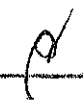


13TH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUL -6 AM 101

SENATE

RECEIVED BY: 

S. BILL NO. 1349

Introduced by Senator Ralph G. Recto

EXPLANATORY NOTE

Several measures have already been passed that lay the groundwork for the synergistic collaboration of the private sector and government, foremost of which is the Build-Operate-Transfer (BOT) Law. However, despite the incentives for local and foreign contractors to undertake infrastructure projects, the road to development has not been without impediments. There are still certain obligations over which the national government has the inherent power and these include the acquisition of Right of Way (ROW).

In projects where the government has the obligation to provide the ROW, delay in the implementation is not uncommon by reason of the Government's inability to meet its obligation for lack of funds. In these cases, the private contractor is discouraged from investing further in the project or other projects where the Government has to put up a counterpart capital.

This bill does not propose to grant additional incentives to proponents of infrastructure projects but rather, it offers a scheme through which private contractors can claim the advances they have made to the Government for the acquisition of the Right of Way for the project. It will hasten the implementation of infrastructure projects if private investors are encouraged to advance the funds needed to meet Government's obligations relating to the projects through tax credits.

The proposed scheme is a win-win situation for both the private proponent and the Government since projects will be pursued on schedule while the investors are assured of repayment of its advances. This minimizes wastage of resources, both physical and financial, even as it promotes economy and efficiency in the implementation of vital projects.


Hence, approval of this bill is earnestly sought.


RALPH G. RECTO

13TH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUL -6 A11:01

SENATE

RECEIVED BY: 

S. BILL NO. 1349

Introduced by Senator Ralph G. Recto

**AN ACT
PROVIDING FOR TAX CREDITS AS PAYMENT TO PROPONENTS OF
INFRASTRUCTURE PROJECTS WHO ADVANCE THE FUNDS REQUIRED
BY GOVERNMENT TO ACQUIRE THE RIGHT OF WAY**

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

1 SECTION 1. *Declaration of Policy.* - It is declared the policy of the State to
2 recognize the indispensable role of the private sector as the main engine for
3 national growth and development. Accordingly, there is a need to provide
4 appropriate incentives and other support mechanisms to mobilize private
5 resources for the purpose.

6 SEC. 2. *Tax Credit.* - Any Filipino individual or corporation undertaking an
7 infrastructure or development project who advances the funds to the Right of
8 Way requirement of the projects which is Government's obligation shall be
9 entitled to avail of a tax credit equivalent to the amount of funds advanced plus a
10 cost of capital at the T-bill rate prevailing at the time of issuance of the tax credit
11 certificate as herein provided plus a premium of six percent (6%). The tax credit
12 herein authorized shall be evidenced by a tax credit certificate which shall be
13 issued by the Department of Finance within thirty (30) days upon certification by

1 the government agency involved in the project of the validity and amount of funds
2 advanced for which a tax credit shall be availed.

3 The tax credit issued hereunder shall be negotiable and may be used if
4 applied against any or all taxes including but not limited to income taxes, specific
5 taxes, ad valorem taxes, sales taxes, percentage taxes, duties, charges,
6 wharfage fees and other taxes, duties, charges or fees due to the National
7 Government. The tax credits issued under this law shall be in addition to any
8 other benefits or incentives the private proponent may be entitled to under our
9 existing laws, decrees, tax regimes or investment programs but shall be valid
10 only for a period of ten years from the date of issuance.

11 *SEC. 3. Implementing Rules and Regulations.* – Within thirty (30) days
12 from the effectivity of this Act, the Department of Finance and the Department of
13 Public Works and Highways shall formulate the rules and regulations
14 implementing this Act.

15 *SEC. 4. Repealing Clause.* – All laws, executive orders, presidential
16 decrees, rules and regulation or parts thereof inconsistent with the provisions of
17 this Act are hereby repealed or modified accordingly.

18 *SEC. 5. Effectivity.* – This Act shall take effect fifteen (15) days following
19 its publication in any national paper of general circulation.

20 Approved,