hereby amended to read as follows:

"SEC. 45. *Individual returns.*—(a) *Requirements.*—

"(1) The following individuals are required to file an income tax return, if