

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

04 JUL 30 P5:28

RECEIVED BY: Quila

SENATE  
S. No. 485

---

Introduced by Senator S. R. Osmeña III

---

**EXPLANATORY NOTE**

Several decades ago, Mindanao with its abundant resource and rich blend of ethnic culture used to be known as the Land of Promise. Today, the promise of Mindanao has been reduced to cliché, squandered on the ethnic conflict between Muslims and Christians and the pervasive poverty and deprivation that haunt its vast hinterlands. Amid the litter of missed opportunities and wasted resources, the government must finally own up to its gross neglect of Mindanao's development requirements that lies at the root of the past and present failures of governance in Mindanao.

This bill seeks to address the massive infrastructure and investments required for the development of Mindanao through the creation of the Mindanao Incentives Development Authority (MIDA). Enterprises registered with the MIDA may pay only 3% of gross income in lieu of national and local taxes except real property tax. Other privileges include:

- liberal tax incentives on acquisitions of merchandise and raw materials.
- special tax incentives and simplified public bidding for infrastructure and development projects.
- Financial assistance through government financial institutions;
- Exemptions from certain provisions of the Comprehensive Agrarian Reform Law (CARL);
- the services of a Labor Center for the amicable settlement of labor disputes; and
- liberal entry provisions for foreign personnel and their families.

The poverty and plight of Filipinos in Mindanao pose a challenge to our national leadership to respond with compassion and magnanimity that will lead to a burgeoning of opportunities in the region, strengthen the bonds of brotherhood between Muslim and Christian citizens – Filipinos alike, and heal the wounds of division among us.

In view of the foregoing, early passage of this bill is earnestly requested.

*S. Osmeña III*  
**SERGIO OSMEÑA III**  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

NOV 30 P5 28

RECEIVED BY: Della

S E N A T E

S. No. 435

---

Introduced by Senator S. R. Osmeña III

---

**AN ACT**  
**PROVIDING FOR AGRO-INDUSTRIAL INVESTMENT INCENTIVES TO ACCELERATE DEVELOPMENT IN MINDANAO, CREATING THE MINDANAO INCENTIVES DEVELOPMENT AUTHORITY FOR THIS PURPOSE, AND FOR OTHER PURPOSES**

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

1           SECTION 1. **Short Title.** – This Act shall be known as the “**Mindanao**  
2 **Development Incentives Act.**”

3           SEC. 2. **Declaration of Policies** – The State recognizes the need to  
4 promote and accelerate the economic growth and development of the Mindanao  
5 Region, hereinafter referred to as the Region, in order to make it, at least, at par  
6 with the level of development of other regions of the country. The State takes  
7 not of the centuries-old conflict between the government and Muslim Mindanao,  
8 and of the need to find a lasting solution rooted in the social, economic and  
9 cultural realities. The State further recognizes the vast potential of the Region,  
10 including its immense natural resources, which remain largely untapped, and the  
11 need for public and private investment in infrastructure and spending to ensure  
12 the development of the Region.

13           Pursuant thereto, and in order to address effectively the conflict between  
14 government and Muslim Mindanao, it is the declared policy of government to  
15 actively encourage, promote and accelerate a sound and balanced agricultural,

1 industrial, economic and social development in the Region in order to alleviate  
2 poverty therein, create jobs for the people, especially those in the rural areas,  
3 increase their productivity and their individual and family income and thereby  
4 improve the level and quality of their living condition and hence secure peace  
5 and stability in the Region through the provision of economic and fiscal  
6 incentives and through measures that shall effectively attract legitimate and  
7 productive local and foreign investments. The government shall furthermore  
8 undertake efforts to promote the development of the Region into the hub of  
9 trade and commerce in the East Asian region through private capital.

10           **SEC. 3. *Creation of the Mindanao Incentives Development Authority.***

11 – There is hereby created a body corporate to be known as the Mindanao  
12 Incentives Development Authority, hereinafter referred to as the MIDA. The  
13 MIDA shall hold office within Mindanao.

14           The MIDA shall have a Director-General with the rank of a department  
15 undersecretary who shall be appointed by the President. The Director-General  
16 shall be at least forty (40) years of age, of proven probity and integrity, and have  
17 a degree in agriculture, finance, economics, business, public administration, or  
18 management.

19           The Director-General shall be assisted by three (3) Deputy Directors-  
20 General for policy and planning, administration and operations, who shall be  
21 appointed by the MIDA Board, upon the recommendation of the Director-  
22 General. The Deputy Directors shall be at least thirty-five (35) years old, with  
23 proven probity and integrity and with a degree in agriculture, economics,  
24 business, public administration, management or finance.

25           The Board shall be composed of the secretary of Agriculture who shall  
26 serve as ex-officio chairman, the Director-General who shall serve as Vice  
27 Chairman, with four(4) members as follows: the Secretaries of the Department  
28 of Environment and Natural Resources, Department of Finance, Department of  
29 Trade and Industry, National Economic and Development Authority; one (1)

1 representative from the investors/business sector in Mindanao; and the five (5)  
2 chairmen of the Regional Development Councils and the governor of the  
3 Autonomous Region of Muslim Mindanao.

4 Members of the Board shall receive a *per diem* of not more than Two  
5 Thousand Pesos (P2,000.00) for every board meeting: *Provided, however,* That  
6 the *per diem* collected per month does not exceed the equivalent of four (4)  
7 meetings. *Provided, further,* That the amount *per diem* for every board meeting  
8 may be increased by the President but such amount shall not be increased  
9 within two (2) years after its last increase.

10 SEC. 4. ***Functions and Powers of the Board.*** – The Board shall have  
11 the following function and powers:

12 (a) Set the general policies and rules for the regulation and promotion of  
13 investments in the Mindanao Region and implement the provisions of  
14 this Act insofar as its powers and functions are concerned;

15 (b) Process and approve applications for registration of enterprises with  
16 the MIDA, imposing such terms and conditions as it may deem  
17 necessary to promote the objectives of this Act, including the refund  
18 of incentives when appropriate, requiring performance bonds and  
19 other guarantees and payment of application, registration,  
20 publications and other necessary fees;

21 (c) Provide assistance to registered enterprises to ensure that sufficient  
22 agro-industrial activities within the Region are undertaken, including  
23 agro-industrial processing, high-end technology production of high  
24 value crops, high technology aquaculture farming, direct agriculture  
25 and biotech industries, in coordination with the Department of  
26 Agriculture. The MIDA, in coordination with the Department of  
27 Agriculture and the Department of Trade and Industry, and the  
28 National Economic Development Authority shall periodically furnish a

1 list of agro-industrial activities which may be undertaken within the  
2 Region.

3 (d) Approve the annual budget of MIDA and its development plans;

4 (e) Exercise its powers and functions as provided for in this Act, and

5 (f) Render annual reports to the President and Congress.

6 **SEC. 5. *General Powers and Functions of the MIDA.*** – The MIDA shall  
7 have the following powers and functions:

8 (a) To administer and supervise the incentive schemes of the Region in  
9 coordination with the Board of Investments and the National  
10 Economic Development Authority and according to the principles set  
11 forth in this Act.

12 (b) To register the enterprises in the Region in an efficient and  
13 expeditious manner;

14 (c) To coordinate with regional development councils and other  
15 development bodies in the identification and preparation of  
16 development programs and projects in the Region;

17 (d) To recommend to the President and Congress such other incentives,  
18 concessions or preference necessary to fully implement this Act.

19 (e) To adopt, alter and use a corporate seal; make contracts, lease, own  
20 or otherwise dispose of personal or real property, sue and be sued;  
21 and otherwise carry out its duties and functions as provided for in this  
22 Act;

23 (f) To consult on a regular basis with the local government units, private  
24 sector and civil society on plans and policies to be formulated and  
25 promulgated;

26 (g) To monitor and evaluate the development and requirements of  
27 entities within the Region and recommend to the local government  
28 units or other appropriate authorities the location, incentives, basic

1 services, utilities and infrastructure required or to be made available  
2 for said entities; and

3 (h) Periodically check and verify compliance by registered enterprises  
4 with the relevant provisions of this Act, with the rules and regulations  
5 promulgated under this Act and with the terms and conditions of  
6 registration;

7 (i) After due notice, cancel the registration or suspend the enjoyment of  
8 incentives benefits of any registered enterprise and/or require refund  
9 and incentives enjoyed by such enterprise including interests and  
10 monetary penalties, for (a) failure to maintain the qualifications  
11 required by this Act for registration with the Board or (b) for violation  
12 of any provisions of this Act, of the rules and regulations issued under  
13 this Act, of the terms and conditions of registration or of the laws for  
14 the protection of labor or of the consuming public: *Provided*, That the  
15 registration of an enterprise whose project timetable, as set by the  
16 Board, is delayed by one (1) year, shall be considered automatically  
17 cancelled unless other wise reinstated as a registered enterprise by  
18 the Board.

19 (j) Extend the period of availment of incentives by any registered  
20 enterprise, *Provided*, That the total period of availment shall not  
21 exceed ten (10) years, subject to any of the following criteria:

22 (1) The registered enterprise has suffered operational force majeure  
23 that has impaired its viability;

24 (2) The registered enterprise has not fully enjoyed the incentives  
25 granted to it for reasons beyond its control;

26 (3) The project of the registered enterprise has a gestation period  
27 which goes beyond the period of availment of needed incentives;  
28 and

1 (4) The operation of the registered enterprise has been subject to  
2 unforeseen changes in government policies, particularly  
3 protectionism policies of importing countries, and such other  
4 supervening factors which would affect the competitiveness of the  
5 registered firm;

6 (k) Within thirty (30) days from its constitution, the MIDA shall  
7 promulgate a priority investment plan over the Region in order to  
8 accomplish the intent of this Act.

9 **SEC. 6. Powers and Functions of the Director General.** – The Director  
10 General shall provide overall supervision over the operations of the MIDA. He  
11 shall recommend to the Board the structure and the staffing pattern and  
12 personnel complement of the MIDA and establish regional offices, when  
13 necessary, subject to the approval of the MIDA Board.

14 In addition, he shall have the following specific powers and  
15 responsibilities:

- 16 (a) To safeguard all the land, buildings, records, monies, credits and  
17 other properties and rights of the MIDA;
- 18 (b) To ensure that all revenues of the MIDA are collected and applied in  
19 accordance with its budget;
- 20 (c) To ensure that the employees of the MIDA are properly discharging  
21 their respective duties;
- 22 (d) To give such information and recommend such measures to the  
23 Board, as he shall deem advantageous to the Region;
- 24 (e) To submit to the Board, the ongoing and proposed projects, work ad  
25 financial program, annual budget or receipts, and expenditures of  
26 MIDA;
- 27 (f) To represent the MIDA in all its business matters and sign on its  
28 behalf after approval of the Board, all its contracts, agreements and  
29 obligations made in accordance with this Act.

1 (g) To perform such other duties and exercise such powers as maybe  
2 prescribed by the Board, and to implement the policies, rules and  
3 regulations set by the MIDA.

4 **SEC. 7. *Autonomy of Local Government Units.*** – Except as herein  
5 provided, the local government units comprising the Region shall retain their  
6 basic autonomy and identify. The cities shall be governed by their respective  
7 charters and the municipalities shall operate and function in accordance with the  
8 Local Government Code.

9 **SEC. 8. *Qualification of a Registered Enterprise.*** – to be entitled to  
10 registration under this Act, an applicant must satisfy to the Board that he/she:

11 (a) is a citizen of the Philippines, if an individual, or in case of corporation,  
12 partnership, or association, it is organized under Philippine laws and  
13 that at least sixty percent (60%) of the *capital stock outstanding and*  
14 *entitled to vote is owned and held by Philippine nationals as defined in*  
15 *Republic Act No. 7042. If it does not possess the required degree of*  
16 *ownership as mentioned above, it will engage in an activity that is not*  
17 *within the activities reserved by the Constitution to Philippine citizens*  
18 *or corporation owned and controlled by Philippine citizens*

19 (b) shall make an initial investment in the Region in an amount not less  
20 than the equivalent of Two Hundred Fifty Thousand Dollar  
21 (US\$250,000) United State currency, unless a higher amount f  
22 investment is required under existing laws;

23 (c) will engage in an activity which will necessitate the employment of at  
24 least (50) local employees;

25 (d) is capable of operating on a sound and efficient basis and of  
26 contributing to the development of the Region in particular and of the  
27 national economy in general; and

28 (e) if engaged in undertakings or activities outside the Region, he/she  
29 has installed or undertakes to install an accounting system adequate



1 to identify the investments, revenues, costs, and profits or losses of  
2 the project to be undertaken in the Region from the aggregate  
3 investment, revenues, costs and profits or losses of the whole  
4 enterprise or to establish a separate corporation for the project to be  
5 undertaken in the Region if the Board so requires.

6 SEC. 9. **Application.** – Applications shall be filed with the MIDA,  
7 recorded in a registration book and the date appearing therein and stamped on  
8 the application shall be considered the date of official acceptance.

9 Whenever necessary, the MIDA, through the People's Economic  
10 Councils, shall consult the communities affected on the acceptability of locating  
11 the registered enterprise within their community.

12 SEC. 10. **Approval and registration procedure.** – The MIDA is  
13 authorized to adopt rules and regulations to facilitate action on applications filed  
14 with it; prescribe criteria for the evaluation of several applications filed on one  
15 preferred area; devise standard forms for use of applicants and delegate to the  
16 regional offices of the department of agriculture the authority to receive and  
17 process applications for enterprises to be located in their respective regions.

18 Applications filed shall be considered automatically approved if not acted  
19 upon by the MIDA within twenty (20) working days from official acceptance  
20 thereof.

21 SEC. 11. **Administrative Relief.** – Any order or decision of the MIDA  
22 shall be final and executory after thirty (30) days from its promulgation. Within  
23 the said period of thirty (30) days, said order or decision may be appealed to the  
24 office of the president. Where an appeal has been filed, said order or decision  
25 shall be final and executory ninety (90) days from receipt of the decision or order  
26 of the office of the President.

27 SEC. 12. **Certificate of Registration.** – A registered enterprise under  
28 This Act shall be issued a certificate of registration under the seal of the MIDA  
29 and the signature of its Chairman and/or such other officer or employee of the

1 MIDA as the Board may empower and designate for the purpose. The certificate  
2 shall be in such form and style as the Board may determine and shall state,  
3 among the other matters:

- 4 a) the name of the registered enterprise;
- 5 b) the area of investment in which the registered enterprise is proposing  
6 to engage;
- 7 c) the nature of the activity it is undertaking or proposing to undertake;  
8 and
- 9 d) the other terms and conditions to be observed by the registered  
10 enterprise by virtue of the registration.

11 SEC. 13. **Basic Rights and Guarantee.** – All investors and registered  
12 enterprises are entitled to the basic rights and guarantees provided in the  
13 Constitution. Among the other rights recognized by the Government of the  
14 Philippines are the following:

- 15 (a) *Repatriation of Investment.* In the case of foreign investments, the  
16 right to repatriate the entire proceeds of the liquidation of the  
17 investment in the currency in which the investment was originally  
18 made and at the exchange rate prevailing at the time of repatriation;
- 19 (b) *Remittance of Earnings.* In the case of foreign investments, the right  
20 to remit earnings from the investment in the currency in which the  
21 investment was originally made and at the exchange rate prevailing at  
22 the time of remittance; and
- 23 (c) *Foreign Loans and Contracts.* The right to remit at the exchange rate  
24 prevailing at the time of remittance such sums as may be necessary  
25 to meet the payments of interest and principal on foreign loans and  
26 foreign obligations arising from technological assistance contracts.

27 SEC. 14. **Incentives.** – Registered enterprises shall be granted any of  
28 the following incentives as may be deemed necessary by the MIDA in the  
29 context of the development objectives of the region.

1 (a) Within ten (10) years from the effectivity of this Act, importations of  
2 raw materials, supplies, equipment, machinery, spare parts,  
3 agricultural and fisheries inputs brought into the Region by a  
4 registered enterprise shall not be subject to customs and internal  
5 revenue laws and regulations of the Philippines, including value  
6 added tax, nor to local tax ordinances; *Provided, however,* That such  
7 importation shall comply with the following conditions:

- 8 1. they are not manufactured domestically in sufficient quantity, of  
9 comparable quality, and at reasonable prices;
- 10 2. they are reasonably needed and will be used exclusively by the  
11 registered enterprise in the manufacture of its products, unless  
12 prior approval of the Board is secured for the part-time  
13 utilization of said equipment in a non-registered activity to  
14 maximize usage thereof or the proportionate taxes and duties  
15 are paid on the specific equipment and machinery being  
16 permanently used for non-registered activities;
- 17 3. the approval of the board was obtained by the registered  
18 enterprise for such importation; and
- 19 4. if the registered enterprise sells, transfers or disposes of the  
20 goods without prior approval of the Board within five (5) years  
21 from date of acquisition, the registered enterprise and the  
22 vendee, transferee or assignee shall be solidarily liable to pay  
23 twice the amount of the tax exemption given it.

24 (b) The provision of existing laws, rules and regulations to the contrary  
25 notwithstanding, no taxes, national an local except real property tax,  
26 shall be imposed upon registered enterprises located within the  
27 Region. In lieu of paying taxes, three percent (3%) of the gross  
28 income earned by all registered enterprises within the Region shall be  
29 remitted to the National Government, one percent (1%) to the local

1 government unit having jurisdiction over the particular registered  
2 enterprise and to be distributed in accordance with Section 150 of  
3 Republic Act No. 7160, otherwise known as the Local Government  
4 code. In addition, there is hereby established a development fund of  
5 one percent (1%) of the gross income earned by all registered  
6 enterprises within the Region to be utilized for the development of the  
7 Region.

8 (c) Registered enterprises establishing their production, processing or  
9 manufacturing plants in an area within the Region which the Board  
10 designates as necessary for the proper dispersal of the industry or in  
11 an area which the Board finds deficient in infrastructure, public  
12 utilities, and other facilities, such as irrigation, drainage and other  
13 similar waterworks infrastructure may apply in payment of taxes, due  
14 from it to the government an amount equivalent to 100% of the  
15 necessary and major infrastructure works it may have undertaken with  
16 the prior approval of the Board under such terms and conditions as  
17 the Board may determine and in consultation with other government  
18 agencies concerned, *Provided, That:*

19 (i) the title to all such infrastructure works shall, upon  
20 completion, be transferred to the Philippine Government;  
21 and

22 (ii) should the registered enterprise undertake necessary and  
23 major maintenance work on such infrastructure works with  
24 the prior approval of the Board, a similar incentive shall be  
25 given to it in an amount equivalent to the cost of such  
26 necessary maintenance.

27 *Provided, That* in cases where the Board certifies that  
28 infrastructure or the rehabilitation thereof is urgently needed in  
29 specified areas, the registered enterprise undertaking the construction

1 of infrastructure or rehabilitation thereof may apply in payment of  
2 taxes due from it to the government an amount equivalent to 200% of  
3 the necessary and major infrastructure works it may have undertaken  
4 with the prior approval of the Board.

5 *Provided, further,* That a registered enterprise shall be encouraged  
6 to undertake infrastructure and development projects, including but  
7 not limited to, power plants, highways, ports, airports, canals, dams,  
8 hydropower projects, water supply, irrigation, telecommunications,  
9 railroads and railways, transport systems, land reclamation projects,  
10 markets, slaughterhouses, warehouses, solid waste management,  
11 information technology networks and database infrastructure,  
12 education and development projects as may be authorized by the  
13 appropriate agency pursuant to this Act. Such project shall be  
14 undertaken through contractual arrangements as defined hereunder  
15 and under Republic Act No. 6957, as amended, and such other  
16 variations as may be approved by the President of the Philippines.

17 For the construction stage of these infrastructure projects, the  
18 project proponents may obtain financing from foreign and/or domestic  
19 sources and/or engage the services of a foreign and/or Filipino  
20 contractor: *Provided,* That in case an infrastructure or a development  
21 facility's operation require a public utility franchise, the facility operator  
22 must be Filipino or if a corporation, it must be duly registered with the  
23 Securities and Exchange Commission and owned up to at least sixty  
24 percent (60%) by Filipinos: *Provided, further,* That in the case of  
25 foreign contractors, Filipino labor shall be employed or hired in the  
26 different phases of the construction where Filipino skills are available:  
27 *Provided, finally,* That projects which would have difficulty in sourcing  
28 funds may be financed partly from direct government appropriations  
29 and/or from Official Development Assistance (ODA) of foreign

1 governments or institutions not exceeding fifty percent (50%) of the  
2 project cost, and the balance to be provided by the project proponent.

3 All government infrastructure agencies, including government-  
4 owned and controlled corporations and local government units are  
5 hereby authorized to enter into contracts with any duly prequalified  
6 project proponent for the financing, construction, operation and  
7 maintenance of any financially viable infrastructure or development  
8 facility through any of the projects authorized in this Act and other  
9 laws. Said agencies, when entering into such contracts, are enjoined  
10 to solicit the expertise of individuals, groups, or corporations in the  
11 private sector who have extensive experience in undertaking  
12 infrastructure or development projects.

13 (d) For the first ten (10) years from registration, a registered enterprise  
14 may deduct from taxable income an amount equivalent to one  
15 hundred percent (100%) of total expenses over and above the  
16 allowable ordinary and necessary business deductions FOR the labor  
17 training expenses incurred for upgrading the productivity and  
18 efficiency of unskilled labor and of apprentices, under the national  
19 internal revenue code, as amended provided that:

- 20 1. the training program is duly approved by the Board;
- 21 2. the deduction shall not exceed twenty percent (20%) of direct  
22 labor wage; and
- 23 3. the apprentices shall be paid the minimum wage.

24 *Provided, That in case at least ten percent (10%) of the trainees or*  
25 *apprentices shall be Muslim or belong to other ethnic minorities, a*  
26 *registered enterprise may apply in payment of taxes due from it to the*  
27 *government an amount equivalent to three hundred percent (300%) of*  
28 *the value of the labor training expenses incurred for upgrading the*

1 productivity and efficiency of the unskilled labor and apprentices  
2 belonging to the Muslim or other ethnic minorities.

3 (e) For the first ten (10) years from registration, expenses incurred for  
4 research and development relating to the business shall entitle the  
5 registered enterprise to a special deduction from taxable income  
6 equivalent to one hundred percent (100%) of the total expenses over  
7 and above the allowable ordinary and necessary business deductions  
8 for said expenses under the national internal revenue code, as  
9 amended. The incentive shall be availed of by registered firms for a  
10 period of ten (10) years from the start of commercial operation but  
11 should be claimed within five (5) years from the date when the  
12 expenditure was made. After the tenth year; the expenditure can be  
13 claimed as a deductible item as provided for under Republic Act No.  
14 8424.

15 For purposes of this act "research and development cost" means  
16 research and experimental expenditures such as costs incident to the  
17 development or improvement of a product, including pilot model  
18 process, formula, invention, technique, patent or similar property.

19 (f) For the first ten (10) years from registration, a registered enterprise  
20 shall be entitled to reimbursement for expenses incurred in  
21 undertaking feasibility studies of projects deemed by the Board to be  
22 critical to development objectives. Such reimbursement shall be given  
23 by the Department with authority over the specific project.

24 (g) For the first ten (10) years from registration, a registered enterprise  
25 may carry over its net operating loss as a deduction from its gross  
26 income earned for the next three (3) consecutive years immediately  
27 following the years of such loss.

28 (h) Private agricultural lands that have not been distributed and upon  
29 which no Certificate of Land Ownership Award have been issued shall

1 be exempt from the coverage of Republic Act No. 6657, known as the  
2 Comprehensive Agrarian Reform Law (CARL); *Provided*, that such  
3 lands shall be directly and exclusively used by registered enterprises  
4 within the Region.

5 In cases where the lands have been subjected to the CARL, by voluntary  
6 offer to sell, or commercial farms deferment or notices of compulsory  
7 acquisition, a simple and absolute majority of the actual regular workers or  
8 tenants must consent to the exemption within one (1) year from the effectivity of  
9 this Act. Should the workers or tenants not agree to this exemption, the lands  
10 shall be distributed collectively to the worker-beneficiaries or tenants who shall  
11 form a cooperative or association to manage the same.

12 The provision of Republic Act No. 6657 to the contrary notwithstanding,  
13 land subjected to CARL may be mortgaged, leased, sold or otherwise disposed  
14 of in favor of a registered enterprise.

15 In cases where the land have not been subjected to the CARL, the  
16 consent of the farm workers shall no longer be necessary. However, the  
17 provision of Section 32-A of Republic Act No. 7881 on incentives shall apply.

18 SEC. 15. **Labor Relations.** – The Region shall uphold industrial peace.  
19 Harmony and productivity to establish a sound and peaceful investment climate  
20 and simultaneously promotes and enhance the lives and dignity of all workers.

21 Unless otherwise provided by law, all Philippine law and social security  
22 laws shall apply within the Region pursuant to the above-stated policy, all laws  
23 on strikes and lockouts will be strictly enforced.

24 MIDA shall establish a Labor Center which shall be responsible for  
25 studying and amicably settling professional and labor relations and disputes,  
26 interpretation of employment contracts and monitoring work, hygiene and safety  
27 standards within the Region.

28 Subject to existing labor laws, as may be specified in employment  
29 contracts or collective bargaining agreements, all labor disputes must be



1 brought before the Labor Center which will attempt to amicably settle the case.  
2 In case the Labor Center cannot settle the dispute amicably, it will certify the  
3 dispute for mediation or arbitration before the proper office of the Department of  
4 Labor and Employment or the Secretary of Labor and Employment for  
5 compulsory arbitration or assumption of jurisdiction.

6       SEC. 16. **Government Assistance.** – Upon the recommendation of the  
7 MIDA Board and subject to the qualifications under its relevant charters, the  
8 Development Bank of the Philippines, Land Bank of the Philippines and similar  
9 government financial institutions are mandated to render financial assistance to  
10 registered enterprises in the Region which may be secured by an undertaking  
11 from the Government, through the Department of Finance to issue a guarantee  
12 in favor of the aforementioned registered enterprise whenever warranted by the  
13 circumstances.

14       Depending on the nature of the registered enterprise, line departments  
15 shall be required to extend interest assistance to the extent determined by the  
16 appropriate Secretary for loans availed of by the registered enterprise pursuant  
17 to this Act.

18       SEC. 17. **Other Incentives.** – The expatriates employed by the  
19 registered enterprises shall be entitled to the following incentives:

20       (a) Upon submission of all necessary document, the Bureau of  
21 Immigration shall issue the *multiple entry special visa* to foreign  
22 personnel of registered enterprises, their respective spouses and  
23 unmarried children under 21 years of age, *if accompanying them* or if  
24 following to join them after their admission into the Philippines as non-  
25 immigrant within seventy-two (72) hours upon submission of all  
26 required documents. This is without prejudice to the authority of the  
27 Department of Foreign Affairs to issue visas.

28       The visa shall be valid for a period of five (5) years to enter the  
29 Philippines. The admission and stay shall be co-terminus with the

1 validity of the multiple entry visa. The stay, however, is extendible to  
2 five (5) years upon submission to the Bureau of Immigration of a  
3 sworn certification by a responsible officer of the registered enterprise  
4 that it is licensed to operate or that the registration remains valid and  
5 subsisting and that the registered enterprise has withheld tax due on  
6 compensation and the same has been paid to the Bureau of Internal  
7 Revenue.

8 Non-immigrants who have been admitted under the multiple entry  
9 special visa, as well as their respective spouses and dependents,  
10 shall be exempted from the payment of all fees due under immigration  
11 and alien registration laws, securing alien certificates of registration;  
12 and obtaining immigration clearance certificates, except reasonable  
13 and administrative costs. They are also exempted from all types of  
14 clearances required by any government department or agency, except  
15 that upon final departure from the Philippines the employer of the said  
16 non-immigrants shall so advise the Bureau of Immigration in writing at  
17 least five (5) working days prior to the immigrant's departure and the  
18 final departing non-immigrant employee shall be required to submit to  
19 the said office a tax clearance from the Bureau of Internal Revenue.

20 (b) Alien executives occupying managerial and technical positions  
21 employed by the registered enterprise shall be subject for each  
22 taxable year to a final tax equal to fifteen percent (15%) of gross  
23 income received as salaries, wages, annuities, compensations,  
24 remuneration and emoluments.

25 The same tax treatment is applicable to Filipinos employed and  
26 occupying the same positions as those aliens employed by registered  
27 enterprises, regardless of whether or not there is an alien executive  
28 occupying the same position. Qualified Filipino employees shall have  
29 the option to be taxed at either 15% of gross income or at the regular

1 tax rate on their taxable income in accordance with the National  
2 Internal Revenue Code of 1997.

3 (c) An alien executive of the registered enterprise shall enjoy tax and duty  
4 free importation of personal and household effects as provided to  
5 under Section 105(h) of the Tariff and Customs Code as amended,  
6 and Section 109 (l) of the National Internal Revenue Code, as  
7 amended; *Provided*, That the personal and household effects shall  
8 arrive in the Philippines within ninety (90) days before or after  
9 conversion of the alien executive's admission category to multiple  
10 entry visa issued under this Act.

11 (d) Foreign personnel of registered enterprises and the dependents of  
12 such foreign personnel if joining them during the period of their  
13 assignment in the Philippines shall be exempted from the payment of  
14 travel tax imposed under Section 1 of Presidential Decree No. 1183,  
15 as amended.

16 SEC. 18. ***Simplified Public Bidding***. – As a general rule, contracts for  
17 infrastructure development, construction, repair, rehabilitation, improvement or  
18 maintenance should be conducted through public bidding pursuant to Republic  
19 Act No. 6957, as amended. However, in the exigency of public service and  
20 national interest as may be determined by the President, and in order to achieve  
21 the objective of this Act, simplified bidding through sealed canvass of at least  
22 three (3) pre-qualified investors may be resorted to. The process of selecting the  
23 prospective lessees and private investors shall be transparent, where  
24 procedures and selection process adapted are made public through newspaper  
25 advertisements and similar other means.

26 SEC. 19. ***Authority to Declare Economic Zones***. – The President is  
27 authorized to declare certain areas within the Region as economic, free trade,  
28 agro-industrial agricultural, agri-tourism or industrial zones qualified and eligible  
29 for all incentives provided for under this Act and other existing laws. The

1 President is further authorized to declare areas within the Region as  
2 underdeveloped and therefore entitled to incentives and support over and above  
3 those provided in this Act.

4       SEC. 20. **Applicability to Existing Enterprises in the Region.** – The  
5 basic rights and incentives granted under this Act. May be availed of by existing  
6 business enterprises within the Region provided that these enterprises possess  
7 the minimum qualifications as set forth in Section 8 and they register with the  
8 MIDA within six (6) months from the effectivity of the rules implementing this Act.

9       SEC. 21. **Coordination with Various Government Organizations.** –  
10 The Board shall consult and coordinate with existing government organizations  
11 including Autonomous Region of Muslim Mindanao, Mindanao Economic  
12 Development Council, Southern Mindanao Development Authority, Special Zone  
13 of Peace and Development in formulating policies and programs.

14       SEC. 22. **Implementing Rules and Regulations.** – To implement the  
15 provisions of this Act, the Department of Agriculture, the Department of Trade  
16 and Industry and the Department of Finance shall formulate the implementing  
17 rules and regulations of this Act within thirty (30) days after its approval. Such  
18 rules and regulations shall take effect fifteen (15) days after their publication in a  
19 newspaper of general circulation in the Philippines.

20       SEC. 23. **Separability Clause.** – If any part or section of this Act is  
21 declared unconstitutional for any reason or whatsoever, such parts not so  
22 declared shall remain in full force or effect.

23       SEC. 24. **Repealing Clause.** – All laws, decrees, orders, rules and  
24 regulations or issuances or parts thereof inconsistent with the provisions of this  
25 Act are hereby repealed or modified accordingly.

26       SEC. 25. **Effectivity.** -- This Act shall take effect fifteen (15) days after its  
27 publication in two (2) leading newspapers of national circulation.

28       Approved,