

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**



Thirteenth Congress
First Regular Session

House Bill No. **2848**

Introduced by Honorable Catalino V. Figueroa

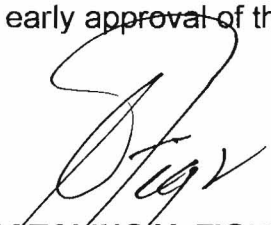
EXPLANATORY NOTE

This bill seeks to encourage and assist small-scale entrepreneurs engaged in manufacturing and owning not more than one production machine and employing not more than two technical personnel by granting them exemption from income taxes for the first two years of their operation.

It has been observed that a growing number of small scale manufacturing industries operating on a one-man, one industrial machine or equipment supplying various manufacturing needs of other big manufacturing firms are proving to be profitable ventures. These small-scale manufacturing industries are often housed right in the residences of their owners to save overhead expenditures.

While it is true that this type of manufacturers are still legally bound to pay taxes, government should recognize the need to encourage and support small-scale backyard industries and striving entrepreneurs and thus, enhance the government's drive towards family entrepreneurship.

In view thereof, support and early approval of the same is earnestly sought.


CATALINO V. FIGUEROA

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**AN ACT
GRANTING MANUFACTURING ESTABLISHMENTS OWNING NOT MORE
THAN ONE (1) INDUSTRIAL MACHINE OR EQUIPMENT ACTUALLY USED IN
PRODUCTION PROCESSES AND EMPLOYING NOT MORE THAN TWO (2)
TECHNICAL PERSONNEL EXEMPTION FROM INCOME TAXES FOR THE
FIRST TWO YEARS OF OPERATION**

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

SECTION 1. Manufacturing establishments owning not more than one industrial machine or equipment actually used in production processes and employing not more than two technical personnel shall be exempt from the payment of income taxes for the first two years of operation.

SECTION 2. The Secretary of Finance, shall, within six (6) months from the approval of this Act, issue the necessary rules and regulations needed for the effective implementation of this Act.

SECTION 3. All laws, decrees, orders and other issuances inconsistent with this Act are hereby repealed and/or modified accordingly.

SECTION 4. This Act shall take effect fifteen (15) days after its publication for two (2) consecutive days in a newspaper of general circulation.

Approved,