

[REPUBLIC ACT NO. 1983, June 22, 1957]

**AN ACT TO AMEND SECTION FIFTY-SIX OF COMMONWEALTH ACT
NUMBERED FOUR HUNDRED 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 fifty-six of Commonwealth Act Numbered Four hundred sixty-six
is hereby amended to read as follows:

"SEC. 56. *Imposition of tax.*— (a) *Application of tax.*— The taxes imposed
by this Title upon individuals shall apply to the income of estates or of
any kind of property held in trust, including—

"(1) Income accumulated in trust for the benefit of unborn or
unascertained person or persons with contingent interest, and
income accumulated or held for future distribution under the
terms of the will or trust;

"(2) Income which is to be distributed currently by the
fiduciary to the beneficiaries, and income collected by a
guardian of an infant which is to be held or distributed as the
court may direct;

"(3) Income received by estates of deceased persons during
the period of administration or settlement of the estate; and

"(4) Income which, in the discretion of the fiduciary, may be
either distributed to the beneficiaries or accumulated.

"(b) *Exception.*—The tax imposed by this Title shall not apply
to employees' trust which forms part of a pension, stock
bonus or profit-sharing plan of an employer for the benefit of
some or all of his employees (1) if contributions are made to
the trust by such employer, or employees, or both, for the
purpose of distributing to such employees the earnings and
principal of the fund accumulated by the trust in accordance
with such plan, and (2) if under the trust instrument it is
impossible, at any time prior to the satisfaction of all liabilities
with respect to employees under the trust, for any part of the
corpus or income to be (within the taxable year or thereafter)
used for, or diverted to, purposes other than for the exclusive
benefit of his employees: *Provided*, That any amount actually
distributed to any employee or distributee shall be taxable to