

[REPUBLIC ACT NO. 261, June 14, 1948]

**AN ACT TO AMEND SECTION ONE HUNDRED EIGHTY-NINE OF
COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX,
OTHERWISE KNOWN AS 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 one hundred eighty-nine of Commonwealth Act Numbered Four hundred and sixty-six, as amended, is hereby amended so as to read as follows:

"SEC. 189. *Percentage tax upon proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil mills, corn mills, and desiccated coconut factories.*— Proprietors or operators of rope factories, sugar centrals, rice mills, coconut oil mills, corn mills, and desiccated coconut factories shall pay a tax equivalent to two per centum of the gross value in money of all the rope, sugar, rice, coconut oil, ground or milled corn, and desiccated coconut manufactured or milled by them, including the by products of the raw materials from which the said articles are produced or manufactured, such tax to be based on the actual selling price or market value of these articles at the time they leave the factory or mill warehouse: *Provided, however,* That this tax shall not apply to coconut oil and the by-products of copra from which it is produced or manufactured, if such oil and by-products shall be removed for exportation and are actually exported without returning to the Philippines, whether so exported in their original state, or as an ingredient or part of any manufactured article or product.

"In case the raw materials are manufactured or milled in pursuance of a contract where the factory, central, or mill receives a share of the finished products, the tax on the share pertaining to the planter or owner of the raw materials shall be charged to the planter or owner and withheld by the proprietor or operator of the factory, central, or mill and paid by him to the Collector of Internal Revenue.

"A proprietor or operator of a refined sugar factory shall be subject to the tax imposed by this section but shall be permitted to deduct from the actual selling price or market value of the refined sugar the total cost, as duly established, of the raw sugar upon which the tax under this section has previously been paid.

"Where articles are manufactured out of materials subject to tax under this section, the total cost, as duly established, of the said materials shall be deductible from the gross selling price or gross value in money of the manufactured articles."