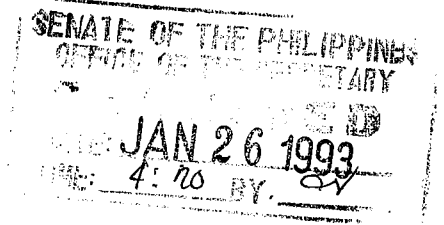


Ninth Congress of the Republic }
of the Philippines }
First Regular Session }



SENATE
S. NO. 1064

Introduced by Senators Herrera, Angara, Maceda,
Romulo, Ople and Guingona, Jr.

EXPLANATORY NOTE


The government corporate sector is a potential source of non-tax revenues for the national government. Since the national government has substantial equity holdings in government-owned and controlled corporations (GOCCs), it can require the GOCCs to share its net earnings by way of dividend declaration.

At present, government corporations are mandated by Executive Order No. 399 (signed on April 24, 1990) to declare at least ten percent (10%) of their respective net earnings each year as cash dividends to the national government. However, in 1992, out of the 21 GOCCs which were expected to remit cash dividends amounting to ₱1.35 billion only ten government corporations actually paid dividends totalling to ₱1.01 billion.

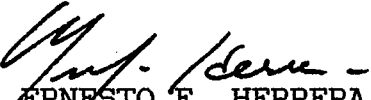
This bill seeks to increase the rate of cash dividends from ten percent (10%) to fifty percent (50%) of net earning of GOCCs. This measure will optimize GOCC contribution to the national coffers, thus, enhancing national government resources without unduly straining the tax system. Based on 1991 net earnings of GOCCs, the incremental revenue which may be generated from this bill amounts to ₱5.41 billion.

Furthermore, to effectively compel the GOCCs to remit the required amount of dividends, a penal clause is herein proposed.

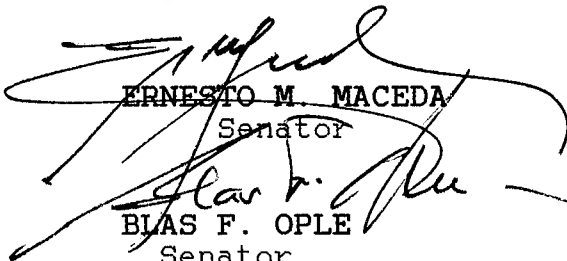
The immediate passage of this bill is strongly recommended.



EDGARDO J. ANGARA
Senator



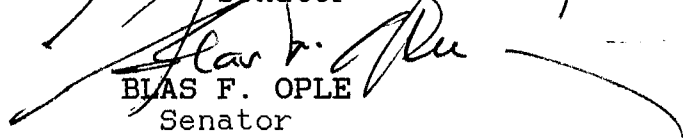
ERNESTO F. HERRERA
Senator



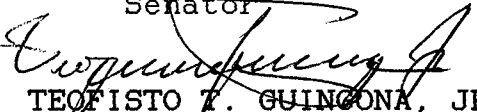
ERNESTO M. MACEDA
Senator



ALBERTO G. ROMULO
Senator



BLAS F. OPLE
Senator



TEFISTO F. GUINGONA, JR.
Senator

Ninth Congress of the Republic }
of the Philippines }
First Regular Session }

SENATE OF THE PHILIPPINES
OFFICE OF THE SECRETARY
DATE: JAN 26 1993
TIME: 4:20 BY: ay

SENATE

S. NO. 1064

Introduced by Senators Herrera, Angara, Maceda,
Romulo, Ople and Guingona, Jr.

AN ACT
REQUIRING ALL GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS TO
DECLARE FIFTY PER CENTUM OF THEIR ANNUAL NET PROFIT AS CASH
DIVIDENDS TO THE NATIONAL GOVERNMENT

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

1 SECTION. 1. Declaration of Policy. - It is
2 hereby declared policy that the government must equitably
3 share in all earnings of government-owned or controlled
4 corporations without impairing the viability of these
5 entities and the purposes for which they have been
6 established.

7 Sec. 2. Definition of Terms.

8 a. "Government-owned or controlled
9 corporations" are corporations created by
10 law as agencies of the State for narrow
11 and limited purposes, either owned
12 wholly by the state or wherein the
13 Government is a majority stockholder, in
14 cases of stock corporations, or
15 otherwise, agencies so created where no
16 stocks are issued but whose affairs are
17 conducted by a duly constituted board
18 and which perform proprietary functions,
19 this term shall include all
20 corporations, including financial



S. No. _____

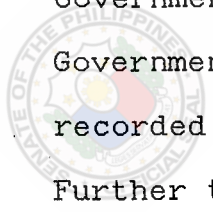
1 institutions, owned or controlled by the
2 Government performing government and/or
3 proprietary functions, but excluding
4 state universities and colleges;

5 b. "Government" means the National
6 Government.

7 c. "Financial institutions" refer to
8 the Central Bank of the Philippines, the
9 Development Bank of the Philippines, the
10 Philippine National Bank, the
11 Government Service Insurance System, the
12 Social Security System, the Land Bank
13 of the Philippines, the Philippine
14 Amanah Bank and other government
15 financial institutions.

16 Sec. 3. Cash Dividends. - All government-owned or
17 controlled corporations shall declare fifty per centum (50%)
18 of their annual net earnings as cash dividends to the
19 Government; Provided, that cash dividends accruing to the
20 Government shall be received by the National Treasury and
21 recorded as income of the General Fund, and Provided,
22 Further that this Section shall not apply to the Government
23 Service Insurance System and the Social Security System,
24 Provided Finally that this Section shall also apply to
25 government-owned or controlled corporations whose profit
26 distribution is provided for by their respective
27 charters or by special law.

28 Sec. 4. Rules and Regulations. -- The Secretary of
29 Finance, in coordination with the concerned government-owned



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1 or controlled corporation, shall formulate the necessary
2 rules and regulations to effectively implement the
3 provisions of this Act.

4 **Sec. 5. Penal Sanctions.** -- Any Manager,
5 Administrator, employee or person, directly charged to
6 comply with the provisions of this Act who willfully
7 violates any of the provisions of Act or any of the rules
8 and regulations implementing thereof shall, in addition to
9 other penalties provided by law, upon conviction thereof, be
10 fined of not less than 10% of the net profit of said
11 government-owned or controlled corporation and/or
12 imprisonment of not less than ten (10) years but not more
13 than twenty (20) years.

14 **Sec. 6. Repealing Provision.** -- Executive Order 399
15 dated April 24, 1990 is herein repealed and all other acts,
16 decrees, executive orders, letter of instruction, rules and
17 regulations inconsistent with this Act are hereby repealed
18 or amended accordingly.

19 **Sec. 7. Effectivity.** -- This Act shall take effect
20 fifteen (15) days after its publication in the Official
21 Gazette or in at least two (2) national newspapers of
22 general circulation, whichever comes earlier.

Approved,