

[REPUBLIC ACT NO. 2362, June 20, 1959]

**AN ACT TO AMEND SECTION ONE HUNDRED AND NINETY OF
COMMONWEALTH ACT NUMBERED FOUR HUNDRED AND SIXTY-
SIX, OTHERWISE KNOWN AS THE NATIONAL INTERNAL
REVENUE CODE.**

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

SECTION 1. Section one hundred ninety of the National Internal Revenue Code, as amended, is hereby further amended as follows:

"SEC. 190. *Compensating tax.*—All persons residing or doing business in the Philippines, who purchase or receive from without the Philippines any commodities, goods, wares, or merchandise, excepting those subject to specific taxes under Title IV of this Code, shall pay on the total value thereof at the time they are received by such persons, including freight, postage, insurance, commission and all similar charges, a compensating tax equivalent to the percentage taxes imposed under this Title on original transactions effected by merchants, importers, or manufacturers, such tax to be paid before the withdrawal or removal of said commodities, goods, wares, or merchandise from the customhouse or the post office: *Provided, however,* That merchants, importers and manufacturers, who are subject to tax under sections one hundred eighty-four, one hundred eighty-five, one hundred eighty-six, or one hundred eighty-nine of this Title, shall not be required to pay the tax herein imposed where such commodities, goods, wares, or merchandise purchased or received by them from without the Philippines are to be sold, resold, bartered, or exchanged or are to be used in the manufacture or preparation of articles for sale, barter, or exchange and are to form part thereof: *And provided, further,* That the tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to specific tax or those for consignment abroad and are to form part thereof. If any article withdrawn from the customhouse or the post office without the payment of the compensating tax is subsequently used by the importer for other purposes, corresponding entry should be made in the books of accounts, if any are kept, or a written notice thereof sent to the Collector of Internal Revenue and payment of the corresponding compensating tax made within ten days from the date of such entry or notice. If the tax is not paid within such period, the amount of the tax shall be increased by twenty-five *per centum*, the increment to form part of the tax.

"In the case of tax-free articles brought or imported into the Philippines by persons, entities or agencies exempt from tax which are subsequently