

# STATUTES AND DECREES

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A flood of waves splashed by the seventh Congress yielded a small catch. With the exception of some statutes on economic development and public welfare, the haul, freed from the silt of politics, was not impressive.

1972, however, is significant because it marks the sudden change of pace when the slow process of a defunct body falls with the tide to pave the way for swifter legislation: executive legislation or presidential decrees. These, like whirlwinds of change, produced gains in Land Reform, Intellectual Property, Banking, Education and Municipal Corporations.

## A. STATUTES

### ECONOMIC DEVELOPMENT

#### *Philippine Export Credit Insurance and Guarantee Corporation<sup>1</sup>*

Recognizing the importance of extending sufficient incentives and protection to exporters, and to actively encourage, promote and diversify foreign markets of Philippine goods and services, Congress created the newest multi-million government corporation, the Philippine Credit Insurance and Guarantee Corporation which would allow the payment of insurance to exporters who cannot collect from their foreign buyers. The credit risks<sup>2</sup> covered may be classified as follows:

1. Political risks involving non-payment of exports sold on credit arising from social and political upheavals, including:

- (a) insolvency or protracted default of the foreign customer;
- (b) governmental action under circumstances not due to the fault of the buyer which prevents the transfer of payment to exporters;
- (c) new import or export licensing restrictions in the country of the foreign customer or of the insured;
- (d) moratoria, war, revolution, civil disturbance, or similar circumstances which prevent the payment of accepted goods and/or services;

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<sup>1</sup> See Rep. Act No. 6424, approved on March 30, 1972.

<sup>2</sup> Rep. Act No. 6424, Section 3(d).

<sup>3</sup> Section 3(d), No. 5.

(e) such other risks connected with export transactions on deferred payment.

2. Catastrophic risks involving non-payment of exports sold on credit due to unforeseen events as earthquakes, floods, fires, tornadoes, typhoons and the like.

The government insurance does not include risks of devaluation or changes in the exchange rate<sup>3</sup> nor risks that are normally insured with commercial insurers licensed to do business in the Philippines such as fire, marine, casualty, accident, fidelity, surety and physical damage.<sup>4</sup>

During the initial debate on the bill, some quarters expressed fears that scandals might arise involving the connivance of exporters, their buyers and some government men. But the Central Bank dispelled their doubts by stating that this possibility is remote because insurance protection for non-payment of export is given only if there are reasonable expectations of re-payment.<sup>5</sup> In addition, it may also be pointed out that the law itself provides some safeguards: to make sure, for instance, that the exporter would exercise due diligence in selecting his overseas buyer, the law provides coverage to only 80% of the invoice value, leaving the 20% as the amount of risks answerable by the exporters.<sup>6</sup> Since the government insurance covers only the export credit being used in the export transaction,<sup>7</sup> and not the goods or services, payment of the exporters is more or less assured.

About 46 countries are operating export credit insurance and guarantee systems successfully.<sup>8</sup> These systems have been found to be effective instruments of national trade policies and it is hoped that the same winds will blow for the Philippines.

#### *Foreign Currency Deposit System<sup>9</sup>*

Any person, natural or juridical, may deposit with a Philippine bank in good standing foreign currencies which are acceptable as part of the international reserve. Said deposits may be withdrawn and transferred abroad any time.<sup>10</sup> They are also insured and the insurance payments shall be in the same currency in which the insured deposits are deno-

<sup>4</sup> *Id.* See also the final proviso of sec. 19 of Rep. Act No. 6424.

<sup>5</sup> *Central Bank Says Export Frauds Remote*, MALAYAN 17:15 (April, 1972).

<sup>6</sup> Section 19, Article IV, Rep. Act No. 6424.

<sup>7</sup> *Id.*

<sup>8</sup> MALAYAN 17:15 (April, 1972).

<sup>9</sup> Rep. Act No. 6426 (1972).

<sup>10</sup> Section 5 provides that "there shall be no restriction on the withdrawal by the depositor or on the transferability of the same abroad except those arising from the contract between the depositor and the bank."

minated.<sup>11</sup> In addition, the interests on said deposits belonging to non-residents not engaged in trade or business in the Philippines shall be exempt from income tax.

#### AGRICULTURAL AND NATURAL RESOURCES

##### *Sale of Public Agricultural Lands*<sup>12</sup>

Public agricultural lands which are not located within ten (10) kilometers from the boundaries of the city proper in chartered cities or within (5) kilometers from the municipal hall or town plaza of any municipality may be sold to actual occupants thereof.<sup>13</sup>

After title has been granted, the purchaser may not, within a period of ten (10) years from cultivation or grant, convey or encumber or dispose the lands or rights thereon to any person, corporation or association, without prejudice to any right or interest of the Government in the land.<sup>14</sup> Any sale or encumbrance thereof shall be null and void and the property shall automatically revert to the State.

##### *Prohibiting Electro-fishing*<sup>15</sup>

"Electro-fishing" means that method of catching fish in which electricity generated by dry cell storage batteries, electric generators or other sources of electric power, is utilized to stupefy, disable or kill fish and other animals.<sup>16</sup> This is prohibited except for research, educational and scientific purposes as may be authorized by the Secretary of Agriculture and Natural Resources.

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<sup>11</sup> In addition to insurance, the depository banks are required to maintain at all times a one hundred percent foreign currency cover for their deposit liabilities, of which cover at least fifteen percent shall be in the form of foreign currency deposit with the Central Bank and the balance in the form of foreign currency deposits or of foreign currency loans or securities which are of short term maturities and readily marketable. The foreign currency loans may include loans to domestic enterprises which are export-oriented or registered with the Board of Investments. The foreign currency cover shall be in the same currency as that of the corresponding foreign currency deposit liability.

<sup>12</sup> Rep. Act No. 6516, approved on July 22, 1972.

<sup>13</sup> Section 1 of Rep. Act No. 6516 amending Sec. 25 of the Public Land Act (Com. Act No. 141.) This is subject to the conditions, among other things, that the actual occupants do not own any parcel of land or whole total landholdings do not exceed five hectares and who comply with the minimum requirements of C.A. No. 141 and who have resided on the land applied for at least two years prior to the date of the application.

<sup>14</sup> Section 3 of Rep. Act No. 6516 amending sec. 29 of Com. Act No. 141.

<sup>15</sup> R.A. No. 6451, approved on June 17, 1972, prohibits electro-fishing and punishes violations thereof.

<sup>16</sup> Section 2 of Rep. Act No. 6451.

## COMMERCE AND TRADE

*Realty Installment Buyer Protection*<sup>17</sup>

A buyer who has paid at least two years of installments in all transactions or contracts involving the sale or financing of real estate including residential condominium apartments<sup>18</sup> is entitled to the following rights:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him fixed at the rate of one month grace period for every one year of installment payments made.<sup>19</sup>

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made and, after five years of installments, an additional 5% every year but not to exceed 90% of the total payments made.<sup>20</sup>

Where less than two years of installments have been paid, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due.<sup>21</sup> If the buyer still fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty days from receipt of the notice of cancellation or demand for rescission of the contract by a notarial act.

All insurance adjusters (independent or public) are required to secure licenses from the Insurance Commissioner.<sup>22</sup>

## CIVIL LAW AND CIVIL SERVICE

*Priests, ministers or rabbis to get license*<sup>23</sup>

Article 95 of the Civil Code of the Philippines is amended to read as follows:

<sup>17</sup> Rep. Act No. 6552, approved on August 26, 1972.

<sup>18</sup> The law excludes industrial lots, commercial buildings and sales to tenants under Rep. Act No. 3844 as amended.

<sup>19</sup> This right must be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any. (Rep. Act 6552, Sec. 3).

<sup>20</sup> The actual cancellation of the contract shall take place 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer. For this purpose, down-payments, deposits or options shall be included in the computation of the total number of installment payments made. (Rep. Act 6552, Sec. 3(b)).

<sup>21</sup> See Rep. Act 6552, sec. 4.

<sup>22</sup> See R.A. No. 6444 approved on June 17, 1972.

<sup>23</sup> Rep. Act No. 6514, approved on July 22, 1972.

ART. 95. The public official in charge of registration of priests, ministers or rabbis with the approval of the proper head of department, is hereby authorized to prepare the necessary forms and to promulgate rules and regulations for the purpose of enforcing the provisions of this Title: *Provided*, That the authorization to solemnize marriages shall be valid for a period of three years, shall expire on the thirty-first day of December of every third year, and shall be renewable within the said month of December x x x<sup>24</sup>

#### *Amendments to the Civil Service Law*

Republic Act No. 6446<sup>25</sup>, though a long awaited change, introduced minor legal amendments. It merely raised to a comfortable level the scale of the minimum and maximum salaries for the different eligibilities in the civil service.

### CRIMINAL LAW

#### *Dangerous Drugs Act of 1972*

With this bold major legislation undertaken by the seventh Congress, dying hopes have been reborn. For the first time the penalty of life imprisonment to death has been imposed upon the manufacturer, and also upon the pusher, or the maintainer should the prohibited drug be the proximate cause of the death of the victim. Other persons marked by the law are the following:

(1) importer—fourteen years and one day to life imprisonment and a fine ranging from fourteen to thirty thousand pesos;

(2) any person who, unless authorized by law, shall sell, administer, deliver, give away to another, distribute, dispatch in transit or transport any prohibited drug, or shall act as a broker in any of such transactions—twelve years and one day to twenty years and a fine ranging from twelve to twenty thousand pesos;

(3) maintainer or group of maintainers of a den, dive or resort where any prohibited drug is used—same penalty as number (2) but the maximum of the penalty shall be imposed if the prohibited drug is administered, delivered or sold to a minor;

(4) employees and visitors of prohibited drug den;

<sup>24</sup> Priests or ministers or rabbis belonging to one diocese, religious order or congregation, or sect, may apply for authorization and or renewal of such authorization, through their bishop, head of religious order or congregation, chief of ministers or duly authorized representative. (Sec. 1 of Rep. Act 6514).

<sup>25</sup> Approved on June 17, 1972

(5) any person who, unless authorized by law, shall possess or use any prohibited drug;

(6) every pharmacist, physician, dentist, veterinarian, manufacturer, wholesaler, importer, distributor, dealer or retailer who fails to keep a detailed record of sales of dangerous drugs and to forward a certified copy thereof to the city or municipal health officer;<sup>26</sup>

(7) any person who, unless authorized by law, shall make or issue a prescription or any other writing purporting to be a prescription of any prohibited drug;<sup>27</sup>

(8) any person who, unless authorized by law, shall possess or have under his control any opium pipe, equipment, instrument, apparatus or other paraphernalia fit or intended for smoking, consuming, administering, injecting, ingesting or otherwise using opium or any other prohibited drug;<sup>28</sup>

Dangerous drugs refer to either a "prohibited drug" or a "regulated drug."<sup>29</sup> As compared with the same offenses for prohibited drugs, the penalties are lower for importation, sale, administration, dispensation, delivery, transportation, and distribution of regulated drugs,<sup>30</sup> as well as for its possession or use of unlawful or unnecessary prescription.<sup>31</sup> But in both cases, the penalty carries with it confiscation and forfeiture of the proceeds

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<sup>26</sup> The copy must be forwarded within fifteen days following the last day of every quarter of each year. An additional penalty of the revocation of his license to practice his profession in case of a practitioner, or of his or its business license in case of a manufacturer, seller, importer, distributor or dealer, is imposed.

<sup>27</sup> If the prescription is unnecessary, the penalty of imprisonment ranging from four years and one day to twelve years and a fine ranging from four to twelve thousand pesos and the additional penalty of the revocation of his license to practice shall be imposed upon any physician or dentist. Rep. Act No. 6425, Sec. 12).

<sup>28</sup> The possession of such opium pipe, equipment, instrument, apparatus or other paraphernalia shall be *prima facie* evidence that the possessor has smoked, consumed, administered to himself, injected, ingested or used a prohibited drug.

<sup>29</sup> *Prohibited drug* includes opium and its active components and derivatives, such as heroin and morphine; coca leaf and its derivatives, principally cocaine; alpha and beta eucaine; hallucinogenic drugs, such as mescaline, *lysergic acid diethylanide* (LSD) and other substances producing similar effects. Indian hemp and its derivatives; all preparations made from any of the foregoing; and other drugs, whether natural or synthetic, with the physiological effects of a narcotic drug. This is distinguished by the law from *regulated drug* which includes self-inducing sedatives, such as secobarbital, phenobarbital, barbital amobarbital and any other drug which contains a salt or a derivative of a salt of barbituric acid; any salt, isomer or salt of an isomer, amphetamine, such as benzedrine or dexedrine, or any drug which produces a physiological action similar to amphetamine, and hypnotic drugs, such as methaqualone or any other compound producing similar effects.

<sup>30</sup> Rep. Act No. 6425, Secs. 14 and 15, Article III.

<sup>31</sup> Secs. 16 to 19, Article III.

or instruments of the crime,<sup>32</sup> and for offenses enumerated<sup>33</sup> any attempt or conspiracy to commit the same carry the same penalty as that prescribed for the commission of the offense itself.

The existing Treatment and Rehabilitation Center for Drug Dependents at Tagaytay City serves as a nucleus for the establishment and maintenance of private centers. If a drug dependent voluntarily submits himself for confinement and rehabilitation in one of its centers and complies with the conditions imposed, he shall not be criminally liable for the possession or use of a dangerous drug. The same is true of a minor who is committed for treatment and rehabilitation in a government center upon sworn petition of the following persons in the order mentioned: parent, guardian, or relative within the fourth civil degree of consanguinity or affinity.<sup>34</sup>

It is noteworthy that the law first rehabilitates and gives a second chance to the offenders. Even if a person is already charged with an offense, the fiscal or the judge, at any stage of the case, may suspend further proceedings and transmit copies of the records of the case to the Dangerous Drugs Board which, after medical examination and if public interest so requires, may order the accused to be immediately committed to a government center for treatment and rehabilitation. The same is true of an accused less than twenty one years of age who has been found guilty of possession or use of dangerous drug, but who has not been previously convicted of violating any provision of R.A. No. 6425 or of the Revised Penal Code. In this case, the court may choose to defer sentence and place him on probation under the supervision of the Board for a period ranging from six months to one year. After the expiration of the designated period and the offender has complied with the conditions of his probation, he shall walk a free man, for the court shall discharge him and dismiss the proceedings.<sup>35</sup>

#### *Preventing and Penalizing Carnapping*<sup>36</sup>

Any person who is found guilty of carnapping<sup>37</sup> irrespective of the motor vehicle taken, shall suffer the following penalties:

<sup>32</sup> Sec. 20.

<sup>33</sup> These offenses are manufacture, importation, sale, administration, delivery, distribution and transportation of dangerous drugs, maintenance of a den, dive or resort for prohibited drug users or cultivation or culture of plants which are sources of such prohibited drugs.

<sup>34</sup> The petition may be filed in the Court of First Instance of the province or city where the minor resides. (See Sec. 30, par. 2 of Rep. Act No. 6425).

<sup>35</sup> See Article VI, Sections 30-32 of R.A. No. 6425.

<sup>36</sup> Rep. Act No. 6539 approved on August 26, 1972.

<sup>37</sup> "Carnapping" is taking, with intent to gain, of a motor vehicle belonging to another without the latter's consent, or by means of violence against or intimidation of persons, or by using force upon things. (Sec. 2, Rep. Act No. 6539). "Motor Vehicle" is any vehicle propelled by any power other than muscular power

1. life imprisonment to death—when the owner, driver, or occupant of the carnapped vehicle is killed.

2. imprisonment ranging from seventeen years and four months to thirty years—when there is violence against or intimidation of any person, or force upon things.

After August 26, 1973,<sup>38</sup> all motor vehicle engines, engine blocks and chassis not registered with the LTC shall be presumed as untaxed importation or coming from an illegal source, or carnapped, and shall be confiscated in favor of the Government.<sup>39</sup> Clearance and permit from the PC is now required for the assembly or rebuilding of motor vehicles.<sup>40</sup>

#### COURTS AND ADMINISTRATION OF JUSTICE

##### *JDRC in Baguio, Cebu, Camarines Sur, Naga and Iriga*<sup>41</sup>

The success and noteworthy credit achieved by the Juvenile and Domestic Relations Courts in both Manila and Quezon City have sounded the demand for more of such courts in other places of our Archipelago. This is a distinct recognition of what lady judges possessing the same rank as CFI judges can do with their familiarity with the culture, mores and traditions of the people within their jurisdiction, and their demonstrated ability in cases involving children and families, more specifically in:

- (1) proceedings brought under the provisions of certain articles of the Civil Code;<sup>42</sup>
- (2) petitions for declaration of absence and for change of name;
- (3) actions for the separation of property of spouses;

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using the public highways, excepting road rollers, trolley cars, street sweepers, sprinklers, lawn mowers, bulldozers, graders, forklifts, amphibian trucks, and cranes if not used on public highways, vehicles which run only on rails or tracks, and tractors, trailers and traction engines of all kinds used exclusively for agricultural purposes. (Sec. 2, *ibid*). For other penal provisions, see Sec. 13.

<sup>38</sup> One year from the date of the approval of the Anti-Carnapping Law. See Note No. 36, *supra*.

<sup>39</sup> Sec. 3, Rep. Act No. 6539. Likewise, all owners of motor vehicles in all cities and municipalities are required to register their cars with the local police without paying any charge.

<sup>40</sup> Sec. 10; See also Sec. 9 for duty of a manufacturer to submit a monthly report to the LTC of the manufacture and sale of engine blocks, chassis or body; Sec. 11 for clearance for shipment of the same.

<sup>41</sup> Rep. Act Nos. 6512 for Baguio, 6586 for Cebu, and 6591 for the province of Camarines Sur and the cities of Naga and Iriga.

<sup>42</sup> These are articles 116 (when one of the spouses neglects his or her duties to the conjugal union or brings danger, dishonor or material injury upon the other), 225 (constitution of a family home), 252 (family council), and 332 (deprivation of parental authority or suspension of the exercise of the same).

(4) proceedings affecting a dependent or neglected child.<sup>43</sup>

In the newly-created JDRC of Baguio, the jurisdiction includes all criminal cases where the accused is below sixteen years of age at the time of the trial.<sup>44</sup>

#### LABOR AND SOCIAL WELFARE

##### *Republic Act No. 6615*

Whereas before certain hospital officials would refuse to treat a dying patient unless the relatives would first pay a deposit, the law now requires government and private hospitals and clinics to render immediate emergency medical assistance and to provide facilities and medicine within its capabilities to dying patients and/or those who may have suffered serious physical injuries. Whatever expenses and losses of earnings incurred by the hospital, not to exceed P50,000.00 shall be deductible expenses and losses for income tax purposes.<sup>45</sup>

Perhaps positive steps can also be taken to check or minimize the high costs of hospitalization. It is pathetic to see patients die not of their feared illnesses but because of the worries which gnaw their bodies when they and their families cannot pay the prohibitive hospital bills.

##### *Republic Act No. 6514<sup>46</sup>*

The grim memory of the tragedy that claimed the lives of hundreds of occupants of the Ruby Tower Apartments which totally collapsed after an earthquake while nearby buildings stood firm was the start of a rousing public clamor for a National Building Code of the Philippines. This dream was realized in 1972 and with it came the declared public policy to safeguard life, property and public welfare by providing for all buildings and structures, a framework of minimum standards and requirements.<sup>47</sup>

<sup>43</sup> Any child under sixteen years of age who is dependent upon the public for support or who is destitute, homeless or abandoned, or who habitually begs or receives alms, or who is found living in any house of ill-fame or with any vicious or disreputable person, or whose home, by reason of neglect, cruelty or depravity on the part of its parents, guardian or other person in whose care it may be, is an unfit place for such child. (Sec. 2).

<sup>44</sup> Sec. 1, Rep. Act No. 6512. It also includes cases involving custody, guardianship, adoption, paternity and acknowledgment; also annulment of marriages, legal separation of spouses, and actions for support.

<sup>45</sup> This may be carried over for a period of five years. The law expressly recognizes that this item shall be deductible regardless of any provision of law or regulation to the contrary. (Sec. 2).

<sup>46</sup> This is otherwise known as the National Building Code of the Philippines.

<sup>47</sup> This applies to the design, location, siting, construction, alteration, repair, conversion, use, occupancy, maintenance, moving and demolition of, and addition to, public and private buildings and structures.

*Republic Act No. 6613*<sup>48</sup>

One remembers the swelling of practically all of the rivers of Central Luzon drowning hundreds and carrying away houses, bridges, electric posts and trees as if they were matchsticks. Republic Act No. 6613 was enacted after one of the most destructive floods hit not only Luzon, but the Philippines. The law aims to adopt a typhoon moderation and flood control research program for moderating typhoons by reducing their intensity and minimizing their destructive effects through scientific means. To what extent can man use the might of his intelligence to humble the combined fury of the typhoon and the flood? This question is still unanswered.

*Republic Act No. 6441*<sup>49</sup>

Even officers of the Armed Forces of the Philippines have to be secured and protected because they are also part of the general public. Under this legislation, reserve officers in the active service who served or will henceforth serve in any campaign or operation in a foreign country in compliance with law shall be secured from reversion to inactive status,<sup>50</sup> provided that the service of such officer in the foreign country shall not be less than twelve months.<sup>51</sup> While it is perhaps understood without further ado that all the services must have been rendered honorably, the law has chosen to say so in clear and unequivocal language for the benefit of one and all.

## PROFESSIONS AND OCCUPATIONS

*Board of Examiners for Criminologists*<sup>52</sup>

Whereas before, anyone with a general knowledge of Criminology could take a pencil and teach it, now there is a board, composed of a chairman and two members who must be natural-born citizens of the Philippines and holders of the degree of Bachelor of Science in Criminology

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<sup>48</sup> An act declaring a policy of the State to adopt modern scientific methods to moderate typhoons and prevent destruction by floods, rains and droughts, creating a council on typhoon moderation and flood control research and development, providing for its powers and functions and appropriating funds therefor.

<sup>49</sup> This is otherwise known as the "Security From Reversion" law approved on June 17, 1972.

<sup>50</sup> Exception is made when the reversion is upon their own request or for cause as may be adjudged by a court martial or by appropriate administrative bodies existing by provision of law in the Armed Forces of the Philippines.

<sup>51</sup> The period shall not be less than 6 months in the case of the Philcag and Philcon volunteers.

<sup>52</sup> Rep. Act No. 6506 approved on July 1, 1972.

(B.S. Crim.) or Master of Criminology (M. Crim.).<sup>53</sup> It may be too early to pin hopes on a body newly-created by law, but all interested in crime prevention can join their wishes for the upgrading of the standards of Philippine Criminology to the end that there may be less criminals and more criminologists.

#### *Standardization of Examination Fees*

Prior to Republic Act No. 6511, examinees have been victimized by illegal "examination brokers" who charged exorbitant fees for following up applications for licensing examinations given by any of the boards under the Office of the Board of Examiners. The law has at last come to the aid of innocent victims and has fixed standard examination and registration fees.<sup>54</sup>

### TAXATION<sup>55</sup>

#### *Increase of assessments of Real Property<sup>56</sup>*

SECTION 1. Any provision of law or city charter to the contrary notwithstanding, no revised assessment of real estate for taxation purposes shall be made within five years from the last preceding assessment and no increase or decrease of assessment at any one time shall be more than twenty-five *per centum* in the case of commercial and industrial lots; fifteen *per centum* in case of agricultural and residential lots not actually occupied by the owner and ten *per centum* in case of residential lots actually occupied by the owner, of the last preceding assessed value: *Provided*, That the limitations herein shall not apply if by reason of public improvements the nature of the real estate has been changed from rural to urban or from residential to commercial and industrial site: *Provided further*, That the corresponding provincial or city assessor shall undertake the revision of assessments every five years.

<sup>53</sup> Other qualifications include the following: (1) at least thirty years of age; (2) registered criminologists with at least ten years experience in the profession with the exception of the first board members; (3) non-members of the faculty of any school where a regular course in Criminology is taught, nor do they have any pecuniary interest in such institution; and (4) not connected with any government agency which operate a training school for peace officers or law enforcement agents.

<sup>54</sup> This law amends, expands, and revitalizes Rep. Act No. 465. For text of the old law and amendments introduced under Rep. Act 6511, see III CPS 147-148.

<sup>55</sup> The voluminous amendments introduced by Rep. Act No. 6635 on the Tariff and Customs Code are best understood by referring to the Code itself. Because of limited space, said provisions will not be quoted or discussed.

<sup>56</sup> Rep. Act No. 6614 approved on October 23, 1972.

*Increase in the tax on cigarettes*<sup>57</sup>

The increase in the tax applies to cigarettes made of leaf tobacco other than Philippine grown flue-cured and or re-dried Virginia type tobacco. The increase in the tax depends on the cigarettes' length and also on whether added liners and/or protective films such as aluminum foils, cellophane, polypropylene, and other materials of similar nature are used.<sup>58</sup>

## B. PRESIDENTIAL DECREES

## ECONOMIC DEVELOPMENT

*Land Reform*

Presidential Decree No. 2 paved the way for the acceleration of the Agrarian Reform Program of the Government to attain the objectives already set forth in the Land Reform Code, R.A. No. 3844. Presidential Decree No. 27, on the other hand, emancipated the tenant farmers of private agricultural lands primarily devoted to rice and corn under a system of share crop or lease tenancy, and transferred to them the ownership of the land upon payment of the total cost of the land including interest at 6% *per annum* in fifteen (15) equal annual amortizations. The value of the land was pegged at 2 1/2 times the average harvest of 3 normal crop years immediately preceding the promulgation of the decree.<sup>59</sup> Presidential Decree (P.D. for short) No. 57, further amending P.D. No. 27, provided for the active participation of rural banks and all other financial institutions to augment loans and credits made available to tenants and farmers' cooperatives.<sup>60</sup> P.D. No. 84 authorized the Secretary of Agrarian Reform to sign on behalf of the President land transfer certificates. P.D. No. 85 created the Agrarian Reform Fund to finance the requirements of land reform.

*Other Changes in Agriculture and Natural Resources*

The Philippine Council for Agricultural Research has been created to oversee the planning, administration and implementation of agricultural

<sup>57</sup> Rep. Act No. 6633 approved on October 23, 1972.

<sup>58</sup> See Sec. 1, Rep. Act No. 6633.

<sup>59</sup> The tenant farmer, whether in land classified as landed estate or not, shall be deemed owner of a portion constituting a family-size farm of five (5) hectares if not irrigated and three (3) hectares if irrigated. In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it. (For full text, see Presidential Decree No. 27 dated October 21, 1972. See also Letters of Instruction Nos. 41, 45 and 52 for sworn statements to be filed by agricultural landowners.)

<sup>60</sup> It also exempted the landowner from *capital gains tax* on the proceeds of the amortizations paid him by the tenant-purchaser and likewise from *income tax* on the accruing interests paid as an addition to the total cost of the land. (See Presidential Decree No. 57 dated November 19, 1972).

research operations vital to the attainment of our national goals in agricultural development.<sup>61</sup> Agricultural research was broadly expanded to include forestry and fisheries as well as distribution of farm, forest, and fishery products and improvement of consumers' health and nutrition with emphasis on the social and economic aspects of rural living. Another decree which gave birth to an important institution is Presidential Decree No. 4 which created the National Grains Authority (NGA) to fully harness the rice and corn industry for economic development. Presidential Decree No. 7 provided for the orderly marketing of livestock and animal products and chopped with a sharp butcher's knife the numerous legal and illegal fees which have increased the prices of meat and other livestock products. Thus with the exception of *ante-mortem* and *post-mortem* inspection fees, as well as delivery, stockyard, and slaughter fees or fees authorized by the Secretary of Agriculture and Natural Resources, the collection of all other fees including transfer certificate fees,<sup>62</sup> mayor's permits, City Hall fees, customs fees, and check-point charges have been terminated and the insects hopefully "exterminated" to the relief of the suffering public. Presidential Decree No. 43, on the other hand, recognized fish as one of the major and cheapest sources of protein in the diet of the Filipino people, and timely caught the needed moment for the accelerated development of the fishery industry of the Philippines.

### *Banking and Finance*

#### (1) General Banking Decree

Presidential Decree No. 71 passed the needed reforms in the banking system which had been pending in Congress. For the first time, the concept of "quasi-banking functions"<sup>63</sup> was introduced for entities not strictly considered as banks but which are subject to regulation by the Monetary Board.

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<sup>61</sup> Presidential Decree No. 48.

<sup>62</sup> Presidential Decree No. 45 amended Presidential Decree No. 7 and allowed local governments to charge the ordinary fee for the issuance of a certificate of ownership and one peso (P1.00) for the issuance of a transfer certificate: *Provided*, That such transfer fee shall be collected only once in one day.

<sup>63</sup> "Quasi-banking functions" was defined by PD No. 71 to mean borrowing funds for the borrower's own account through the issuance, endorsement, or acceptance of debt instruments of any kind other than deposits, or through the issuance of participations, certificates of assignment, or similar instruments with recourse, trust certificates, or of repurchase agreements, from twenty or more lenders at any one time, for purposes of relending or purchasing of receivables and other obligations: *Provided, however*, That commercial, industrial, and other non-financial companies, which borrow funds through any of these means for the limited purpose of financing their own needs or the needs of their agents or dealers shall not be considered as performing quasi-banking functions.

The citizenship requirement for banks is now "at least seventy (70%) of the voting stock" instead of "at least sixty (60%) percent of the capital stock," the computation to be effected as provided in the law.<sup>64</sup>

In order to promote the diffusion of bank ownership, especially of commercial banks, no new commercial bank shall be licensed to operate if the stockholdings of any person or persons related to each other within the third degree of consanguinity or affinity constitute more than 20% of the voting stock of the new bank. Likewise, the total voting stocks which any corporation, including its wholly or majority-owned subsidiaries, may own in any bank shall not exceed thirty percent (30%) of the voting stock of that bank.

An amendment that has been welcomed by the public is the special exception to the general provision of Republic Act No. 337 as to loans for home building or development which now have maturities up to twenty years.<sup>65</sup> The public has also welcomed the extension of banking hours which shall not be less than six hours a day.<sup>66</sup> Another awaited change has been the fixing by the Monetary Board of the amount of reserves for bad debts or doubtful accounts<sup>67</sup> and its prior approval being first obtained for the writing-off of loans and advances. Also, stricter provisions on trust are now in effect.<sup>68</sup>

Commercial banks may invest in the following equities: warehousing companies, safe deposit box companies, companies engaged in the management of mutual funds but not in the mutual funds themselves and other activities as the Monetary Board may declare as appropriate. This investment is subject to certain conditions, among them, that the total investment in equities shall not exceed 25%, and the equity investment in any one enterprise shall not exceed 15%, of the net worth of the bank.

## (2) Central Bank Decree

Under this decree, the Secretary of Finance and the Governor of the Central Bank have exchanged seats and the Governor is now the Chairman of the Monetary Board. The Board will see new faces: Director General of the NEDA, Chairman of the Board of Investments, and three part-time members from the sectors to be appointed by the President of the Philippines.

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<sup>64</sup> Sections 12 and 12-a.

<sup>65</sup> This is subject to the proviso that loans on real estate, personal and commercial purposes, or for the refinancing of similar loans shall not exceed fifty percent (50%) of the total savings and time deposit of the bank.

<sup>66</sup> Banks may, at their discretion and after prior notice to the Monetary Board, remain open beyond the minimum six (6) hours and for as long as they find necessary even before 8:00 a.m. or after 8:00 p.m.

<sup>67</sup> section 31 as amended.

<sup>68</sup> section 56 as amended.

The position of the Superintendent of Banks has been abolished.<sup>69</sup> The Deputy Governor for Supervision fills the void in supervision and coordination of all banking institutions in the Philippines, including all Government credit institutions.

The Decree has tailored a new role for the Monetary Board. It can, for instance, set or alter the exchange rate or rates for the peso, *whenever indicated and not necessarily under emergency conditions alone*, with the concurrence of at least five of its members, and with the approval of the President of the Philippines. Under the old law (Republic Act No. 265), it will be remembered that the President could unilaterally modify the par value of the peso only "if there should be an emergency which, in the opinion of the President, is so grave and so urgent as to require immediate action."<sup>70</sup> If the Monetary Board finds that a bank is unable or unwilling to maintain a condition of solvency and liquidity deemed adequate to protect depositors and creditors, it shall appoint a *conservator* to take charge of the assets, with power to revoke the actions of the previous board of directors of said bank.<sup>71</sup> It has been authorized, at its discretion, to impose administrative sanctions including fines not in excess of five hundred pesos a day, suspension, or removal of directors or officers, suspension of rediscounting privileges, or of lending or foreign exchange operations and/or suspension of authority to operate.<sup>72</sup>

### (3) Other decrees in Banking and Finance

Presidential Decree No. 32 authorized the increase in the subscription of the Philippines to the capital stock of the Asian Development Bank while PD No. 5 increased the authorized capital stock of the PNB and provided limits to government borrowing.<sup>73</sup>

The Foreign Borrowing Law (Republic Act No. 4860 as amended by Republic Act No. 6142) has been further amended by PD No. 81 to allow the Government to vigorously engage in a continuing program of reconstruction.

Republic Act No. 3779 otherwise known as the "Savings and Loan Association Law" as amended by Republic Act No. 4378 has been further

<sup>69</sup> The determination of whether a person or an entity is performing banking or quasi-banking functions, or engaged in other types of financial intermediation shall be decided by the Monetary Board subject to judicial review. (sec. 4 of Rep. Act No. 337 as amended by Presidential Decree No. 71).

<sup>70</sup> section 49 of R.A. 265.

<sup>71</sup> section 28-A of Presidential Decree No. 72.

<sup>72</sup> section 34-A.

<sup>73</sup> To the same tenor is Presidential Decree No. 41 authorizing additional subscription of the Philippines to the capital stock of the International Development Association where it has an outstanding credit in the aggregate amount of \$10 million, and Presidential Decree No. 52 authorizing the President to obtain such loans or incur indebtedness as may be necessary to finance the acquisition of cargo aircrafts to undertake socio-economic activities.

amended by PD No. 113 to provide additional credit assistance to small scale entrepreneurs, home builders and consumers, and to better protect the saving public. Thus, a full time appointee or elective public official is prohibited from serving at the same time as officer, director, legal counsel or consultant of any stock savings and loan association.<sup>74</sup> Stiff penalties are provided for any officer, employee, or agent of a savings and loan association who makes false entries, or discloses to any unauthorized person any information relative to the funds or properties in the custody of the association, or accepts gifts, fees or commissions or any remuneration in connection with the approval of a loan.<sup>75</sup>

(4) Rural electrification

PD No. 40 establishes basic policies for the electric power industry to be undertaken through cooperatives, private utilities, local governments and other authorized entities.

#### COMMERCE AND TRADE

PD No. 8 has adopted *in toto* the oil exploration measure which was pending in Congress which bill provided enough incentives to attract foreign companies to come in and invest in the Philippines. PD No. 102 has made the decisions of the Oil Industry Commission appealable to the National Economic Development Authority which shall have exclusive authority and jurisdiction to review, reverse, modify or amend said decisions either on appeal or on review *motu proprio*. It has also authorized the Commission to grant provisional relief.<sup>76</sup>

PD No. 92 amending the Investment Incentives Act and complementary laws granted, among others: (1) tax exemption on imported capital equipment; (2) tax credit on domestic capital equipment; (3) deduction for expansion reinvestment to the extent of 25%, 37 1/2%, 50% in case of non-pioneer projects, and to the extent of 50%, 75%, 100% in the case of pioneer projects; and (4) deduction for labor training expenses not exceeding 10% of direct labor wage. A pioneer enterprise is given further exemption from all taxes under the National Revenue Code, except income tax, from the date the area of investment is included in the Investment Priorities Plan submitted by the Board of Investment Incentives to the President. All orders and decisions of the Board of In-

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<sup>74</sup> This is subject to the exception in cases where the service is incident to financial assistance provided by the government or a government-owned or controlled corporation to the savings and loan association.

<sup>75</sup> section 29 (c-1) of PD No. 113; see also section 29 (c-2 and c-3).

<sup>76</sup> Presidential Decree No. 102 amending Section 11 of R.A. No. 6173.

vestment Incentives may be appealed to the National Economic Development Authority which must act within a period of 90 days, otherwise the order or decision will be deemed upheld.<sup>77</sup> The decision of the NEDA is appealable to the President.

PD No. 93 has liberalized traditional trade for the Sulu Archipelago and adjacent areas.

PD No. 63 has amended the Insurance Law to ensure, among other things, the due performance of the contracts concluded by insurance companies doing business in the Philippines. For this purpose, any rider, clause, or warranty purporting to be a part of the contract and attached to the policy has been declared not binding on the insured, unless the descriptive title or name of the rider, clause, or warranty is also mentioned and type-written on the blank spaces provided in the policy.<sup>78</sup> Any decision by the Insurance Commission shall be appealable, unless otherwise specified, to the Secretary of Finance whose decision shall be final. In cases involving any kind of policy or contract of insurance or any contract of guaranty or suretyship, including official recognizance, stipulations, bonds and other undertakings where the amount of the loss, damage or liability being claimed or sued upon does not exceed in any single claim one hundred thousand (P100,000.00) pesos, the decision or ruling rendered by the Commission shall have the force and effect of a judgment and shall be appealable directly to the Supreme Court.<sup>79</sup>

The *Export Processing Zone Authority* has been created to expand the functions of the Foreign Trade Zone Authority created under Republic Act No. 5490.

Not everybody can establish a security agency or business. "Any person related to an elective or appointive government employee by affinity or consanguinity in the third civil degree" is disqualified to hold any interest whether directly or indirectly under PD No. 11 amending Republic Act No. 5487.

PD No. 36 creates the Mass Media Council with the Department of Public Information and Department of National Defense heads as chairman and co-chairman and with the duty of passing upon every application of mass media for a certificate of authority to operate.

#### *Copyright Law (now Intellectual Property Law)*

The signing of Presidential Decree No. 49 which replaces the old Copyright Law has been hailed as an achievement in the encouragement

<sup>77</sup> sec. 9, Presidential Decree No. 92 amending Sec. 20 of R.A. No. 5186.

<sup>78</sup> sec. 48 as amended by Presidential Decree No. 63.

<sup>79</sup> sec. 171 as amended.

and protection of creators of intellectual property and in providing our country with a modernized and farsighted law. The decree expands protection to include works produced through new techniques.

The decree does away with the fundamental concept in Copyright Law that has long been discarded by modern countries including the United States that the right accrues only after registration and publication of the work and upon compliance with other legal requirements. Under the new Intellectual Property Law the right accrues from the moment of creation<sup>80</sup> and may be lost only by expiration of the period of protection and transfer.

The renewal procedure after the thirty-year duration of the copyright has been eliminated and in its place the copyright has been made to endure during the lifetime of the creator and for fifty years after his death.<sup>81</sup> Special periods are fixed for copyright relating to joint works, anonymous and pseudonymous works,<sup>82</sup> posthumous works,<sup>83</sup> and for newspapers and periodicals, works of applied art, and cinematographic, photographic or analogous works.<sup>84</sup>

*Droit de suit* or the artist's right to claim a percentage of the sale price each time his work is resold, as well as moral rights of a creator in accordance with the Berne Convention, is recognized for the first time.<sup>85</sup>

The law changes the concept that a copyright is an indivisible bundle of rights which may not be transferred partially. It treats a copyright as divisible and transferable to confer upon the creator more freedom with respect to the exercise of his rights and to enable the transferee of a portion of a copyright to avail himself of the rights and remedies of the transferor.<sup>86</sup>

#### COURTS AND ADMINISTRATION OF JUSTICE

##### *Preliminary Investigation by Fiscals and State Prosecutors*

The old law (Republic Act No. 5180) which granted the complainant and respondent in a preliminary investigation the right to confront and

<sup>80</sup> section 2 of P. D. No. 49.

<sup>81</sup> section 21.

<sup>82</sup> section 22.

<sup>83</sup> section 23.

<sup>84</sup> section 24.

<sup>85</sup> Thus in every sale or lease of an original work of painting or sculpture or of the original manuscript of a writer or composer subsequent to the first disposal thereof by the creator, the creator or his heirs shall have an inalienable right to participate in the gross proceeds of the sale or lease to the extent of five (5%) *per centum*. A creator has the right to make alterations of his work prior to, or to withhold it from, publication; to require that the authorship of the work be attributed to him; to object to any alteration of his work which is prejudicial to his reputation; to restrain the use of his name with respect to any work not of his own creation or in a distorted version of his work.

<sup>86</sup> section 15 of P.D. No. 49. Please see also the Explanatory Note.

cross-examine each other and their witnesses was regarded as time consuming and was removed by PD No. 77. In lieu of *subpoena* to the accused as the first step, the complainant is required to file together with his complaint sworn statements in support thereof. If from their contents the fiscal finds that there is no *prima facie* case he shall immediately dismiss the complaint. If he finds a *prima facie* case then he provides the accused with a copy of the complaint and the sworn statements filed by the complainant and gives him a period which shall not exceed ten (10) days within which to file his answer and affidavits. The parties have no right to cross examine although the fiscal may call both parties and their witnesses for the purpose of making clarificatory questions.

#### *Bail Bond*

To expedite the trial of criminal cases, Letter of Instruction No. 40 has directed that every bail bond for the provisional release of the accused shall contain the following stipulation: "that the surety (with the written conformity of the accused) hereby agrees that in case the accused jumps bail or fails to appear for trial despite due notice to his bondsman," his absence will be deemed an express waiver of his right to be present, which will warrant the court to proceed with the case as if the accused were present.

#### *Franking Privilege*

Truth can be funny but one of the causes for the delay in our judicial proceedings is the inability of our tribunals to promptly notify the parties of scheduled court hearings all because of lack of postage stamps. To obviate this injustice, PD No. 26 has extended the franking privilege to judges of the Courts of First Instance, Circuit Criminal Courts, Juvenile and Domestic Relations Court, Courts of Agrarian Relations, Court of Industrial Relations, Military Tribunals and City and Municipal Courts.

#### *Publication of Notices*

When the Secretary of National Defense and Press Secretary took over the control of all newspapers by virtue of Letter of Instruction No. 1 and Proclamation No. 1081, the publication of judicial notices, advertisements for public bidding, notices of auction sales etc. came to a silent standstill and resulted in the paralyzation of normal transactions of both government and private sectors. PD No. 19 averted this contingency and decreed that the publication of the notices mentioned in Republic Act No. 4569 as amended may be made in a newspaper with a nationwide circulation published regularly.

*Military Tribunals*

General Order No. 8 empowered the Chief of Staff, Armed Forces of the Philippines to create military tribunals.<sup>87</sup> General Order No. 12 as amended by General Order Nos. 12-B, 12-C and 21, enumerated the cases that may be tried and decided by the military tribunals.<sup>88</sup> Their decisions are subject to appeal and/or review by the President through the Chief of Staff and the Secretary of National Defense.<sup>89</sup>

## CRIMINAL LAW

The Dangerous Drugs Law of 1972 has been amended to cure certain defects and deficiencies e.g.: under R.A. No. 6425 the Circuit Criminal Court was granted exclusive original jurisdiction. This hampered the full and speedy implementation of the law. The decree sought to prevent this delay by allowing the Court of First Instance, Circuit Criminal Court, and the Juvenile and Domestic Relations Court to have concurrent original jurisdiction over all cases involving offenses punishable under the Dangerous Drugs Law.<sup>90</sup> However, in cities or provinces where there are JDRCs, said courts shall take exclusive cognizance of cases where the offenders are under sixteen years of age.<sup>91</sup>

It has been decreed *majora regalia* that the penalty of *prision correccional* in its minimum period shall be imposed upon any person who, without taking up arms or being in open hostility against the government or without inciting others to rebellion, shall print or publish any handbill, leaflet, poster or other similar materials, or shall possess, distribute

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<sup>87</sup> These tribunals have jurisdiction to try and decide cases of military personnel and such other cases as may be referred to them. (General Orders No. 8 dated September 27, 1972). See also General Orders No. 3 dated September 22, 1972 enumerating the "prohibition" or cases which may not be tried and decided by the civil courts.

<sup>88</sup> These cases were to be tried and decided to the exclusion of civil courts unless otherwise provided in the order. They included crimes against national security and the law of nations, violations of the Anti-Subversion Law, Espionage Law, Hijacking Law, crimes against the fundamental laws of the State: if committed by members of the Armed Forces, certain crimes against public order like sedition, disloyalty, etc., crimes in furtherance or in connection with rebellion or insurrection, violations of the law on firearms and explosives, usurpation of authority, certain crimes, committed by public officers such as malversation, illegal use of public funds, malicious delay in the administration of justice etc., violations of the Anti-Graft and Corrupt Practices Law, the Dangerous Drugs Law of 1972, Anti-Carnapping Law and violations of decrees, orders and regulations, crimes against personal liberty, etc. Cases pending in civil courts shall be tried and decided by the civil courts except cases involving subversion, sedition, insurrection or rebellion.

<sup>89</sup> See General Order No. 12, as amended by General Orders Nos. 12-A 12-B, 12-c and 21.

<sup>90</sup> Presidential Decree No. 44.

<sup>91</sup> *Ibid.*

or circulate the same, or shall draw, write or sketch any immoral or indecent picture or word on any wall, fence, sidewalk or any other visible public or private place which in any case tends to undermine the government or the stability of the State or expose it to ridicule.<sup>92</sup>

It is prohibited for any natural or juridical person to directly or indirectly cut or export logs in violation of existing laws, rules and regulations.<sup>93</sup> It is likewise unlawful for any person, unless authorized by the telephone company or by the court, to install or connect any telephone or line with an already existing telephone duly installed in private residences or public or private buildings.<sup>94</sup> It is likewise unlawful for any person to knowingly possess any such illegally connected telephone.<sup>95</sup>

No person shall keep, possess or carry outside of his residence any firearm unless duly authorized to do so. If the firearm involved in the violation is unlicensed and is attended by assault upon, or resistance to persons in authority or their agents in the performance of their official functions resulting in the death of the latter, or if such unlicensed firearm is used in the commission of crimes against persons, property, or chastity causing the death of the victim, the mandatory penalty of death by a firing squad or by electrocution shall be imposed.<sup>96</sup>

Any person who shall offer, publish, distribute, circulate and spread rumors, false news, information and gossip, or cause the publication, distribution, circulation or spreading of the same which cause or tend to cause panic, divisive effects among the people, undermine the stability of the Government and the objectives of the New Society, shall, upon conviction, be punished by *prision correccional*. In case the offender is a government official or employee, the accessory penalty of absolute perpetual disqualification from holding any public office shall be imposed.<sup>97</sup>

#### EDUCATION

For the first time our law has been restructured to provide for a ten-year national education program backed up by proper funding and tied up with our national goals and ideals as a growing nation in a changing world. Among the projects<sup>98</sup> included are: (a) establishment of technical institutes for the out-of-school youth and the unemployed in collaboration with the programs of the National Manpower and Youth Council; (b)

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<sup>92</sup> Presidential Decree No. 33.

<sup>93</sup> Presidential Decree No. 54.

<sup>94</sup> Presidential Decree No. 55.

<sup>95</sup> *Ibid.*

<sup>96</sup> General Orders Nos. 6 & 7.

<sup>97</sup> Presidential Decree No. 90.

<sup>98</sup> section 5 of Presidential Decree No. 6-A.

expansion of agricultural programs including radio broadcasting, rural training services, and the giving of seed capital and revolving funds; and (c) production of textbooks.

The projects are musically harmonized to the luxurious tune of several millions to come from loans which the President of the Philippines is authorized to contract with any foreign source or lender not exceeding one hundred million United States dollars.

#### *U.P. Decree*

This year saw the U.P. Board of Regents being authorized to establish a University of the Philippines System, including an autonomous U.P. at Los Baños. The composition of the Board of Regents was expanded to include the Undersecretary of Agriculture, and the Chancellors of the member universities of the U.P. System.<sup>99</sup>

### GOVERNMENT REORGANIZATION

Presidential Decree No. 1 adopted the Integrated Reorganization Plan (IRP) as prepared by the Commission on Reorganization but the Department of Public Information (DPI) took the place of the Public Information Office under the Office of the President of the Philippines.<sup>100</sup> This decree was later amended several times thru different decrees, firstly, to reconstitute the membership of the National Economic Development Authority (NEDA) by including the President of the Philippines as Chairman and the Executive Secretary as member of the top planning body of the nation.<sup>101</sup> Secondly, to modify the general rule of one Undersecretary for every Department.

The President being Chairman of the NEDA and so as to link regulatory functions with the requirements of development, the IRP underwent further amendment with the transferring of the Oil Industry Commission and the Price Control Council from the Office of the President to the NEDA and the Wage Commission from the Department of Labor to the NEDA. The Joint Legislative-Executive Tax Commission was converted into a purely executive single-headed agency under the NEDA known as the National Tax Research Center.<sup>102</sup>

<sup>99</sup> section 1 and 3 of P.D. No. 58.

<sup>100</sup> P.D. No. 1 dated September 21, 1972.

<sup>101</sup> P.D. No. 1-A.

<sup>102</sup> P.D. No. 74.

An example of an office abolished by decree is the Custody and Disposal Administration under the Department of Finance.<sup>103</sup> The National Computer Center was retained under the Office of the President.<sup>104</sup>

Section 584 of the Revised Administrative Code as amended has been further amended to allow the Auditor General to compromise or release, in whole or in part, any claim or settled liability to the Government not exceeding ₱1,000.00 and, with the written approval of the President of the Philippines, to an amount not exceeding ₱10,000.00<sup>105</sup> which would also be quite an amount for Juan de la Cruz to write off.

#### LABOR AND SOCIAL WELFARE

PD No. 21 has created the National Labor Relations Commission composed of three members: Undersecretary of Labor as Chairman and the Directors of Labor Relations and Labor Standards as members. It shall have original and exclusive jurisdiction over the following:

(1) all matters involving employee-employer relations including all disputes and grievances which may otherwise lead to strikes and lockouts under Republic Act No. 875; (2) all strikes pending at the time of Proclamation No. 1081; and (3) all pending cases in the Bureau of Labor Relations.

The Social Security Act of 1954 (Republic Act No. 1161) has been amended to include what should be: that the SSS Administrator be a member of the Social Security Commission. Any decision or award of the Commission after the same has become final and executory shall be enforced and executed in the same manner as decisions of Courts of First Instance.<sup>106</sup> PD No. 65 further amending PD No. 24 has established the "Mortgagors' Insurance Account" which shall not be chargeable with SSS liabilities.<sup>107</sup>

The much-awaited Metropolitan Manila Flood Control and Drainage Council has finally been established with the Secretary of Public Works and Communications as Chairman and the 14 member-mayors as members.<sup>108</sup> PD No. 20 regulates rentals, amending Republic Act No. 6359. PD No. 28 establishes regional prisons and converts National Penal Institutions into regular prisons and penal farms, while PD No. 29 amends the sections on Municipal and provincial prisoners in the Revised Administrative Code.

<sup>103</sup> PD No. 60.

<sup>104</sup> PD No. 1-A.

<sup>105</sup> PD No. 61.

<sup>106</sup> section 4 of P.D. No. 24.

<sup>107</sup> section 26(g) added to sec. 26 of Rep. Act No. 1161 by P.D. No. 65.

<sup>108</sup> Presidential Decree No. 18.

## MUNICIPAL CORPORATIONS

*Citizens Assemblies or Barangays*

To broaden the base of citizen participation in the government, Presidential Decree No. 86 created the Citizens Assemblies or Barangays composed of all persons who are residents of the barrio, district or ward for at least six months, fifteen years of age or over, citizens of the Philippines and duly registered.<sup>109</sup> It shall meet at the call of the barrio captain or leader or at the request of at least one-tenth of the members to consider matters of local or national concern. At least one-fifth of the members should be present to constitute a quorum.

A decree that has "revolutionized" our political jurisprudence by deviating from the accepted traditional plebiscite is Presidential Decree No. 86-A amending Presidential Decree No. 86 and the provisions of the New Constitution, and providing for the first time for the holding of a referendum by citizens assemblies or barangays.

## POPULATION

The Commission on Population (POPCOM) was charged with the mission to encourage all persons to adopt safe and effective means of family planning. A Board of Commissioners has been created. No action is treated as a valid decision of the Board unless it carries a unanimous vote of the three members present constituting the quorum. Letter of Instruction No. 47 makes family planning and responsible parenthood a part of the educational curriculum in some schools and a prerequisite to qualifying for the appropriate licensing examination.

## PUBLIC OFFICERS AND EMPLOYEES

Amendatory decrees on the administrative discipline of government officials and employees have been signed with the end in view of "cleaning" the public service. No formal investigation is necessary and the respondent may be immediately removed if any of the following circumstances is present:

- (a) When the charge is serious and the evidence of guilt is strong.

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<sup>109</sup> Under Article XI of the New Constitution, the barrio is recognized for the first time as the basic political unit. Article II on the Declaration of Principles and State policies expresses the commitment of the State that it "shall guarantee and promote the autonomy of local government units, especially the barrio, to ensure their fullest development as self-reliant communities." (Sec. 10, Art. II of the New Constitution.)

- (b) When the respondent is a recidivist.
- (c) When the respondent is notoriously undesirable.<sup>110</sup>

#### REAL PROPERTY

It is required that all natural or juridical persons owning or administering real property, including the improvements thereon, shall file a sworn statement declaring the true value of their property, whether previously declared or undeclared, taxable or exempt, which shall be known as the current and fair market value of the property. "Current and fair market value" shall be understood to mean "the price at which a seller would sell and a willing buyer would buy neither being under abnormal pressure." The assessed valuation which shall be the basis for the payment of real property tax shall be 50% of the current and fair market value, as determined by the assessor, in the case of commercial, industrial or mineral lands; 40% in the case of agricultural lands; and 30% in the case of lands for purely residential purposes. Within 60 days from receipt of the written notice of assessment, an owner may appeal from the action of the provincial or city assessor to the Board of Tax (Assessment) Appeals of the province or city.<sup>111</sup> Further appeal may be made to the Central Board of Tax Appeals.<sup>112</sup> But the appeal or appeals shall not suspend the collections of the corresponding realty taxes.

To make the exercise of eminent domain more expeditious for the government, PD No. 42 has authorized the plaintiff in eminent domain proceedings to take possession of the property involved by depositing with the Philippine National Bank an amount equivalent to the assessed value of the property.

#### *Tariff and Customs*

One of the most notable features of the 1972 Tariff and Customs Code amending Republic Act No. 1937 as amended is the lifting of the ban on the importation of contraceptives. The ban is now limited to "articles, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises or describes or gives directly or indirectly information where, how or by

<sup>110</sup> P.D. No. 6. See also P.D. No. 46 making it punishable for public officials and employees to receive, and for private persons to give, gifts on any occasion including Christmas.

<sup>111</sup> The Board of Tax (Assessment) Appeals of a province or city shall be composed of the Register of Deeds, as Chairman, the Provincial or City Auditor and the Provincial or City Engineer, as members. (See PD No. 76).

<sup>112</sup> The Central Board of Tax Appeals shall be composed of the Secretary of Finance, as Chairman, and the Secretary of Justice and the Secretary of Local Governments and Community Development, as members. (See P.D. No. 25 and P.D. No. 76).

whom unlawful abortion is produced."<sup>113</sup> PD Nos. 34, 53 and 66 further amends the 1972 Tariff and Customs Code to better carry its provisions into effect. It has immobilized smugglers by providing that any person caught in possession of untaxed or improperly taxed articles shall be immediately arrested and detained. It has also created the Export Processing Zone Authority to assure the accelerated development and efficient operation of the export processing zone in Mariveles, Bataan.

#### TAXATION

Rarely does one hear good news in taxation. However, PD No. 10 is good news: the percentage tax on stock transactions has been reduced from two percentum to one fourth of one percentum. PD No. 16 exempts capital gains (except shares of stocks) from the National Internal Revenue Code provided such gains are invested within 6 months from the date the gains are realized in government bonds, securities, debentures, treasury notes, or any productive enterprise. PD No. 52 has proclaimed a tax amnesty for untaxed motor vehicles and PD No. 23 has granted a general tax amnesty in all cases of voluntary disclosure of previously untaxed income realized here or abroad by any taxpayer and in lieu thereof, a tax of ten percentum (10%) of such previously untaxed income subject to conditions stated in the decree.<sup>114</sup>

Corporations are now placed on a tax withholding system.<sup>115</sup> Foreign tourists and travellers are exempted from the payment of hotel room tax for the duration of their stay in the Philippines. PD No. 69 has enacted into law the Omnibus Tax Bill of 1972 expanding the powers and duties of the Bureau of Internal Revenue to make it an effective tool for the implementation of desired changes, and introducing other tax reforms.

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<sup>113</sup> section 102(d) of the 1972 Tariff and Customs Code.

<sup>114</sup> See also P.D. Nos. 67 and 68.

<sup>115</sup> P.D. No. 30, see also P.D. No. 50.

