

**[ EXECUTIVE ORDER NO. 507, July 14, 1978 ]**

**IMPOSING AN ADDITIONAL 10% SALES TAX ON IMPORTED AIR-CONDITIONING UNITS, COMPONENTS AND PARTS**

WHEREAS, local manufacturers of air-conditioning units, components and parts are registered under an existing local content program of the Board of Investments;

WHEREAS, the Board of Investments have determined, thru a yearly review of local capability, the components which can be locally manufactured, and have required their manufacture and/or use, in lieu of imported components, by existing assemblers;

WHEREAS, these assemblers have invested time and money to manufacture these components;

WHEREAS, it is unfair to treat them, taxwise, as importers or mere assemblers of said product out of imported components;

WHEREAS, to protect our local air-conditioning industry, a tax differential for locally manufactured and imported air-conditioning units, components and parts must be restored;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and by Section 193(c) of Presidential Decree No. 1358, do hereby order as follows:

Sec. 1. There shall be levied, assessed and collected an additional ten (10%) per cent sales tax on imported air-conditioning units, components and parts, which shall be in addition to the twenty-five (25%) per cent sales tax imposed under Section 196 and Section 193(b) of the National Internal Revenue Code, as amended, and shall be collected at the same time and in the same manner.

Sec. 2. For purposes of the additional ten (10%) per cent sales tax herein imposed, all air-conditioning units which have not been certified by the Board of Investments as "locally manufactured" shall be deemed to be imported. All imported air-conditioning components and parts other than those which are of common and general use and those which are specifically authorized to be imported under the local content or rationalization program of the Board of Investments for the air-conditioning industry, shall likewise be subject to the additional ten (10%) per cent sales tax.

Sec. 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 14th day of July, in the year of Our Lord, Nineteen