

[REPUBLIC ACT No. 3127, June 17, 1961]

**AN ACT AUTHORIZING THE EXEMPTION OF BASIC INDUSTRIES
FROM THE PAYMENT OF CERTAIN TAXES AND FOR OTHER
PURPOSES.**

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

SECTION 1. *Declaration of policy.*—It shall be the policy of the government to encourage the establishment of basic industries through the grant of tax exemptions directed at accelerating the pace of economic and social development of our country.

SEC. 2. *Basic Industries.*—For purposes of this Act, the following are basic industries:

- (a) Basic iron, nickel, aluminum and steel industries;
- (b) Basic chemical industries, antibiotics and fungicides, including cement manufacture and its allied industries and fertilizers;
- (c) Copper and alumina smelting and refining;
- (d) Pulping and/or including the integrated manufacture of paper products;
- (e) Deep-sea fishing and the canning of sea foods and manufacture of fish meals; the manufacture of nets and other fishing gear;
- (f) Refining of gold, silver and other noble metals;
- (g) Mining and exploration of base or noble minerals or metals, and crude oil or petroleum;
- (h) Production of agricultural crops;
- (i) Shipbuilding and dry-docking;
- (j) Coal and dead burnt dolomite;
- (k) Cattle industry;
- (l) Logging and the manufacture of veneer and plywood;
- (m) Vegetable oil manufacturing, processing and refining;
- (n) Manufacture of irrigation equipment, farm machineries; spare parts and tools for such farm machineries, trucks and automobiles;
- (o) Production and manufacture of textiles, cotton, ramie, synthetic fibers, and coconut coir;
- (p) Manufacture of cigars from both native and Virginia tobacco;
- (q) Manufacture of gasoline and diesel engines.
- (r) Manufacture of ceramics, furnaces, refractories and glass; and
- (s) Manufacture of food products out of cereals, forest and/or agricultural products.

SEC. 3. *Definition of terms.*—The term "basic iron, nickel, aluminum and steel industries" shall refer to the manufacture of iron, nickel, aluminum and steel from ore materials, including all processes from smelting in blast furnaces to the semi-finished stage, namely, the production of pellets, billets, blooms, slabs or bars; re-rolling into basic forms, either separately or part of the integrated process in the industry, such as sheets, plates, strips, tubes, tubings, conduits, pipes, rails, rods, tin plates, rough castings and forgings.

The term "basic chemical industries, including fertilizers" shall refer to the manufacture of basic industrial chemicals, such as acids, alkalis, salts, except sodium chloride and calcium hydroxide, intermediates, dyes, colour lakes and toners; explosives, ammunitions, except fireworks; synthetic resins; synthetic rubber; fertilizers; all chemicals for the production of medicants and insecticides; petro chemical; sucro-chemical; and coke and coal chemicals. The term "copper smelting and refining" shall refer to the manufacture of copper into basic forms, such as ingots, bars, billets, sheets, strips, circles, sections, rods, pipes, tubes, castings and extrusions.

The term "pulping" shall refer to the manufacture of pulp from wood, rags, rice straw and bagasse.

The term "integrated manufacture" as used in subsection (d) of Section two herein shall include all processes from pulping up to the manufacture of finished paper products.

The term "deep-sea fishing" shall refer to commercial fishing in sea and inland waters using any tonnage of fishing vessel, of over three tons gross capacity, licensed by the Bureau of Fisheries.

The term "gold and silver refining" shall refer to the smelting of bars or bullion and treatment of chemical re-agents to remove other metal contents leaving gold or silver alone.

"Mining" shall mean the exploration for and extraction of minerals which occur in nature as either solids, liquids or gases; manufacture of ceramics, furnaces and refractories.

"Base metals" shall mean all metallic minerals except noble metals.

"Noble metals" shall refer to gold, silver, diamond, platinum and uranium.

The term "Production" as stated in sub-section (h) of Section two herein shall refer to the activities of planting, caring, harvesting and preparation for manufacture of such agricultural products like lumbang, castor beans, soya beans, peanuts, pili and cashew nuts, raw cotton, maguey, abaca, ramie, buri and buntal fibers, raffia, kenaf, rice and corn.

The term "Shipbuilding and dry-docking" shall refer to the manufacture of vessels, tugboats, barges, tankers and all component parts related to the industry, including dredging and dry-docking equipment.

The term "cattle industry" shall refer to the raising of cattles and the acquisition of equipment, materials and machineries related to the industry, including the manufacture and processing of meat and dairy products.

The term "cement manufacturing and its allied industries" shall refer to the manufacture of cement, roofing materials and pipes with cement as essential component, material, plaster of paris and other similar products.

The term "vegetable oil" shall refer to the manufacturing, processing or refining of vegetable oil from agricultural products such as coconuts, corn seeds, peanuts, soya beans and avocado, cotton seeds, palm nuts, castor beans and lumbang nuts, and the like, for either export or local consumption.

The term "logging and the manufacture of veneer and plywood" shall refer to the production of logs and the manufacture of lumber, plywood, and veneer.

The term "ceramics" shall refer to the manufacture of structural clay products such as bricks, tiles, pipes, crucibles, architectural terra cotta, stone-lining chimney pipes and tops and refractories.

The term "glass" shall refer to an amorphous transparent or translucent brittle material usually made by fusion of silica, soda ash, lime, and salt cake or similar materials.

The term "spare parts" shall include even non-metallic parts of such trucks and cars like batteries and bentlaminated safety glass.

The term "alumina smelting and penning" refers to the production and manufacture of aluminum from alumina into one or more basic forms such as ingots, billets, bars, sheets, strips, circles, tubes, rods, castings, pipes, sections and extrusions.

SEC. 4. *Creation and composition of Board of Industries.*—For the purpose of carrying out the objectives of this Act, there is hereby created a Board of Industries, hereinafter referred to as the "Board," to be composed of seven members, namely, the Chairman of the National Economic Council, the Secretary of Commerce and Industry, the Secretary of Agriculture and Natural Resources, the Chairman of the Joint Legislative-Executive Tax Commission, and three private citizens representing both the consumers and producers and labor sectors, the last three members to be appointed by the President of the Philippines with the consent of the Commission on Appointments.

The Board shall annually elect a chairman and a vice-chairman from its members. No member of the Board shall serve as chairman and vice-chairman for more than two consecutive years. The period of such service shall be counted from the date he shall have commenced to act as chairman or vice-chairman. In the event of the absence or temporary disability of the chairman, his powers and duties shall be performed by the vice-chairman, and in the event of the absence or temporary disability of both the chairman and vice-chairman, the regular member designated by the Board shall preside over the meetings of the Board.

Four members of the Board shall constitute a *quorum*. In case of absence or