

**Republic Act No. 7161**

**An Act Incorporating Certain Sections of the National Internal Revenue Code of 1977, As Amended, to Presidential Decree No. 705, as Amended, Otherwise Known as "The Revised Forestry Code of the Philippines", and Providing Amendments Thereto by Increasing the Forest Charges on Timber and Other Forest Products**

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

**Section 1.** Pursuant to Executive Order No. 273, Sections 230 to 297 of the National Internal Revenue Code of 1977, as amended, are hereby incorporated into Presidential Decree No. 705, as amended, otherwise known as the "Revised Forestry Code of the Philippines" and numbered as follows:

<b>National Internal Revenue Code of 1977</b>	<b>Revised Forestry Code</b>
Section 230	Section 68
Section 231	Section 69
Section 232	Section 70
Section 233	Section 71
Section 234	Section 72
Section 235	Section 73
Section 236	Section 74
Section 237	Section 75
Section 238	Section 76
Section 297	Section 77

All references to the Bureau of Internal Revenue, Commissioner of Internal Revenue, and Ministry of Finance in Sections 230 to 238 of the National Internal Revenue Code of 1977 shall hereafter refer to the Forest Management Bureau, Director of the Forest Management Bureau, and Secretary of Environment and Natural Resources, respectively.

**Section 2.** The incorporated and renumbered Sections 68 to 76 of Presidential Decree No. 705, as amended, are hereby placed under a new subtitle of Chapter III (Utilization and Management which shall be Subtitle H.

**Section 3.** Section 70 of Presidential Decree No. 705, as amended (formerly Section 232 of the National Internal Revenue Code) is hereby amended to read as follows:

**"Section 70. Charges on Timber Cut in Forestland.** - There shall be collected charges on each cubic meter of timber cut in forestland, whether belonging to the first, second, third or fourth group, twenty-five percent (25%) of the actual FOB market price based on species and grading; **Provided, However,** That, in the case of pulpwood and matchwood cut in forestland, forest charges on each cubic meter shall be ten percent (10%) of the actual FOB market price."

**Section 4.** Section 71 of Presidential Decree No. 705, as amended, (formerly Section 233 of the National Internal Revenue Code) is hereby amended to read as follows:

**"Section 71. Charges on Firewood, Branches and Other Recoverable Wood Wastes of Timber.** - Except for all mangrove species whose cutting shall be banned, there shall be collected forest charges on each cubic meter of firewood cut in forestland, branches and other recoverable wood wastes of timber, such as timber ends, tops and stumps, when used as raw materials for the manufacture of finished products, Ten pesos (P10.00).

"Only third or fourth group wood can be taken for firewood. However, if jointly authorized by the Secretaries of both the Departments of Environment and Natural Resources, and Agriculture, first and second group woods may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes."

**Section 5.** Section 73 of Presidential Decree No. 705, as amended (formerly Section 235 of the National Internal Revenue Code), is hereby repealed.

Section 72 of Presidential Decree No. 705, as amended, (formerly Section 234 of the National Internal Revenue Code) is hereby amended to read as follows:

**"Section 72. Charges on Minor Forest Products.** - All other forest products of forestland which are not covered by the preceding sections shall be exempt from any or all forest charges, except rattan, gums and resins, beeswax, guta-percha, almaciga resin and bamboo which shall be charged at ten percent (10%) of the actual FOB market price."

**Section 6.** There shall be added a new section after Section 72 of Presidential Decree No. 705, to be known as Section 73, to read as follows:

**"Section 73. Effectivity and Application of Forest Charges and Determination of Market Price of Forest Products.** - The rates of forest charges provided for in Section 70, 71 and 72 hereof shall be effective upon approval of this Act. The new rates shall be published in the Official Gazette or in two (2) newspapers of national circulation and shall also be posted in conspicuous places in the different Department of Environment and Natural Resources field offices.

"The actual FOB market price of forest products shall be justly determined once a year by the Secretary of Environment and Natural Resources; **Provided**, That he shall cause the creation of a committee to be composed of representatives of the Department of Environment and Natural Resources, the National Economic and Development Authority, the Department of Trade and Industry, the Bureau of Internal Revenue and the wood and furniture industry and consumers sectors which shall formulate the criteria and/or guidelines in the determination of the actual FOB market price to be used as the basis for the assessment of the ad valorem tax, taking into consideration production cost (developing cost, contingencies and miscellaneous cost), species and grade of timber, government share, reforestation, tariff duties, taxes, risk involved and a reasonable margin of profit for domestic and export market prices for wood and wood products.

"These forest charges shall be applied to naturally growing timber and forest products gathered within public forestlands, alienable and disposable lands and private lands. Forest charges collected shall be in lieu of the administrative charge on environment and other fees and charges imposed thereon; **Provided**, That planted trees and other forest products harvested from industrial tree plantations and private lands covered by existing tiller or by approved land application are exempted from payment of forest charges."

**Section 7.** Section 77 of Presidential Decree No. 705, as amended, as numbered herein, is hereby repealed.

Section 68 of Presidential Decree No. 705, as amended by Executive Order No. 277 dated July 25, 1987, and Sections 68-A and 68-B of Presidential Decree No. 705, as added by Executive Order No. 277, are hereby renumbered as Sections 77, 77-A and 77-B.

Accordingly, the succeeding Section 69 to 80 of Presidential Decree No. 705, as amended, are hereby renumbered as Sections 78 to 89, respectively, and Sections 80-A, 80-B to 83 are hereby renumbered as Sections 89-A, 89-B to 92, respectively.

**Section 8.** This Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

**Approved,**

**JOVITO R. SALONGA**  
President of the Senate

**RAMON V. MITRA**  
Speaker of the House  
of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on August 12, 1991 and August 8, 1991, respectively.

**EDWIN P. ACOBA**  
Secretary of the Senate

**CAMILO L. SABIO**  
Secretary General  
House of Representatives

APPROVED: October 10, 1991

**CORAZON C. AQUINO**  
President of the Philippines