

Presidential Decree No. 768, s. 1975

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**MALACAÑANG
MANILA**

PRESIDENTIAL DECREE No. 768

AMENDING PRESIDENTIAL DECREE NO. 198 ENTITLED "DECLARING A NATIONAL POLICY FAVORING LOCAL OPERATION AND CONTROL OF WATER SYSTEMS; AUTHORIZING THE FORMATION OF LOCAL WATER DISTRICTS AND PROVIDING FOR THE GOVERNMENT THE ADMINISTRATION OF SUCH DISTRICT; CHARTERING A NATIONAL ADMINISTRATION TO FACILITATE IMPROVEMENT OF LOCAL WATER FACILITIES; GRANTING SAID ADMINISTRATION SUCH POWERS AS ARE NECESSARY TO OPTIMIZE PUBLIC SERVICE FROM WATER UTILITY OPERATIONS, AND FOR OTHER PURPOSES

WHEREAS, it is the primary concern of the government to develop an orderly and effective system of local water utilities, particularly in the area of water supply and sewerage services;

WHEREAS, under Presidential Decree No. 198, the Government declared as a national policy the local operation and control of water systems; authorized the formation of local water districts; provided for the administration of such districts, and chartered a national administration to facilitate improvement of local water utilities;

WHEREAS, there is need to amend certain provisions of Presidential Decree No. 198 in order to hasten and make more effective the implementation and administration of the program of total development and expansion of domestic water systems;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the amendment of Presidential Decree No. 198, as follows:

Section 1. Section 3, paragraph (b) of Presidential Decree No. 198 is hereby amended to read as follows:

“(b) Appointing Authority. The person empowered to appoint the members of the board of Directors of a local water district depending upon the geographic coverage and population make-up of the particular district. In the event that more than seventy-five percent of the total active water service connections of a local water districts are within the boundary of any city or municipality, the appointing authority shall be the mayor of the city or municipality, as the case may be; otherwise, the appointing authority shall be the governor of the province within which the district is located: Provided, That if the existing waterworks system in the city or municipality established as a water district under this Decree is operated and managed by the province, initial appointment shall be extended by the governor of the province. Subsequent appointments shall be as specified herein.

“If portions of more than one province are included within the boundary of the district, and the appointing authority is to be the governor, then the power to appoint shall rotate between the governors involved with the initial appointments made by the governor in whose province the greatest number of service connections exists.”

Section 2. Paragraphs (b), (c), (e) and last paragraph of Section 6 of the same decree, are hereby amended to read as follows:

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“(b) A description of the boundary of the district. In the case of a city or municipality, such boundary may include all lands within the city or municipality. A district may include one or more municipalities, cities or provinces, or portions thereof: Provided, That such municipalities, cities or provinces, or portions thereof, cover a contiguous area.

“(c) A statement transferring any and all waterworks and/or sewerage facilities managed, operated by or under the control of such city, municipality or province to such district pursuant to a contract authorized by this Title.

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“(e) The names of the initial directors of the district with the date of expiration of the term of office for each which shall be on the 31st of December of first, second, or third even-numbered year after assuming office, as set forth in Section 11 hereof.

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"If two or more cities, municipalities or provinces, or any combination thereof, desire to form a single district, a similar resolution shall be adopted in each city, municipality and province; or the city, municipality or province in which 75% of the total active service connections are situated shall pass an initial resolution to be concurred in by the other cities, municipalities or provinces."

Section 3. Section 7 of the same decree is hereby amended to read as follows:

"Sec. 7. Filing of Resolution. A certified copy of the resolution or resolutions forming a district shall be forwarded to the office of the Secretary of Administration. If found by the Administration to conform to the requirements of Section 6 and the policy objectives in Section 22, the resolution shall be duly filed. The district shall be deemed duly formed and existing upon the date of such filing. A certified copy of said resolution showing the filing stamp of the Administration shall be maintained in the office of the district. Upon such filing, the local government or governments concerned shall lose ownership, supervision and control or any right whatsoever over the district except as provided herein."

Section 4. Section 8 of the same decree is hereby amended to read as follows:

"Sec. 8. Number and Qualifications. The Board of Directors of a district shall be composed of five citizens of the Philippines who are of voting age and residents within the district. One member shall be a representative of civic-oriented service clubs, one member a representative of professional associations, one member a representative of business, commercial, or financial organizations, one member a representative of educational institutions and one member a representative of women's organizations. No public official shall serve as director."

Section 5. Section 11 of the same decree is hereby amended to read as follows:

"Sec. 11. Term of Office. Of the five initial directors of each newly-formed district, two shall be appointed for a maximum term of two years, two for a maximum term of four years, and one for a maximum term of six years. Terms of office of all directors in a given district shall be such that the term of at least one director, but not more than two, shall expire on December 31 of each even-numbered year. Regular terms of office after the initial terms shall be for six years commencing on January 1 of odd-numbered years. Directors may be removed for cause only, subject to review and approval of the Administration."

Section 6. Section 12 of the same decree is hereby amended to read as follows:

"Sec. 12. Vacancies. In the event of a vacancy in the board of directors occurring more than six months before expiration of any director's term, the remaining directors shall within 30 days, serve notice to or request the secretary of the district for nominations and within 30 days thereafter a list of nominees shall be submitted to the appointing authority for his appointment of a replacement director from the

list of nominees. In the absence of such nominations, the appointing authority shall make such appointment. If within 30 days after submission to him of a list of nominees the appointing authority fails to make an appointment, the vacancy shall be filled from such list by a majority vote of the remaining members of the Board of Directors constituting a quorum. Vacancies occurring within the last six months of an unexpired term shall also be filled by the Board in the above manner. The director thus appointed shall serve the unexpired term only.”

Section 7. Section 13 of the same decree is hereby amended to read as follows:

“Sec. 13. Compensation. Each director shall receive a per diem, to be determined by the board, for each meeting of the board actually attended by him, but no director shall receive per diems in any given month in excess of the equivalent of the total per diems of four meetings in any given month. No director shall receive other compensation for services to the district.”

“Any per diem in excess of P50 shall be subject to approval of the Administration.”

Section 8. Section 20 of the same decree is hereby amended to read as follows:

“Sec. 20. System of Business Administration. The Board shall, as soon as practicable, prescribe and define by resolution a system of business administration and accounting for the district, which shall be patterned upon and conform to the standards established by the Administration. Auditing shall be performed by a certified public accountant not in the government service. The Administration may, however, conduct annual audits of the fiscal operations of the district to be performed by an auditor retained by the Administration. Expenses incurred in connection therewith shall be borne equally by the water district concerned and the Administration.”

Section 9. Section 23 of the same decree is hereby further amended to read as follows:

“Sec. 23. The General Manager. At the first meeting of the board, or as soon thereafter as practicable, the board shall appoint, by a majority vote, a general manager and shall define his duties and fix his compensation. Said officer shall serve at the pleasure of the board.”

Section 10. Section 24 of the same decree is hereby amended to read as follows:

“Sec. 24. Duties. The duties of the General Manager and other officers shall be determined and specified from time to time by the board. The general manager, who shall not be a director, shall have full supervision and control of the maintenance and operation of water district facilities, with power and authority to appoint all personnel of the district: Provided, That the appointment of personnel in the supervisory level shall be subject to approval by the board.”

Section 11. Paragraph (b) of Section 31 of the same decree is hereby amended to read as follows:

“(b) In-Lieu Share. As an incident to the acquisition of the existing water system of a city, municipality, or province, a district may enter into a contract to pay in-lieu share for such utility plant, an annual amount not exceeding three percent (3%) of the district’s gross receipts from water sales in any year: Provided, however, That no contract of this nature shall be executed during the first five years of the existence of the district; and Provided, further, That the Board of Directors shall determine that such contract will not adversely affect or impair the fiscal position and operations of the district as verified by the Administration.”

Section 12. Section 32 of the same decree is hereby amended by adding four new subsections therein, which shall read as follows:

“Sec. 32. Protection of Waters and Facilities of District. A district shall have the right to:

“(a) Commence, maintain, intervene in, defend and compromise actions or proceedings to prevent interference with or deterioration of water quality or the natural flow of any surface, stream or ground water supply which may be used or useful for any purpose of the district or be a common benefit to the lands or its inhabitants. The ground water within a district is necessary to the performance of the district’s powers and such district is hereby authorized to adopt rules and regulations subject to the approval of the National Water Resources Council governing the drilling, maintenance and operation of wells within its boundaries for purposes other than a singled family domestic use on overlying land. Any well operated on violation of such regulations shall be deemed in interference with the waters of the district.

“(b) Require a developer or builder of any structure within the service areas of the district to extend or connect its pipeline facilities to the district facilities whenever such development or structure is within one hundred meters of existing district facilities or whenever the district is willing to extend its facilities within one hundred meters of said development or structure. For the purpose of this section, development shall include the subdivision of land for any purpose other than agricultural purpose, and structure shall mean any building or facility to be used for residential, commercial or industrial purposes.

“(c) Prohibit any person, firm or corporation from vending, selling, or otherwise disposing of water for public purposes within the service area of the district where district facilities are available to provide such service, or fix terms and conditions by permit for such sale or disposition of water.

“(d) Safeguard and protect the use of its waters. For this purpose, any person who installs any water connection without the previous authority from the water district established under this Decree; tampers water meters or uses jumpers or other devices whereby water is stolen; steals or pilfers water or water meters; knowingly possesses stolen or pilfered water or water meters shall, upon conviction, be punished by prison correccional in its minimum period or a fine ranging from two thousand pesos to six thousand pesos, or both. If the violation is committed with the connivance or permission of an employee or officer of the water district, an employee or officer shall, upon conviction, be punished by a penalty one degree lower than prison correccional in its minimum period and forthwith be dismissed and perpetually disqualified from employment in any utility or service company owned or controlled by the government.”

Section 13. Section 34 of the same decree is hereby amended to read as follows:

“Sec. 34. Receipt, Deposit and Payment of District Funds. The treasurer shall receive, to the credit of the district and in trust for its use and benefit, all monies belonging to the district. All monies belonging to the District shall, where practicable, be deposited by the treasurer in the Philippine National Bank.”

Section 14. Section 35 of the same decree is hereby repealed.

Section 15. Section 36 of the same decree is hereby amended to be known as Section 35 to read as follows:

“Sec. 35. Bonds or Other Evidence of Indebtedness. A district may borrow money to raise funds to pay all cost of any public improvements authorized by this Title and may issue negotiable and non-negotiable bonds, promissory notes or other evidence of indebtedness to support such borrowings. These obligations may be secured by a mortgage, pledge, deed of trust or of any other encumbrance upon any of its then owned or after-acquired real or personal property, assets or revenues and the same shall constitute a lien as to the principal and interest thereon, on all such property, assets or revenues. The interests on such bonds or notes are exempt from all taxes, duties, fees, imposts, or other charges of the national or local governments.”

Section 16. Two new sections are hereby inserted to be known as Section 36 and Section 37, respectively, which shall read as follows:

“Sec. 36. Authority for Subsequent Borrowings. Where a water district has borrowed money from the Administration, the district shall not borrow money or incur further obligations from other sources without the prior written consent of the Administration.

“Sec. 37. Default. In the event of the default by the district in the payment of principal or interest on its outstanding bonds or other obligations, any bondholder or creditor shall have the right to bring an action before the appropriate court to compel the payment of such obligation. If the bondholder or creditor concerned is the Administration, it may, without the necessity of judicial process, take over and operate the entire facilities, systems or properties of the district. For this purpose, the Administration may designate its employees or any person or organization to assume all powers of policy-decision and the powers of management and administration, including but not limited to the establishment of water rates and charges, the dismissal and hiring of personnel, the purchase of supplies, equipment and materials and such other actions as may be necessary to operate the utility efficiently.”

Section 17. Section 37 of the same decree is hereby amended to read as Section 38 as follows:

“Sec. 38. Rates and Charges Water. A district may sell water under its control under schedules of rates and charges as may be determined by the Board, to any and all water users within the district. Said schedule may provide for differential rates for different categories of use and different quantity blocks. The district, as far as practicable, shall fix such rates and charges for water as will result in revenues which will:

“(a) Provide for reimbursement from all new water customers for the cost of installation of new services and meters;

“(b) Provide for revenue from all water deliveries and services performed by the district;

“(c) Pay the operating expenses of the district;

“(d) Provide for the maintenance and repairs of the works;

“(e) Provide a reasonable surplus for replacement, extension and improvements; and

“(f) Pay the interest and principal and provide a sinking fund for the payment of debts of the district as they become due and establish a fund for reasonable reserves.”

Section 18. Sections 38, 39, 40, 41, 42 and 43 of the same decree are hereby amended to read as Section 39, 40, 41, 42, 43 and 44, respectively.

Section 19. Section 44 of the same decree is hereby amended to read as Section 45 as follows:

“Sec. 45. Dissolution. A district may be dissolved by resolution of its board of directors filed in the manner of filing the resolution forming the district: Provided, however, That prior to the adoption of any such resolution: (1) another public entity has acquired the assets of the district and has assumed all

obligations and liabilities attached thereto; (2) all bondholders and other creditors have been notified and they consent to said transfer and dissolution; and (3) a court of competent jurisdiction has found that said transfer and dissolution are in the best interest of the public.”

Section 20. Section 45, 46 and 47 of the same decree are hereby amended to read as Sections 46, 47 and 48, respectively.

Section 21. Section 48 of the same decree is hereby amended to read as Section 49 as follows:

“Sec. 49. Charter. There is hereby chartered, created and formed a government corporation to be known as the “Local Water Utilities Administration” which is hereby attached to the Office of the President. The provisions of this Title shall be and constitute the charter of the Administration.”

Section 22. Section 49 of the same decree is hereby amended to read as Section 50 as follows:

“Sec. 50. Purposes. The Administration shall primarily be a specialized lending institution for the promotion, development and financing of local water utilities. In the implementation of its functions, the Administration shall, among others: (1) prescribe minimum standards and regulations in order to assure acceptable standards of construction materials and supplies, maintenance, operation, personnel training, accounting and fiscal practices for local water utilities; (2) furnish technical assistance and personnel training programs for local water utilities; (3) monitor and evaluate local water standards; and (4) effect systems integration, joint investment and operations, district annexation and deannexation whenever economically warranted.”

Section 23. Section 50 of the same decree is hereby amended to read as Section 51 as follows:

“Sec. 51. Composition. The Board of Trustees of the Administration shall be composed of a chairman and four other members, all of whom shall be citizens of the Philippines.”

“One trustee at any time shall have at least ten years experience in banking, finance or business. One trustee at any time shall possess sufficient background in the field of economics; one trustee at any time shall have experience in management or systems operations. Two trustees at any time shall be civil or sanitary engineers with experience related to water supply or waste-water operations. Not more than one trustee may represent a private investor-owned utility. No elected official shall be entitled to act as a trustee. At least three of the trustees must be employees of the National Government.”

“The General Manager shall be the ex-officio member of the Board.”

Section 24. Section 51 of the same decree is hereby amended to read as Section 52 as follows:

“Sec. 52. Appointment and Term of Office. The trustees, with exception to the ex-officio member, shall be appointed by the President of the Philippines. They shall serve a term of five years each: Provided, That of the first four initially appointed, one shall serve a term of five years, another for four years, the third for three years, and the fourth for two years. Trustees may be removed for cause only.”

“The incumbent trustees holding office as such upon the effectivity of this amendment shall continue to hold such office until the expiration of their original terms as defined in their appointments.”

Section 25. Section 52 and 53 of the same decree are hereby amended to read as Section 53 and 54, respectively.

Section 26. Section 54 of the same decree is hereby amended to read as Section 55 as follows:

“Sec. 55. Compensation. The Trustees shall each receive a per diem as may be fixed by the Board for each meeting actually attended by them: Provided, That the total of such per diem in any one month for each Trustee, shall not exceed the equivalent of the per diems for four meetings; Provided, further, That per diems in excess of three hundred pesos per meeting shall be subject to approval by the Office of the President; and Provided, finally, That, in addition, each Trustee shall be reimbursed his expenses incurred in connection with the performance of his functions in such amount as may be determined by the Board of Trustees.”

Section 27. Section 55 and 56 of the same decree are hereby amended to read as Section 56 as follows:

“Sec. 56. By-laws. The Board of Trustees shall adopt a code of by-laws for the conduct of the affairs of the Administration which may be amended from time to time by the affirmative vote of four Trustees.”

“Except as otherwise provided herein, the organizational structure and staffing pattern of the Administration, the qualification of the appointive officers and employees, the powers and responsibilities of the officers, the internal procedure of the Administration, and such other matters relative to the organization, management and conduct of the affairs of the Administration shall be as provided in the by-laws; Provided, That, the appointment of and disciplinary action against officers and employees of the Administration shall be done and effected pursuant to guidelines established by the Board of Trustees.”

Section 28. Section 57 of the same decree is hereby amended to read as follows:

“Sec. 57. Officers. The Board shall elect a chairman from among its members. In addition, the Board shall select a secretary and a corporate legal counsel, each of whom shall not be a trustee.”

Section 29. The first paragraph of Section 58 of the same decree is hereby amended to read as follows:

“Sec. 58. The General Manager and Other Employees. The Trustees shall select a general manager who shall not come from the appointed trustees. The general manager shall receive compensation in an amount as may be fixed by the Board, subject to the approval of the President of the Philippines, but in no case less than fifty-four thousand pesos per annum. The general manager shall employ and appoint all additional personnel; Provided, That the appointment of the personnel in the supervisory level shall be subject to confirmation by the Board.”

“The incumbent manger holding office as such upon the effectivity of this amendment shall continue to hold such office unless sooner terminated by competent authority.”

Section 30. Section 60 of the same decree is hereby amended to read as follows:

“Sec. 60. Borrowing and Security Therefor. The Administration may borrow funds as authorized in Section 72 of this Title, and issue as security therefor debentures or other evidence of indebtedness constituting a lien on any and all securities, covenants and obligations of local water utilities held by the Administration as security for loans made to such local water facilities.”

Section 31. Paragraphs (b), (c) and (d) of Section 61 of the same decree are hereby amended to read, and a new paragraph is hereby inserted which shall read, as follows:

“Sec. 61. Loans. . . .

“(a) . . .

“(b) Feasibility Study. A feasibility study which may be required by the Administration for any proposed project for which loan funds are sought may be undertaken by the water district, the Administration or by a consultant prequalified by the Administration.

“(c) Security. The Administration may take as security for such loans the authorized bonds or other evidence of debt by the water district and a mortgage on its properties;

“(d) Loan Documents and Procedures. The Board of Trustees shall adopt rules, loan documents and procedures to be used in the granting of loans. Such rules shall include provisions for security, payment and default.

“(e) Default. In the event of default by the local water district in the payment of principal or interest on its outstanding bonds or other obligations to the Administration, the latter may, without the necessity of judicial process, take over and operate the facilities or properties of

the district. For this purpose, the Administration may designate its employees or any person or organization to assume both the policy-making authority and the powers of management, including but not limited to, the establishment of water rates and service charges, the dismissal and hiring of personnel, the purchase of equipment, supplies or materials and such other actions as may be necessary to operate the water district efficiently. Such policy-making and management prerogatives may be returned to the Board of Directors and the general manager of the water district, respectively, when all of its overdue accounts have been paid, all its reserve requirements have been satisfied and all the causes of default have been met.”

Section 32. Paragraph (e) of Section 62 of the same decree is hereby amended to read as follows:

“Sec. 62. Regulations. . . .

“(e) Personnel. The training of the personnel who operate or manage local water utilities. For this purpose, at least a majority of the personnel of a local water district must have satisfactorily completed appropriate training courses, programs or seminars conducted by the Administration, and must be holders of a certificate of completion or competence, as the case may be, before a certificate of conformance is issued to the water district.

“For certain positions which the Administration may specify, only those persons possessing, or in the case of subsequent appointments, only persons who will undergo training and shall have obtained within six months, a certificate of completion or competence, as the case may be, shall be appointed.”

Section 33. Paragraph (f) of Section 83 of the same decree is hereby amended to read as follows:

“Sec. 63. Rate Review. . . .

“(f) Payment of the interest and principal and provide a sinking fund for payment of debts of the district as they become due and establish a fund for reasonable reserves.

“The rates of charges established by such local water district shall be subject to review by the Administration to establish compliance with the above-stated provisions. Said review of rates or any charges therein shall be by the Board of Trustees, and in writing.”

Section 34. Sections 67, 68 and 69 of the same decree are hereby repealed, and five new sections are hereby substituted therefor to be known as Section 67, 68, 69, 70 and 71, which shall be read as follows:

"Sec. 67. Capital Stock. The authorized capital of the Local Waters Utilities Administration is Five Hundred Million Pesos divided into Five Million shares of stock with a par value of One Hundred Pesos per share which shall be subscribed by the National Government and opened to subscription by private investors or government financial institutions.

"Sec. 68. Payment for National Government Shares. All amounts previously released by the National Government to the Revolving Fund of the Administration shall be credited as payment for subscriptions to shares of stock at par value. Thereafter, the National Government shall for each year beginning with fiscal year 1975-76 subscribe and pay for the necessary capitalization as programmed during the year; Provided, That the amount programmed for each year shall not be less than Fifty Million Pesos.

"Sec. 69. Operational Expenses. The Board of Trustees is hereby authorized to appropriate out of any funds of the Administration, such amounts as it may deem necessary for the operational and other expenses of the Administration including the purchase of necessary equipment.

"Sec. 70. Charges. To the extent that the Administration performs services for the benefit and at the request of a local water district or utility of a number of water districts, utilities or organizations, it may levy fees or charges for such service rendered.

"Charges may include an assessment against water districts or utilities to finance those functions of the Administration which are of general benefit to water districts or utilities including, but not limited to, general administration and supervision.

"Sec. 71. Receipt and Investment of Funds. Whenever the Administration receives money whether as payment for subscriptions to shares of stock, principal repayments, interest income, payment for services rendered or for any purpose whatsoever, it shall issue its own receipts and provide for their safekeeping and investment under policy guidelines as may be established by the Board of Trustees in accordance with the Department of Finance regulations."

Section 35. Section 70 of the same decree is hereby repealed.

Section 36. Section 71 of the same decree is hereby amended to read as Sections 72 and 73 as follows:

"Sec. 72. Domestic Borrowing Authority. The Administration shall have the authority to borrow money from all domestic loan sources whether government or private; Provided, That its loans outstanding from domestic sources at any one time shall not exceed One Billion Pesos.

“Sec. 73. Authority to Contract Foreign Loan. The Administration is hereby authorized to contract loans, credits, in any convertible foreign currency or capital goods, and to incur indebtedness from time to time with foreign governments, or any international financial institutions or fund sources, including suppliers credits or deferred payment arrangements, the total outstanding amount of which, excluding interests, shall not exceed five hundred million United States dollars or the equivalent thereof in other currencies, on terms and conditions promulgated by the Secretary of Finance and the Monetary Board for the accomplishment of its objectives; and to enter into and execute contracts and other documents specifying such terms and conditions.

“The President of the Philippines, by himself or through his duly authorized representative, is hereby authorized to negotiate and contract with foreign governments or any international financial institution or fund sources in the name and on behalf of the Administration, one or several, loans, for the purpose implementing the Administration’s program for the promotion and development of local water utilities through the Administration’s financing or lending operations.

“The President of the Philippines, by himself or through his duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as mere surety, in the name and behalf of the Republic of the Philippines, the payments of the loans, credits and indebtedness up to the amounts which the President of the Philippines pursuant to loan agreements entered into with foreign governments or any international financial institution or fund sources.

“The loans, credits and indebtedness contracted under this section shall be in accord with the provisions of the Foreign Borrowing Act as amended.”

Section 37. Section 72 of the same decree is hereby amended to read as Section 74 as follows:

“Sec. 74. Depository for Reserves. Any local water utility which is accumulating reserves for capital improvement may make specified time deposits of the same to the Administration in the manner authorized for banks in handling trust funds. Such funds shall not be used for operating purposes by the Administration.”

Section 38. Two new sections are hereby inserted to be known as Section 75 and Section 76 which shall read as follows:

“Sec. 75. Control and Supervision over All Releases of Appropriations for Waterworks and Sewerage Systems. Since the Administration is charged with the development of local water utilities, funds from prior and future appropriations of the National Government for waterworks and sewerage systems in cities, municipalities and provinces that are covered by duly formed water districts shall be released

directly to the Administration for the account of the water district concerned. The Administration may, however, draw from such account fees and charges for services rendered to the water district concerned as specified in Section 70 of this Title.

“Sec. 76. Exemption from all Taxes, Duties, Fees, Imposts and Other Charges by the Government. To enable the Administration to pay its indebtedness and obligations, and in furtherance and effective implementation of the policies and objectives of this Decree, the Administration is hereby declared to exempt:

“(a) From the payment of all taxes, fees, impost, charges, costs and restrictions by the Government of the Republic of the Philippines, its provinces, cities, municipalities, and other government agencies and instrumentalities, and filing and service fees and other charges of courts in any court of administrative proceedings in which it may be a party;

“(b) From all income taxes, franchise taxes and realty taxes to be paid to the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities; and

“(c) From all import duties, compensating taxes, wharfage fees on import or foreign goods and equipment required for its operations and projects.”

Section 39. Sections 73 and 74 of the same decree are hereby amended to read as Section 77 and 78, respectively.

Section 40. This Decree shall take effect immediately.

Done in the City of Manila, this 15th day of August, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) **FERDINAND E. MARCOS**

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

Source: **Malacañang Records Office**

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