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SENATE

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S. No. 1357

(In Substitution of S.B. Nos. 535, 595, and 702 taking into consideration  
H.B. No. 4157)

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Prepared by the Committee on Ways and Means with Senators Zubiri, Recto,  
Angara, and Cayetano as authors

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AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES  
SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 4, 20, 27, 28, 34 AND 290  
OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND  
CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES

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

1       **SECTION 1. Short Title.** – This Act shall be known as the “Corporate Income  
2 Tax and Incentives Reform Act” or “CITIRA.”

3       **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to  
4 develop the national economy towards global competitiveness by implementing tax  
5 policies instrumental in attracting investments, which will result in productivity  
6 enhancement, employment generation, countrywide development, and a more  
7 inclusive economic growth, while at the same time maintaining fiscal prudence and  
8 stability.

9       To achieve these objectives, the State shall:

10       (a) Improve the equity and efficiency of the corporate tax system by lowering  
11 the rate, widening the tax base, and reducing tax distortions and leakages; and

12       (b) Develop a more responsive and globally-competitive tax incentives regime  
13 that is performance-based, targeted, time-bound, and transparent.

14       **SEC. 3.** Section 4 of the National Internal Revenue Code of 1997, as  
15 amended, is hereby further amended to read as follows:

16       “SEC. 4. *Power of the Commissioner to Interpret Tax Laws and*  
17 *to Decide Tax Cases.* – The power to interpret the provisions of the  
18 Code and other tax laws shall be under the exclusive and original

jurisdiction of the Commissioner, subject to review by the Secretary of Finance: **PROVIDED, THAT THE POWER TO INTERPRET THE PROVISIONS OF TITLE XIII OF THE CODE ON TAX INCENTIVES SHALL BE THE EXCLUSIVE AND ORIGINAL JURISDICTION OF THE SECRETARY OF FINANCE, SUBJECT TO THE EXCLUSIVE APPELLATE JURISDICTION OF THE COURT OF TAX APPEALS.**

"The power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under this Code or other laws or portions thereof administered by the Bureau of Internal Revenue is vested in the Commissioner, subject to the exclusive appellate jurisdiction of the Court of Tax Appeals."

**SEC. 4.** Section 20 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 20. *Submission of Report and Pertinent Information by the Commissioner.* –

"(A) x x x

"(B) **SUBMISSION OF TAX-RELATED INFORMATION TO THE DEPARTMENT OF FINANCE.** – THE COMMISSIONER SHALL, UPON THE ORDER OF THE SECRETARY OF FINANCE SPECIFICALLY IDENTIFYING THE NEEDED INFORMATION AND JUSTIFICATION FOR SUCH ORDER, FURNISH THE SECRETARY PERTINENT TAXPAYER INFORMATION: **PROVIDED, HOWEVER, THAT THE SECRETARY AND THE RELEVANT OFFICERS HANDLING SUCH SPECIFIC INFORMATION SHALL BE COVERED BY THE PROVISIONS OF SECTION 270 UNLESS THE TAXPAYER CONSENTS IN WRITING TO SUCH DISCLOSURE.**

"[(B)] (C) *Report to Oversight Committee.* – The Commissioner shall, with reference to Section 204 of this Code, submit to the Oversight Committee referred to in Section 290 hereof, through the [Chairmen] **CHAIRPERSONS** of the Committees on Ways and Means of the Senate and House of Representatives, a report on the exercise of his powers pursuant to the said Section, every six (6) months of each calendar year."

**SEC. 5.** Section 27 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 27. *Rates of Income Tax on Domestic Corporations.* –

"(A) *In General.* – Except as otherwise provided in this Code, [an income tax of thirty-five percent (35%)] **AN INCOME TAX RATE OF TWENTY-NINE PERCENT (29%) EFFECTIVE JANUARY 1, 2020,** is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22(B) of this Code and taxable under this Title as a corporation, organized in, or existing under the



1 laws of the Philippines: [*Provided*, That effective January 1, 2009, the  
2 rate of income tax shall be thirty percent (30%).] **PROVIDED, THAT**  
3 **THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY-**  
4 **EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-**  
5 **SEVEN PERCENT (27%) BEGINNING JANUARY 1, 2022; TWENTY-**  
6 **SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY-**  
7 **FIVE PERCENT (25%) BEGINNING JANUARY 1, 2024; TWENTY-**  
8 **FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY-**  
9 **THREE PERCENT (23%) BEGINNING JANUARY 1, 2026; TWENTY-**  
10 **TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; TWENTY-**  
11 **ONE PERCENT (21%) BEGINNING JANUARY 1, 2028; AND**  
12 **TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029;**  
13 **PROVIDED, FURTHER, THAT THE SCHEDULED DECREASE IN**  
14 **THE RATE BEGINNING 2025 MAY BE SUSPENDED BY THE**  
15 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**  
16 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT**  
17 **OF GROSS DOMESTIC PRODUCT (GDP) EXCEEDS THE**  
18 **PROGRAMMED DEFICIT, AS DETERMINED BY THE**  
19 **DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC)**  
20 **IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED**  
21 **REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED**  
22 **ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL**  
23 **PROGRAM.**

24 "In the case of corporations adopting the fiscal-year accounting  
25 period, the taxable income shall be computed without regard to the  
26 specific date when specific sales, purchases and other transactions  
27 occur. Their income and expenses for the fiscal year shall be deemed  
28 to have been earned and spent equally for each month of the period.

29 "The corporate income tax rate shall be applied on the amount  
30 computed by multiplying the number of months covered by the new  
31 rate within the fiscal year by the taxable income of the corporation for  
32 the period, divided by twelve.

33 [*Provided, further, That the President, upon the*  
34 *recommendation of the Secretary of Finance, may, effective January 1,*  
35 *2000, allow corporations the option to be taxed at fifteen percent (15%)*  
36 *of gross income as defined herein, after the following conditions have*  
37 *been satisfied:*

38 "(1) A tax effort ratio of twenty percent (20%) of Gross National  
39 Product (GNP);

40 "(2) A ratio of forty percent (40%) of income tax collection to  
41 total tax revenues;

42 "(3) A VAT tax effort of four percent (4%) of GNP; and

43 "(4) A 0.9 percent (0.9%) ratio of the Consolidated Public Sector  
44 Financial Position (CPSFP) to GNP.

1 "The option to be taxed based on gross income shall be  
2 available only to firms whose ratio of cost of sales to gross sales or  
3 receipts from all sources does not exceed fifty-five percent (55%).

4 "The election of the gross income tax option by the corporation  
5 shall be irrevocable for three (3) consecutive taxable years during  
6 which the corporation is qualified under the scheme.

7 "For purposes of this Section, the term 'gross income' derived  
8 from business shall be equivalent to gross sales less sales returns,  
9 discounts and allowances and cost of goods sold. 'Cost of goods sold'  
10 shall include all business expenses directly incurred to produce the  
11 merchandise to bring them to their present location and use.

12 "For a trading or merchandising concern, 'cost of goods sold'  
13 shall include the invoice cost of the goods sold, plus import duties,  
14 freight in transporting the goods to the place where the goods are  
15 actually sold, including insurance while the goods are in transit.

16 "For a manufacturing concern, 'cost of goods manufactured and  
17 sold' shall include all costs of production of finished goods, such as  
18 raw materials used, direct labor and manufacturing overhead, freight  
19 cost, insurance premiums and other costs incurred to bring the raw  
20 materials to the factory or warehouse.

21 "In the case of taxpayers engaged in the sale of service, 'gross  
22 income' means gross receipts less sales returns, allowances and  
23 discounts.]

24 "(B) x x x.

25 "(C) x x x

26 "(D) x x x

27 "(E) x x x."

28 **SEC. 6.** Section 28 of the National Internal Revenue Code of 1997, as  
29 amended, is hereby further amended to read as follows:

30 "SEC. 28. *Rates of Income Tax on Foreign Corporations.* –

31 "(A) *Tax on Resident Foreign Corporations.* –

32 "(1) *In General.* – Except as otherwise provided in this Code, a  
33 corporation organized, authorized, or existing under the laws of any  
34 foreign country, engaged in trade or business within the Philippines,  
35 shall be subject to an income tax equivalent to [thirty-five percent  
36 (35%)] **TWENTY-NINE PERCENT (29%)** of the taxable income  
37 derived in the preceding taxable year from all sources within the  
38 Philippines **EFFECTIVE JANUARY 1, 2020:** [*Provided, That effective*  
39 *January 1, 2009, the rate of income tax shall be thirty percent (30%).*]  
40 **PROVIDED, THAT THE RATE OF CORPORATE INCOME TAX**  
41 **SHALL BE TWENTY-EIGHT PERCENT (28%) BEGINNING**  
42 **JANUARY 1, 2021; TWENTY-SEVEN PERCENT (27%) BEGINNING**  
43 **JANUARY 1, 2022; TWENTY-SIX PERCENT (26%) BEGINNING**  
44 **JANUARY 1, 2023; TWENTY-FIVE PERCENT (25%) BEGINNING**



JANUARY 1, 2024; TWENTY-FOUR PERCENT (24%) BEGINNING  
JANUARY 1, 2025; TWENTY-THREE PERCENT (23%) BEGINNING  
JANUARY 1, 2026; TWENTY-TWO PERCENT (22%) BEGINNING  
JANUARY 1, 2027; TWENTY-ONE PERCENT (21%) BEGINNING  
JANUARY 1, 2028; AND TWENTY PERCENT (20%) BEGINNING  
JANUARY 1, 2029: *PROVIDED, FURTHER*, THAT THE  
SCHEDULED DECREASE IN THE RATE BEGINNING 2025 MAY BE  
SUSPENDED BY THE PRESIDENT UPON RECOMMENDATION OF  
THE SECRETARY OF FINANCE IF THE PROJECTED DEFICIT  
TARGET AS A PERCENT OF GROSS DOMESTIC PRODUCT (GDP)  
EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY  
THE DEVELOPMENT BUDGET COORDINATION COMMITTEE  
(DBCC) IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED  
REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED  
ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL  
PROGRAM.

"In the case of corporations adopting the fiscal-year accounting  
period, the taxable income shall be computed without regard to the  
specific date when sales, purchases and other transactions occur.  
Their income and expenses for the fiscal year shall be deemed to have  
been earned and spent equally for each month of the period.

"The corporate income tax rate shall be applied on the amount  
computed by multiplying the number of months covered by the new  
rate within the fiscal year by the taxable income of the corporation for  
the period, divided by twelve.

["*Provided, however*, That a resident foreign corporation shall  
be granted the option to be taxed at fifteen percent (15%) on gross  
income under the same conditions, as provided in Section 27(A)."]

"(2) x x x

"(3) x x x

["(4) *Offshore Banking Units*. – The provisions of any law to the  
contrary notwithstanding, income derived by offshore banking units  
authorized by the Bangko Sentral ng Pilipinas (BSP), from foreign  
currency transactions with nonresidents, other offshore banking units,  
local commercial banks, including branches of foreign banks that may  
be authorized by the Bangko Sentral ng Pilipinas (BSP) to transact  
business with offshore banking units shall be exempt from all taxes  
except net income from such transactions as may be specified by the  
Secretary of Finance, upon recommendation of the Monetary Board  
which shall be subject to the regular income tax payable by banks:  
*Provided, however*, That any interest income derived from foreign  
currency loans granted to residents other than offshore banking units  
or local commercial banks, including local branches of foreign banks  
that may be authorized by the BSP to transact business with offshore

banking units, shall be subject only to a final tax at the rate of ten percent (10%).

"Any income of nonresidents, whether individuals or corporations, from transactions with said offshore banking units shall be exempt from income tax.]

["(5)] (4) *Tax on Branch Profits Remittances.* – Any profit remitted by a branch to its head office shall be subject to a tax of fifteen percent (15%) which shall be based on the total profits applied or earmarked for remittance without any deduction for the tax component thereof [(except those activities which are registered with the Philippine Economic Zone Authority).] The tax shall be collected and paid in the same manner as provided in Sections 57 and 58 of this Code: Provided, that interests, dividends, rents, royalties, including remuneration for technical services, salaries, wages premiums, annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits, income and capital gains received by a foreign corporation during each taxable year from all sources within the Philippines shall not be treated as branch profits unless the same are effectively connected with the conduct of its trade or business in the Philippines.

"[(6)] (5) *Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies.* –

"(a) Regional or area headquarters as defined in Section 22(DD) shall not be subject to income tax.

"(b) Regional operating headquarters as defined in Section 22(EE) shall pay a tax of ten percent (10%) of their taxable income[.]:

**"PROVIDED, THAT AFTER TWO (2) YEARS FROM THE EFFECTIVITY OF THIS ACT, REGIONAL OPERATING HEADQUARTERS SHALL BE SUBJECT TO THE REGULAR CORPORATE INCOME TAX.**

"[(7)] (6) *Tax on Certain Incomes Received by a Resident Foreign Corporation.* –

"(a) *Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties.* – Interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements and royalties derived from sources within the Philippines shall be subject to a final income tax at the rate of twenty percent (20%) of such interest: *Provided, however,* That interest income derived by a resident foreign corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of [seven and one-half percent ( $7\frac{1}{2}\%$ )] **FIFTEEN PERCENT (15%)** of such interest income.



1           “(b) *Income Derived under the Expanded Foreign Currency*  
2     *Deposit System.* – x x x

3           “(c) *Capital Gains from Sale of Shares of Stock Not Traded in*  
4     *the Stock Exchange.* – A final tax at the rate [s prescribed below] **OF**  
5     **FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital  
6     gains realized during the taxable year from the sale, barter, exchange  
7     or other disposition of shares of stock in a domestic corporation except  
8     shares sold or disposed of through the stock exchange:

9           [“Not over P100,000 ..... 5%

10          “On any amount in excess of P100,000 ..... 10%]

11          “(d) *Intercompany Dividends.* – x x x

12          “(B) *Tax on Nonresident Foreign Corporation.* –

13          “(1) *In General.* – Except as otherwise provided in this Code, a  
14     foreign corporation not engaged in trade or business in the Philippines,  
15     **EFFECTIVE JANUARY 1, 2020**, shall pay a tax equal to [thirty-five  
16     percent (35%)] **TWENTY-NINE PERCENT (29%)** of the gross income  
17     received during each taxable year from all sources within the  
18     Philippines, such as interests, dividends, rents, royalties, salaries,  
19     premiums (except reinsurance premiums), annuities, emoluments or  
20     other fixed or determinable annual, periodic or casual gains, profits and  
21     income, and capital gains, except capital gains subject to tax under  
22     subparagraph 5(c): [Provided, That effective January 1, 2009, the  
23     rate of income tax shall be thirty percent (30%).] **PROVIDED, THAT**  
24     **THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY-**  
25     **EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-**  
26     **SEVEN PERCENT (27%) BEGINNING JANUARY 1, 2022; TWENTY-**  
27     **SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY-**  
28     **FIVE PERCENT (25%) BEGINNING JANUARY 1, 2024; TWENTY-**  
29     **FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY-**  
30     **THREE PERCENT (23%) BEGINNING JANUARY 1, 2026; TWENTY-**  
31     **TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; TWENTY-**  
32     **ONE PERCENT (21%) BEGINNING JANUARY 1, 2028; AND**  
33     **TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029;**  
34     **PROVIDED, FURTHER, THAT THE SCHEDULED DECREASE IN**  
35     **THE RATE BEGINNING 2025 MAY BE SUSPENDED BY THE**  
36     **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**  
37     **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT**  
38     **OF GROSS DOMESTIC PRODUCT (GDP) EXCEEDS THE**  
39     **PROGRAMMED DEFICIT, AS DETERMINED BY THE**  
40     **DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC)**  
41     **IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED**  
42     **REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED**  
43     **ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL**  
44     **PROGRAM.**

1           “(2) *Nonresident Cinematographic Film Owner, Lessor or*  
2           *Distributor.* – A cinematographic film owner, lessor, or distributor shall  
3           pay a tax of twenty-five percent (25%) of its gross income from all  
4           sources within the Philippines.

5           “(3)     x x x

6           “(4)     x x x

7           “(5) *Tax on Certain Incomes Received by a Nonresident Foreign*  
8           *Corporation.* –

9           “(a) *Interest on Foreign Loans.* – x x x

10          “(b) *Intercompany Dividends.* – A final withholding tax at the  
11          rate of fifteen percent (15%) is hereby imposed on the amount of cash  
12          and/or property dividends received from a domestic corporation, which  
13          shall be collected and paid as provided in Section 57 (A) of this Code,  
14          subject to the condition that the country in which the nonresident  
15          foreign corporation is domiciled, shall allow a credit against the tax due  
16          from the nonresident foreign corporation taxes deemed to have been  
17          paid in the Philippines equivalent to [twenty percent (20%)] **FIFTEEN**  
18          **PERCENT (15%)**, which represents the difference between the regular  
19          income tax [of thirty-five percent (35%)] and the fifteen percent (15%)  
20          tax on dividends as provided in this subparagraph: *Provided, That*  
21          [**effective January 1, 2009**] **EFFECTIVE JANUARY 1, 2020**, the credit  
22          against the tax due shall be equivalent to [fifteen percent (15%)], which  
23          represents] the difference between the regular income tax **RATE** [of  
24          thirty percent (30%)] and the fifteen percent (15%) tax on dividends;

25          “(c) *Capital Gains from Sale of Shares of Stock not Traded in*  
26          *the Stock Exchange.* – A final tax at the rate[s prescribed below] **OF**  
27          **FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital  
28          gains realized during the taxable year from the sale, barter, exchange  
29          or other disposition of shares of stock in a domestic corporation,  
30          except shares sold, or disposed of through the stock exchange.[:

31                 “Not over P100,000 ..... 5%

32                 “On any amount in excess of P100,000 .... 10%]”

33          **SEC. 7.** Section 34 of the National Internal Revenue Code of 1997, as  
34          amended, is hereby further amended to read as follows:

35          “SEC. 34. *Deductions from Gross Income.* – Except for  
36          taxpayers earning compensation income arising from personal  
37          services rendered under an employer-employee relationship where no  
38          deductions shall be allowed under this Section, in computing taxable  
39          income subject to income tax under Sections 24(A); 25(A); 26; 27(A),  
40          (B), and (C); and 28(A)(1), there shall be allowed the following  
41          deductions from gross income:

42                 “(A) *Expenses.* –

43                 “(1) *Ordinary and Necessary Trade, Business or Professional*  
44                 *Expenses.* –



1 " x x x

2 "(B) *Interest.* –

3 "(1) *In General.* – The amount of interest paid or incurred within  
4 a taxable year on indebtedness in connection with the taxpayer's  
5 profession, trade or business shall be allowed as deduction from gross  
6 income: *Provided, however,* That the taxpayer's otherwise allowable  
7 deduction for interest expense shall be reduced by [forty-two percent  
8 (42%)] **THIRTY-THREE PERCENT (33%)** of the interest income  
9 subjected to final tax:[*Provided,* That effective January 1, 2009, the  
10 percentage shall be thirty-three percent (33%).] **PROVIDED,**  
11 **FURTHER, THAT THE FOLLOWING PERCENTAGES SHALL**  
12 **APPLY IF THE CORPORATE INCOME TAX RATE AS PROVIDED IN**  
13 **SECTIONS 27(A) AND 28(A)(1) IS ADJUSTED:**

14 "(A) IF RATE IS TWENTY-NINE PERCENT (29%), INTEREST  
15 EXPENSE REDUCTION RATE IS THIRTY-ONE PERCENT (31%);

16 "(B) IF RATE IS TWENTY-EIGHT PERCENT (28%),  
17 INTEREST EXPENSE REDUCTION RATE IS TWENTY-NINE  
18 PERCENT (29%);

19 "(C) IF RATE IS TWENTY-SEVEN PERCENT (27%),  
20 INTEREST EXPENSE REDUCTION RATE IS TWENTY-SIX  
21 PERCENT (26%);

22 "(D) IF RATE IS TWENTY-SIX PERCENT (26%), INTEREST  
23 EXPENSE REDUCTION RATE IS TWENTY-THREE PERCENT  
24 (23%);

25 "(E) IF RATE IS TWENTY-FIVE PERCENT (25%), INTEREST  
26 EXPENSE REDUCTION RATE IS TWENTY PERCENT (20%);

27 "(F) IF RATE IS TWENTY-FOUR PERCENT (24%), INTEREST  
28 EXPENSE REDUCTION RATE IS SIXTEEN PERCENT (16%);

29 "(G) IF RATE IS TWENTY-THREE PERCENT (23%),  
30 INTEREST EXPENSE REDUCTION RATE IS THIRTEEN PERCENT  
31 (13%);

32 "(H) IF RATE IS TWENTY-TWO PERCENT (22%), INTEREST  
33 EXPENSE REDUCTION RATE IS NINE PERCENT (9%);

34 "(I) IF RATE IS TWENTY-ONE PERCENT (21%), INTEREST  
35 EXPENSE REDUCTION RATE IS FIVE PERCENT (5%);

36 "(J) IF RATE IS TWENTY PERCENT (20%), INTEREST  
37 EXPENSE REDUCTION RATE IS ZERO PERCENT (0%).

38 "**PROVIDED, FINALLY,** THAT IF THE INTEREST INCOME  
39 TAX IS ADJUSTED IN THE FUTURE, THE INTEREST EXPENSE  
40 REDUCTION RATE SHALL BE ADJUSTED ACCORDINGLY BASED  
41 ON THE PRESCRIBED STANDARD FORMULA AS DEFINED IN  
42 THE RULES AND REGULATIONS TO BE PROMULGATED BY THE  
43 SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF  
44 THE COMMISSIONER OF INTERNAL REVENUE.

1                   “(2) x x x  
2                   “(C) *Taxes.* – x x x  
3                   “(D) *Losses.* – x x x  
4                   “(E) *Bad Debts.* – x x x  
5                   “(F) *Depreciation.* – x x x  
6                   “(G) *Depletion of Oil and Gas Wells and Mines.* – x x x  
7                   “(H) *Charitable and Other Contributions.* – x x x  
8                   “(I) *Research and Development.* – x x x  
9                   “(J) *Pension Trusts.* – x x x  
10                  “(K) *Additional Requirements for Deductibility of Certain*  
11                  *Payments.* – x x x  
12                  “(L) *Optional Standard Deduction (OSD).* – x x x  
13       **SEC. 8.** Section 290 of the National Internal Revenue Code of 1997, as  
14       amended, is hereby further amended to read as follows:  
15                “SEC. 290. *Congressional Oversight Committee.* –  
16                “A Congressional Oversight Committee, hereinafter referred to  
17                as the Committee, is hereby constituted in accordance with the  
18                provisions of this Code. The Committee shall be composed of the  
19                [Chairmen] **CHAIRPERSONS** of the Committee on Ways and Means  
20                of the Senate and House of Representatives...x x x  
21                “The Committee shall, among others, in aid of legislation:  
22                “(1) x x x;  
23                “(2) x x x;  
24                “(3) x x x; [and]  
25                “(4) x x x[.];  
26                “(5) **REVIEW THE PERFORMANCE OF THE FISCAL**  
27                **INCENTIVES REVIEW BOARD; AND**  
28                “x x x.”  
29       **SEC. 9.** A new Title XIII shall be introduced in the National Internal Revenue  
30       Code of 1997, as amended, to read as follows:  
31                                “**TITLE XIII**  
32                                **TAX INCENTIVES**  
33                                “**CHAPTER I**  
34                                “**GENERAL PROVISIONS ON TAX INCENTIVES**  
35                “**SEC 291. SCOPE AND COVERAGE.** – THIS TITLE SHALL  
36                COVER ALL EXISTING INVESTMENT PROMOTION AGENCIES AS  
37                DEFINED IN THIS CODE OR RELATED LAWS, AND ALL OTHER  
38                INVESTMENT PROMOTION AGENCIES AND SIMILAR  
39                AUTHORITIES THAT MAY BE CREATED BY LAW IN THE FUTURE.  
40                “THE INVESTMENT PROMOTION AGENCIES SHALL  
41                MAINTAIN THEIR FUNCTIONS AND POWERS AS PROVIDED  
42                UNDER THE SPECIAL LAWS GOVERNING THEM EXCEPT TO THE  
43                EXTENT MODIFIED BY THE PROVISIONS OF THIS CODE.



1           "SEC. 292. *EXTENT OF AUTHORITY TO GRANT TAX*  
2 *INCENTIVES.* – ALL INVESTMENT PROMOTION AGENCIES  
3 SHALL PROCESS APPLICATIONS FOR TAX INCENTIVES AND  
4 RECOMMEND TO THE FISCAL INCENTIVES REVIEW BOARD THE  
5 APPROPRIATE TAX INCENTIVES PROVIDED IN THIS TITLE TO  
6 BE GRANTED TO REGISTERED BUSINESS ENTERPRISES ONLY  
7 TO THE EXTENT OF THEIR APPROVED REGISTERED PROJECT  
8 OR ACTIVITY UNDER THE STRATEGIC INVESTMENT PRIORITY  
9 PLAN.

10           "SEC. 293. *DEFINITIONS.* – WHEN USED IN THIS TITLE:

11           "(A) *CAPITAL EQUIPMENT* REFERS TO MACHINERY,  
12 EQUIPMENT, MAJOR COMPONENTS THEREOF, TOOLS,  
13 DEVICES, OR APPARATUS, WHICH ARE DIRECTLY OR  
14 REASONABLY NEEDED IN THE REGISTERED PROJECT OR  
15 ACTIVITY OF THE REGISTERED ENTERPRISE;

16           "(B) *DIRECT LOCAL EMPLOYMENT* REFERS TO THE  
17 HIRING OF FILIPINOS BY REGISTERED BUSINESS  
18 ENTERPRISES UNDER AN EMPLOYER-EMPLOYEE  
19 RELATIONSHIP TO PERFORM FUNCTIONS THAT ARE DIRECTLY  
20 RELATED TO THE PRODUCTION OF GOODS OR PERFORMANCE  
21 OF SERVICES UNDER THE REGISTERED PROJECT OR  
22 ACTIVITY;

23           "(C) *DOMESTIC INPUT* REFERS TO PURCHASES OF  
24 LOCALLY MANUFACTURED GOODS OR LOCALLY PRODUCED  
25 RAW MATERIALS OR DOMESTICALLY OUTSOURCED SERVICES  
26 KNOWN AS SERVICES EMBEDDED IN MANUFACTURING THAT  
27 ARE USED DIRECTLY IN THE PRODUCTION OF GOODS UNDER  
28 THE REGISTERED PROJECT OR ACTIVITY. IN THE CASE OF  
29 LOCALLY MANUFACTURED GOODS, 50% OF THE VALUE-  
30 ADDED OF THE SAID GOOD SHOULD LIKEWISE BE LOCALLY  
31 PRODUCED OR MANUFACTURED;

32           "(D) *FREEPORT ZONES* REFERS TO AN ISOLATED AND  
33 POLICED AREA ADJACENT TO A PORT OF ENTRY, WHICH  
34 SHALL BE OPERATED AND MANAGED AS A SEPARATE  
35 CUSTOMS TERRITORY TO ENSURE FREE FLOW OR MOVEMENT  
36 OF GOODS, EXCEPT THOSE EXPRESSLY PROHIBITED BY LAW,  
37 WITHIN, INTO, AND EXPORTED OUT OF THE FREEPORT ZONE  
38 WHERE IMPORTED GOODS MAY BE UNLOADED FOR  
39 IMMEDIATE TRANSSHIPMENT OR STORED, REPACKED,  
40 SORTED, MIXED, OR OTHERWISE MANIPULATED WITHOUT  
41 BEING SUBJECT TO IMPORT DUTIES. HOWEVER, MOVEMENT  
42 OF THESE IMPORTED GOODS FROM THE FREE-TRADE AREA  
43 TO A NON-FREE TRADE AREA IN THE COUNTRY SHALL BE  
44 SUBJECT TO ALL APPLICABLE INTERNAL REVENUE TAXES

1 AND DUTIES: *PROVIDED, THAT* FOR THE FREEPORT TO  
2 QUALIFY AS A SEPARATE CUSTOMS TERRITORY, A FREEPORT  
3 SHALL HAVE A PERMANENT CUSTOMS CONTROL OR  
4 CUSTOMS OFFICE AT ITS PERIMETER;

5 "(E) *INVESTMENT PROMOTION AGENCIES (IPAS)* REFER  
6 TO GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE  
7 ORDER, DECREE OR OTHER ISSUANCE, IN CHARGE OF  
8 PROMOTING INVESTMENTS, GRANTING AND ADMINISTERING  
9 TAX AND NON-TAX INCENTIVES, AND OVERSEEING THE  
10 OPERATIONS OF THE DIFFERENT ECONOMIC ZONES AND  
11 FREEPORTS IN ACCORDANCE WITH THEIR RESPECTIVE  
12 SPECIAL LAWS. THESE INCLUDE THE BOARD OF  
13 INVESTMENTS, REGIONAL BOARD OF INVESTMENTS  
14 AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),  
15 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES  
16 CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC  
17 BAY METROPOLITAN AUTHORITY (SBMA), CLARK  
18 DEVELOPMENT CORPORATION (CDC), JOHN HAY  
19 MANAGEMENT CORPORATION (JHMC), PORO POINT  
20 MANAGEMENT CORPORATION (PPMC), CAGAYAN ECONOMIC  
21 ZONE AUTHORITY (CEZA), ZAMBOANGA CITY SPECIAL  
22 ECONOMIC ZONE AUTHORITY (ZCSEZA), PHIVIDEC INDUSTRIAL  
23 AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE AND  
24 FREEPORT AUTHORITY (APECO), AUTHORITY OF THE  
25 FREEPORT AREA OF BATAAN (AFAB), TOURISM  
26 INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY  
27 (TIEZA), AND ALL OTHER SIMILAR EXISTING AUTHORITIES OR  
28 THAT MAY BE CREATED BY LAW IN THE FUTURE;

29 "(F) *OTHER GOVERNMENT AGENCIES ADMINISTERING*  
30 *TAX INCENTIVES* REFER TO GOVERNMENT AGENCIES OTHER  
31 THAN INVESTMENT PROMOTION AGENCIES WHICH REGISTER  
32 OR ADMINISTER TAX INCENTIVES OF ANY KIND TO ANY  
33 SPECIFIC ENTITIES AND/OR CLASS OF PERSONS PURSUANT  
34 TO ANY LAW;

35 "(G) *OTHER REGISTERED ENTITIES* REFER TO ANY  
36 INDIVIDUAL, PARTNERSHIP, ORGANIZATION, CORPORATION,  
37 PHILIPPINE BRANCH OF A FOREIGN CORPORATION, OR OTHER  
38 ENTITY INCORPORATED AND/OR ORGANIZED AND EXISTING  
39 UNDER PHILIPPINE LAWS, AND REGISTERED WITH OTHER  
40 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES;

41 "(H) *QUALIFIED CAPITAL EXPENDITURE* REFERS TO  
42 PURCHASES OF CAPITAL GOODS WITH A USEFUL LIFE OF  
43 MORE THAN ONE (1) YEAR ACQUIRED FOR THE ENTITY'S  
44 PRODUCTION OF GOODS AND SERVICES TO BE DIRECTLY



1 USED IN THE PROJECT OR ACTIVITY OF THE REGISTERED  
2 BUSINESS ENTERPRISE;

3 “(I) *REGISTERED BUSINESS ENTERPRISE* REFERS TO  
4 ANY INDIVIDUAL, PARTNERSHIP, CORPORATION, PHILIPPINE  
5 BRANCH OF A FOREIGN CORPORATION, OR OTHER ENTITY  
6 ORGANIZED AND EXISTING UNDER PHILIPPINE LAWS AND  
7 REGISTERED WITH AN INVESTMENT PROMOTION AGENCY  
8 EXCLUDING SERVICE ENTERPRISES SUCH AS THOSE  
9 ENGAGED IN CUSTOMS BROKERAGE, TRUCKING OR  
10 FORWARDING SERVICES, JANITORIAL SERVICES, SECURITY  
11 SERVICES, INSURANCE, BANKING, AND OTHER FINANCIAL  
12 SERVICES, CONSUMERS’ COOPERATIVES, CREDIT UNIONS,  
13 CONSULTANCY SERVICES, RETAIL ENTERPRISES,  
14 RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS MAY  
15 BE DETERMINED BY THE FISCAL INCENTIVES REVIEW BOARD,  
16 IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR OUTSIDE  
17 THE ZONES, DULY ACCREDITED OR LICENSED BY ANY OF THE  
18 INVESTMENT PROMOTION AGENCIES AND WHOSE INCOME  
19 DELIVERED WITHIN THE ECONOMIC ZONES SHALL BE  
20 SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL  
21 REVENUE CODE OF 1997, AS AMENDED;

22 “(J) *RESEARCH AND DEVELOPMENT* REFERS TO  
23 EXPERIMENTAL OR OTHER RELATED PROJECTS OR  
24 ACTIVITIES:

25 “(1) WHOSE OUTCOME CANNOT BE KNOWN OR  
26 DETERMINED IN ADVANCE ON THE BASIS OF CURRENT  
27 KNOWLEDGE, INFORMATION OR EXPERIENCE, BUT CAN  
28 ONLY BE DETERMINED BY APPLYING A SYSTEMATIC  
29 PROGRESSION OF WORK:

30 “(I) BASED ON PRINCIPLES OF ESTABLISHED  
31 SCIENCE; AND

32 “(II) PROCEEDS FROM HYPOTHESIS TO  
33 EXPERIMENT, OBSERVATION AND EVALUATION,  
34 AND LEADS TO LOGICAL CONCLUSIONS; AND

35 “(2) THAT ARE CONDUCTED FOR THE PURPOSE OF  
36 GENERATING NEW KNOWLEDGE, INCLUDING NEW  
37 KNOWLEDGE IN THE FORM OF NEW OR IMPROVED  
38 MATERIALS, PRODUCTS, DEVICES, PROCESSES OR  
39 SERVICES;

40 “(K) *SOURCE DOCUMENT* REFERS TO INPUT MATERIALS  
41 AND DOCUMENTS REASONABLY NEEDED BY INFORMATION  
42 TECHNOLOGY (IT) AND IT-ENABLED INDUSTRIES SUCH AS  
43 BOOKS, DIRECTORIES, MAGAZINES, NEWSPAPERS,  
44 BROCHURES, PAMPHLETS, MEDICAL RECORDS OR FILES,

1 LEGAL RECORDS OR FILES, INSTRUCTION MATERIALS, AND  
2 DRAWINGS, BLUEPRINTS, OR OUTLINES;

3 "(L) *SPECIAL ECONOMIC ZONE OR ECOZONE* REFERS TO  
4 A SELECTED AREA, WHICH SHALL BE OPERATED AND  
5 MANAGED AS A SEPARATE CUSTOMS TERRITORY THAT IS  
6 HIGHLY DEVELOPED OR HAS THE POTENTIAL TO BE  
7 DEVELOPED INTO AN AGRO-INDUSTRIAL, INDUSTRIAL,  
8 INFORMATION TECHNOLOGY, OR TOURIST/RECREATIONAL  
9 AREA, WHOSE METES AND BOUNDS ARE FIXED OR DELIMITED  
10 BY PRESIDENTIAL PROCLAMATIONS AND WITHIN A SPECIFIC  
11 GEOGRAPHICAL AREA WHICH INCLUDES INDUSTRIAL  
12 ESTATES (IES), EXPORT PROCESSING ZONES (EPZS), ICT  
13 PARKS AND CENTERS, AND FREE TRADE ZONES: *PROVIDED*,  
14 THAT FOR THE ECOZONE TO QUALIFY AS A SEPARATE  
15 CUSTOMS TERRITORY, AN ECOZONE SHALL HAVE A  
16 PERMANENT CUSTOMS CONTROL OR CUSTOMS OFFICE AT ITS  
17 PERIMETER *PROVIDED, HOWEVER*, THAT AREAS WHERE  
18 MINING EXTRACTION IS UNDERTAKEN SHALL NOT BE  
19 DECLARED AS AN ECOZONE: *PROVIDED, FURTHER*, THAT  
20 VERTICAL ECONOMIC ZONES, SUCH AS, BUT NOT LIMITED TO,  
21 BUILDINGS, SELECTED FLOORS WITHIN BUILDINGS, AND  
22 SELECTED AREAS ON A FLOOR, NEED TO COMPLY WITH THE  
23 MINIMUM CONTIGUOUS LAND AREA AS DETERMINED BY THE  
24 FISCAL INCENTIVES REVIEW BOARD; AND

25 "(M) *TRAINING* REFERS TO COURSES PROVIDED TO  
26 FILIPINO EMPLOYEES WHOSE WORK IS DIRECTLY RELATED TO  
27 THE PRODUCTION OF GOODS OR PERFORMANCE OF  
28 SERVICES UNDER THE REGISTERED PROJECT OR ACTIVITY  
29 AND WHICH SHALL IMPROVE THE SPECIFIC SKILLS OR  
30 KNOWLEDGE OF THE EMPLOYEE REQUIRED IN HIS OR HER  
31 CURRENT EMPLOYMENT.

## 32 "CHAPTER II

### 33 "TAX AND DUTY INCENTIVES

34 "SEC. 294. *INCENTIVES*. – SUBJECT TO THE CONDITIONS  
35 AND PERIOD OF AVAILMENT IN SECTIONS 295 AND 296,  
36 RESPECTIVELY, THE FOLLOWING TYPES OF TAX INCENTIVES  
37 MAY BE GRANTED TO REGISTERED PROJECTS OR ACTIVITIES:

38 "(A) INCOME TAX HOLIDAY;

39 "(B) SPECIAL CORPORATE INCOME TAX RATE - A TAX  
40 RATE EQUIVALENT TO EIGHT PERCENT (8%) EFFECTIVE  
41 JANUARY 1, 2020, NINE PERCENT (9%) EFFECTIVE JANUARY 1,  
42 2021, AND TEN PERCENT (10%) EFFECTIVE JANUARY 1, 2022  
43 ONWARDS, BASED ON THE GROSS INCOME EARNED, IN LIEU  
44 OF ALL TAXES, BOTH NATIONAL AND LOCAL, AS SPECIFIED IN



1 THE RESPECTIVE SPECIAL LAWS OF THE INVESTMENT  
2 PROMOTION AGENCIES: *PROVIDED, THAT*, THE NATIONAL  
3 GOVERNMENT SHARE SHALL BE AS FOLLOWS: SIX PERCENT  
4 (6%) IN 2020, SEVEN PERCENT (7%) IN 2021 AND EIGHT  
5 PERCENT (8%) IN 2022 ONWARDS: *PROVIDED FURTHER, THAT*,  
6 IF APPLICABLE, THE SHARES OF THE LOCAL GOVERNMENT  
7 UNITS AND THE INVESTMENT PROMOTION AGENCIES UNDER  
8 THE SPECIAL LAWS GOVERNING THE LATTER SHALL BE  
9 OBSERVED;

10 “(C) ENHANCED DEDUCTIONS:

11 “(1) DEPRECIATION ALLOWANCE OF THE ASSETS  
12 ACQUIRED FOR THE ENTITY’S PRODUCTION OF GOODS  
13 AND SERVICES (QUALIFIED CAPITAL EXPENDITURE) –  
14 ADDITIONAL TEN PERCENT (10%) FOR BUILDINGS; AND  
15 ADDITIONAL TWENTY PERCENT (20%) FOR MACHINERIES  
16 AND EQUIPMENT;

17 “(2) UP TO FIFTY PERCENT (50%) ADDITIONAL  
18 DEDUCTION ON THE LABOR EXPENSE INCURRED IN THE  
19 TAXABLE YEAR;

20 “(3) UP TO ONE HUNDRED PERCENT (100%)  
21 ADDITIONAL DEDUCTION ON RESEARCH AND  
22 DEVELOPMENT EXPENSE INCURRED IN THE TAXABLE  
23 YEAR;

24 “(4) UP TO ONE HUNDRED PERCENT (100%)  
25 ADDITIONAL DEDUCTION ON TRAINING EXPENSE  
26 INCURRED IN THE TAXABLE YEAR;

27 “(5) UP TO FIFTY PERCENT (50%) ADDITIONAL  
28 DEDUCTION ON DOMESTIC INPUT EXPENSE INCURRED IN  
29 THE TAXABLE YEAR;

30 “(6) UP TO FIFTY PERCENT (50%) ADDITIONAL  
31 DEDUCTION ON POWER EXPENSE INCURRED IN THE  
32 TAXABLE YEAR;

33 “(7) DEDUCTION FOR REINVESTMENT ALLOWANCE  
34 TO MANUFACTURING INDUSTRY - WHEN A  
35 MANUFACTURING REGISTERED BUSINESS ENTERPRISE  
36 REINVESTS ITS UNDISTRIBUTED PROFIT OR SURPLUS IN  
37 ANY OF THE PROJECTS OR ACTIVITIES LISTED IN THE  
38 STRATEGIC INVESTMENT PRIORITY PLAN, THE AMOUNT  
39 REINVESTED TO A MAXIMUM OF FIFTY PERCENT (50%)  
40 SHALL BE ALLOWED AS A DEDUCTION FROM ITS  
41 TAXABLE INCOME WITHIN A PERIOD OF FIVE (5) YEARS  
42 FROM THE TIME OF SUCH REINVESTMENT; AND

43 “(8) ENHANCED NET OPERATING LOSS CARRY-  
44 OVER (NOLCO). – THE NET OPERATING LOSS OF THE

1 REGISTERED PROJECT OR ACTIVITY DURING THE FIRST  
2 THREE (3) YEARS FROM THE START OF COMMERCIAL  
3 OPERATION WHICH HAD NOT BEEN PREVIOUSLY OFFSET  
4 AS DEDUCTION FROM GROSS INCOME MAY BE CARRIED  
5 OVER AS DEDUCTION FROM GROSS INCOME WITHIN THE  
6 NEXT FIVE (5) CONSECUTIVE TAXABLE YEARS  
7 IMMEDIATELY FOLLOWING THE YEAR OF SUCH LOSS.

8 "(D) DUTY EXEMPTION ON IMPORTATION OF CAPITAL  
9 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR  
10 ACCESSORIES;

11 "(E) VALUE-ADDED TAX (VAT) EXEMPTION ON  
12 IMPORTATION AND VAT ZERO-RATING ON LOCAL PURCHASES.

13 "SEC. 295. CONDITIONS OF AVAILMENT. - THE TAX  
14 INCENTIVES IN THE PRECEDING SECTION SHALL BE  
15 GOVERNED BY THE FOLLOWING RULES:

16 "(A) THE INCOME TAX HOLIDAY SHALL BE FOLLOWED BY  
17 THE SPECIAL CORPORATE INCOME TAX RATE;

18 "(B) ENHANCED DEDUCTIONS MAY BE GRANTED IN  
19 LIEU OF THE INCOME TAX HOLIDAY AND THE SPECIAL  
20 CORPORATE INCOME TAX RATE: *PROVIDED, THAT* IN NO CASE  
21 SHALL THE ENHANCED DEDUCTIONS BE GRANTED  
22 SIMULTANEOUSLY WITH THE SPECIAL CORPORATE INCOME  
23 TAX: *PROVIDED, FURTHER, THAT* THE FISCAL INCENTIVES  
24 REVIEW BOARD AND THE BOARD OF INVESTMENTS, SHALL  
25 PRESCRIBE THE TERMS AND CONDITIONS ON THE GRANT OF  
26 ENHANCED DEDUCTIONS UNDER SECTION 294(C), INCLUDING  
27 THE APPROPRIATE LEVEL OF PERCENTAGE OF DEDUCTIONS.

28 "THE FOLLOWING CONDITIONS FOR THE AVAILMENT OF  
29 EACH ENHANCED DEDUCTIONS SHALL BE COMPLIED WITH:

30 "(1) THE DEPRECIATION ALLOWANCE OF THE  
31 ASSETS ACQUIRED FOR THE ENTITY'S PRODUCTION OF  
32 GOODS AND SERVICES (QUALIFIED CAPITAL  
33 EXPENDITURE) SHALL BE ALLOWED FOR ASSETS THAT  
34 ARE DIRECTLY RELATED TO THE REGISTERED  
35 ENTERPRISE'S PRODUCTION OF GOODS AND SERVICES  
36 OTHER THAN ADMINISTRATIVE AND OTHER SUPPORT  
37 SERVICES;

38 "(2) THE ADDITIONAL DEDUCTION ON THE LABOR  
39 EXPENSE SHALL NOT INCLUDE SALARIES, WAGES,  
40 BENEFITS, AND OTHER PERSONNEL COSTS INCURRED  
41 FOR MANAGERIAL, ADMINISTRATIVE, INDIRECT LABOR,  
42 AND SUPPORT SERVICES.

43 "(3) THE ADDITIONAL DEDUCTION ON RESEARCH  
44 AND DEVELOPMENT EXPENSE SHALL ONLY APPLY TO



1 RESEARCH AND DEVELOPMENT DIRECTLY RELATED TO  
2 THE REGISTERED PROJECT OR ACTIVITY OF THE ENTITY.

3 "(4) THE ADDITIONAL DEDUCTION ON TRAINING  
4 EXPENSE SHALL ONLY APPLY TO TRAININGS, AS  
5 APPROVED BY THE INVESTMENT PROMOTION AGENCIES  
6 BASED ON THE STRATEGIC INVESTMENT PRIORITY  
7 PLAN, GIVEN TO THE FILIPINO EMPLOYEES ENGAGED  
8 DIRECTLY IN THE REGISTERED BUSINESS ENTERPRISE'S  
9 PRODUCTION OF GOODS AND SERVICES.

10 "(5) THE ADDITIONAL DEDUCTION ON DOMESTIC  
11 INPUT EXPENSE SHALL ONLY APPLY TO DOMESTIC  
12 INPUT THAT ARE DIRECTLY RELATED TO AND ACTUALLY  
13 USED IN THE REGISTERED EXPORT PROJECT OR  
14 ACTIVITY OF THE REGISTERED BUSINESS ENTERPRISE.

15 "(6) THE ADDITIONAL DEDUCTION ON POWER  
16 EXPENSE SHALL ONLY APPLY TO POWER UTILIZED FOR  
17 THE REGISTERED PROJECT OR ACTIVITY.

18 "(7) THE DEDUCTION FOR REINVESTMENT  
19 ALLOWANCE TO MANUFACTURING INDUSTRY SHALL BE  
20 DETERMINED IN THE STRATEGIC INVESTMENT PRIORITY  
21 PLAN.

22 "(C) THE DUTY EXEMPTION SHALL ONLY APPLY TO THE  
23 IMPORTATION OF CAPITAL EQUIPMENT, RAW MATERIALS,  
24 SPARE PARTS, OR ACCESSORIES DIRECTLY AND  
25 EXCLUSIVELY USED IN THE REGISTERED PROJECT OR  
26 ACTIVITY BY REGISTERED BUSINESS ENTERPRISES:  
27 *PROVIDED, THAT* THE FOLLOWING CONDITIONS ARE  
28 COMPLIED WITH:

29 "(1) THE CAPITAL EQUIPMENT, RAW MATERIALS,  
30 SPARE PARTS, OR ACCESSORIES ARE DIRECTLY AND  
31 REASONABLY NEEDED AND WILL BE USED EXCLUSIVELY  
32 IN AND AS PART OF THE DIRECT COST OF THE  
33 REGISTERED PROJECT OR ACTIVITY OF THE REGISTERED  
34 BUSINESS ENTERPRISE, AND ARE NOT PRODUCED OR  
35 MANUFACTURED DOMESTICALLY IN SUFFICIENT  
36 QUANTITY OR OF COMPARABLE QUALITY AND AT  
37 REASONABLE PRICES. PRIOR APPROVAL OF THE  
38 INVESTMENT PROMOTION AGENCY MAY BE SECURED  
39 FOR THE PART-TIME UTILIZATION OF SAID CAPITAL  
40 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR  
41 ACCESSORIES IN A NON-REGISTERED PROJECT OR  
42 ACTIVITY TO MAXIMIZE USAGE THEREOF: *PROVIDED,*  
43 *THAT* THE PROPORTIONATE TAXES AND DUTIES ARE  
44 PAID ON A SPECIFIC CAPITAL EQUIPMENT, RAW

1 MATERIALS, SPARE PARTS, OR ACCESSORIES IN  
2 PROPORTION TO THE UTILIZATION FOR NON-  
3 REGISTERED PROJECTS OR ACTIVITIES. IN THE EVENT  
4 THAT THE CAPITAL EQUIPMENT, RAW MATERIALS, SPARE  
5 PARTS, OR ACCESSORIES SHALL BE USED FOR A NON-  
6 REGISTERED PROJECT OR ACTIVITY OF THE REGISTERED  
7 BUSINESS ENTERPRISE AT ANY TIME WITHIN THE FIRST  
8 FIVE (5) YEARS FROM DATE OF IMPORTATION, THE  
9 REGISTERED BUSINESS ENTERPRISE SHALL FIRST SEEK  
10 PRIOR APPROVAL OF THE CONCERNED INVESTMENT  
11 PROMOTION AGENCY AND PAY THE TAXES AND  
12 CUSTOMS DUTIES THAT WERE NOT PAID UPON THE  
13 IMPORTATION; AND

14 "(2) THE APPROVAL OF THE INVESTMENT  
15 PROMOTION AGENCY WAS OBTAINED BY THE  
16 REGISTERED BUSINESS ENTERPRISE PRIOR TO THE  
17 IMPORTATION OF SUCH CAPITAL EQUIPMENT, RAW  
18 MATERIALS, SPARE PARTS, OR ACCESSORIES.

19 "APPROVAL OF THE INVESTMENT PROMOTION  
20 AGENCY MUST BE SECURED BEFORE THE SALE,  
21 TRANSFER, OR DISPOSITION OF THE CAPITAL  
22 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR  
23 ACCESSORIES WHICH WERE GRANTED TAX AND  
24 CUSTOMS DUTY EXEMPTION HEREUNDER, AND SHALL BE  
25 ALLOWED ONLY UNDER THE FOLLOWING  
26 CIRCUMSTANCES:

27 "(a) IF MADE TO ANOTHER ENTERPRISE  
28 AVAILING CUSTOMS DUTY EXEMPTION ON  
29 IMPORTED CAPITAL EQUIPMENT, RAW MATERIALS,  
30 SPARE PARTS, OR ACCESSORIES;

31 "(b) IF MADE TO ANOTHER ENTERPRISE NOT  
32 AVAILING OF DUTY EXEMPTION ON IMPORTED  
33 CAPITAL EQUIPMENT, RAW MATERIALS, SPARE  
34 PARTS, OR ACCESSORIES, UPON PAYMENT OF ANY  
35 TAXES AND DUTIES DUE ON THE NET BOOK VALUE  
36 OF THE CAPITAL EQUIPMENT, RAW MATERIALS,  
37 SPARE PARTS, OR ACCESSORIES TO BE SOLD;

38 "(c) EXPORTATION OF CAPITAL EQUIPMENT,  
39 RAW MATERIALS, SPARE PARTS, ACCESSORIES,  
40 SOURCE DOCUMENTS, OR THOSE REQUIRED FOR  
41 POLLUTION ABATEMENT AND CONTROL; OR

42 "(d) PROVEN TECHNICAL OBSOLESCENCE OF  
43 THE CAPITAL EQUIPMENT, RAW MATERIALS,  
44 SPARE PARTS, OR ACCESSORIES.



1                   "*PROVIDED, THAT* IF THE REGISTERED BUSINESS  
2 ENTERPRISE SELLS, TRANSFERS, OR DISPOSES THE  
3 AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR  
4 APPROVAL, THE REGISTERED BUSINESS ENTERPRISE  
5 AND THE VENDEE, TRANSFEREE, OR ASSIGNEE SHALL  
6 BE SOLIDARILY LIABLE TO PAY TWICE THE AMOUNT OF  
7 THE DUTY EXEMPTION THAT SHOULD HAVE BEEN PAID  
8 DURING ITS IMPORTATION: *PROVIDED, FURTHER*, THAT  
9 EVEN IF THE SALE, TRANSFER, OR DISPOSITION OF THE  
10 CAPITAL EQUIPMENT, RAW MATERIALS, SPARE PARTS,  
11 OR ACCESSORIES WAS MADE AFTER FIVE (5) YEARS  
12 FROM DATE OF IMPORTATION WITH THE APPROVAL OF  
13 THE INVESTMENT PROMOTION AGENCY, THE  
14 REGISTERED BUSINESS ENTERPRISE IS STILL LIABLE TO  
15 PAY THE DUTIES BASED ON THE NET BOOK VALUE OF  
16 THE CAPITAL EQUIPMENT, RAW MATERIALS, SPARE  
17 PARTS, OR ACCESSORIES IF IT HAS VIOLATED ANY OF  
18 ITS REGISTRATION TERMS AND CONDITIONS.

19                   "(D) THE VAT EXEMPTION ON IMPORTATION AND VAT  
20 ZERO-RATING ON LOCAL PURCHASES SHALL ONLY APPLY TO  
21 GOODS AND SERVICES DIRECTLY AND EXCLUSIVELY USED IN  
22 THE REGISTERED PROJECT OR ACTIVITY BY REGISTERED  
23 BUSINESS ENTERPRISE LOCATED INSIDE AN ECOZONE OR  
24 FREEPORT.

25                   "NOTWITHSTANDING THE PROVISIONS IN THE  
26 PRECEDING PARAGRAPHS, SALES RECEIPTS AND OTHER  
27 INCOME DERIVED FROM NON-REGISTERED PROJECT OR  
28 ACTIVITY SHALL BE SUBJECT TO APPROPRIATE TAXES  
29 IMPOSED UNDER THIS CODE.

30                   "SEC. 296. *PERIOD OF AVAILMENT*. -THE PERIOD OF  
31 AVAILMENT OF INCENTIVE BY THE REGISTERED BUSINESS  
32 ENTERPRISE SHALL FOLLOW THREE CATEGORIES: A (BASIC),  
33 B (ENHANCED), AND C (ADVANCED):

“(A) INCOME TAX HOLIDAY (ITH) FOLLOWED BY  
SPECIAL CORPORATE INCOME TAX RATE (SCIT)

CATEGORY	ITH DURATION IN YEARS	SCIT DURATION IN YEARS	TOTAL IN YEARS
A (BASIC)	2	3	5
B (ENHANCED)	3	4	7
C (ADVANCED)	4	4	8

“THE PERIOD OF AVAILMENT OF THE SPECIAL CORPORATE INCOME TAX RATE BY THE REGISTERED BUSINESS ENTERPRISE MAY BE EXTENDED BY THREE (3) OR FOUR (4) YEARS, AT ANY ONE TIME, DEPENDING ON THE CATEGORY, SUBJECT TO THE QUALIFICATIONS SET FORTH IN THE STRATEGIC INVESTMENT PRIORITY PLAN AND PERFORMANCE REVIEW BY THE FISCAL INCENTIVES REVIEW BOARD: *PROVIDED, THAT* THE TOTAL PERIOD OF INCENTIVE AVAILMENT SHALL NOT EXCEED TWELVE (12) YEARS, *PROVIDED FURTHER, THAT* EXISTING REGISTERED PROJECTS OR ACTIVITIES PRIOR TO THE EFFECTIVITY OF THIS ACT MAY QUALIFY TO REGISTER UNDER THIS ACT AND AVAIL OF THE SPECIAL CORPORATE INCOME TAX FOR THE PRESCRIBED PERIOD SUBJECT TO THE CRITERIA AND CONDITIONS SET FORTH IN THE STRATEGIC INVESTMENT PRIORITY PLAN.

“(B) ENHANCED DEDUCTIONS

CATEGORY	TOTAL IN YEARS
A (BASIC)	5
B (ENHANCED)	7
C (ADVANCED)	8

“THE PERIOD OF AVAILMENT OF ENHANCED DEDUCTION BY THE REGISTERED BUSINESS ENTERPRISE MAY BE EXTENDED BY THREE (3) OR FOUR (4) YEARS, AT ANY ONE TIME, DEPENDING ON THE CATEGORY, SUBJECT TO THE QUALIFICATIONS SET FORTH IN THE STRATEGIC INVESTMENT PRIORITY PLAN AND PERFORMANCE REVIEW BY THE FISCAL INCENTIVES REVIEW BOARD, *PROVIDED, THAT* THE TOTAL PERIOD OF INCENTIVE AVAILMENT SHALL NOT EXCEED TWELVE (12) YEARS.

“*PROVIDED FURTHER, THAT* THE PERIOD OF AVAILMENT OF INCENTIVES SHALL COMMENCE FROM THE ACTUAL START OF COMMERCIAL OPERATIONS WITH THE REGISTERED BUSINESS ENTERPRISE AVAILING OF THE TAX INCENTIVES WITHIN THREE (3) YEARS FROM THE DATE OF REGISTRATION, UNLESS



1 OTHERWISE PROVIDED IN THE STRATEGIC INVESTMENT  
2 PRIORITY PLAN AND ITS CORRESPONDING GUIDELINES.

3 "FOR THE PURPOSE OF THIS SECTION, THE  
4 DETERMINATION OF THE CATEGORY SHALL BE BASED  
5 ON BOTH LOCATION AND INDUSTRY OF THE  
6 REGISTERED PROJECT OR ACTIVITY, AND OTHER  
7 RELEVANT FACTORS AS MAY BE DEFINED IN THE  
8 STRATEGIC INVESTMENT PRIORITY PLAN.

9 "THE LOCATION OF THE REGISTERED PROJECT  
10 OR ACTIVITY SHALL BE PRIORITIZED ACCORDING TO  
11 THE ECONOMIC LEVEL OF DEVELOPMENT AS FOLLOWS:  
12 (1) LESS DEVELOPED AREAS, AS DETERMINED BY THE  
13 NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY;  
14 (2) AREAS ADJACENT TO NCR WHICH INCLUDE  
15 BULACAN, CAVITE, LAGUNA AND RIZAL; (3) NCR AND  
16 OTHER MAJOR METROPOLITAN AREAS; PROVIDED  
17 THAT, FOR ALL OTHER AREAS, THE FISCAL INCENTIVES  
18 REVIEW BOARD SHALL DETERMINE THE APPLICABLE  
19 INDUSTRY TIER IN ACCORDANCE WITH THE STRATEGIC  
20 INVESTMENT PRIORITY PLAN, WHICH IS SUBJECT TO  
21 REVIEW AND REVISION, EVERY THREE (3) YEARS OR AS  
22 MAY BE NEEDED.

23 "THE INDUSTRY OF THE REGISTERED PROJECT OR  
24 ACTIVITY SHALL BE PRIORITIZED ACCORDING TO  
25 NATIONAL INDUSTRIAL STRATEGY AS FOLLOWS,  
26 SUBJECT TO REVIEW AND REVISION EVERY THREE  
27 YEARS IN ACCORDANCE WITH THE STRATEGIC  
28 INVESTMENT PRIORITY PLAN:

29 "(1) TIER I ACTIVITIES SHALL INCLUDE, BUT  
30 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:  
31 AGRICULTURE, FISHING, FORESTRY AND  
32 AGRIBUSINESS ACTIVITIES, INCLUDING EMERGING  
33 MANUFACTURING AND SERVICES INDUSTRIES  
34 THAT ARE INNOVATING, UPGRADING AND MOVING  
35 UP THE VALUE CHAIN, AS WELL AS  
36 INFRASTRUCTURE, TRANSPORTATION, UTILITIES  
37 AND LOGISTICS THAT ARE CRUCIAL TO THE  
38 COUNTRY'S INDUSTRIALIZATION;

39 "(2) TIER II ACTIVITIES SHALL INCLUDE, BUT  
40 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:  
41 ACTIVITIES THAT PRODUCE SUPPLIES, PARTS AND  
42 COMPONENTS THAT ARE NOT LOCALLY  
43 PRODUCED OR MANUFACTURED BUT ARE  
44 CRITICAL TO INDUSTRIAL DEVELOPMENT AND  
45 IMPORT-SUBSTITUTING ACTIVITIES OPERATING  
46 UNDER HIGH-CONTESTABLE MARKETS; AND

1 “(3) TIER III ACTIVITIES SHALL INCLUDE, BUT  
2 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:  
3 HIGHLY TECHNICAL MANUFACTURING AND  
4 SERVICES ACTIVITIES THAT INDISPENSABLY  
5 REQUIRES THE EMPLOYMENT OF KNOWLEDGE,  
6 MODERN SCIENCE, ENGINEERING, AND RESEARCH  
7 IN THE PROCESS OF PRODUCTION OF GOODS AND  
8 SERVICES, RESULTING IN DEMONSTRABLY  
9 SIGNIFICANT VALUE-ADDED AND HIGH PAYING  
10 JOBS.

11 “THE COMBINATION OF BOTH LOCATION AND  
12 INDUSTRY PRIORITIES SHALL DETERMINE THE  
13 CATEGORY OF INCENTIVE AS INDICATED HEREIN. THE  
14 FISCAL INCENTIVES REVIEW BOARD AND THE BOARD OF  
15 INVESTMENTS, SHALL REVIEW, AND REVISE, EVERY  
16 THREE (3) YEARS OR AS MAY BE NEEDED, THE  
17 LOCATION AND INDUSTRY PRIORITIES IN ACCORDANCE  
18 WITH THE STRATEGIC INVESTMENT PRIORITY PLAN.

LOCATION / INDUSTRY TIERS	TIER I	TIER II	TIER III
NCR AND OTHER METROPOLITAN AREAS	A	B	C
AREAS ADJACENT TO NCR (BULACAN, CAVITE, LAGUNA, AND RIZAL)	B	B	C
LESS DEVELOPED AREAS	C	C	C

19  
20 “CHAPTER III

21 “THE FISCAL INCENTIVES REVIEW BOARD

22 “SEC. 297. *EXPANDED FUNCTIONS OF THE FISCAL*  
23 *INCENTIVES REVIEW BOARD.* – THE FUNCTIONS AND POWERS  
24 OF THE FISCAL INCENTIVES REVIEW BOARD CREATED UNDER  
25 PRESIDENTIAL DECREE (PD) NO. 776, AS AMENDED, SHALL BE  
26 EXPANDED AS FOLLOWS:

27 “(A) TO EXERCISE POLICY MAKING AND  
28 OVERSIGHT FUNCTIONS ON THE ADMINISTRATION AND  
29 GRANT OF TAX INCENTIVES BY THE INVESTMENT  
30 PROMOTION AGENCIES AND OTHER GOVERNMENT  
31 AGENCIES ADMINISTERING TAX INCENTIVES. IN  
32 PARTICULAR, THE FISCAL INCENTIVES REVIEW BOARD  
33 SHALL:



1                   “(1) DETERMINE THE TARGET  
2 PERFORMANCE METRICS AS CONDITIONS TO  
3 AVAIL OF TAX INCENTIVES;

4                   “(2) REVIEW AND AUDIT THE COMPLIANCE  
5 OF INVESTMENT PROMOTION AGENCIES AND  
6 OTHER GOVERNMENT AGENCIES ADMINISTERING  
7 TAX INCENTIVES, WITH RESPECT TO THE  
8 ADMINISTRATION AND GRANT OF TAX INCENTIVES  
9 AND IMPOSE SANCTIONS SUCH AS BUT NOT  
10 LIMITED TO WITHDRAWAL, SUSPENSION, OR  
11 CANCELANATION OF THEIR POWER TO GRANT TAX  
12 INCENTIVES;

13                   “(3) DETERMINE THE MINIMUM CONTIGUOUS  
14 LAND AREA THAT VERTICAL ECONOMIC ZONES  
15 SHOULD COMPLY WITH;

16                   “(4) CONDUCT REGULAR MONITORING AND  
17 EVALUATION OF INVESTMENT AND NON-  
18 INVESTMENT TAX INCENTIVES, SUCH AS USING  
19 COST-BENEFIT ANALYSIS (CBA) TO DETERMINE  
20 THEIR IMPACT ON THE ECONOMY AND WHETHER  
21 AGREED PERFORMANCE TARGETS ARE MET; AND

22                   “(5) CHECK AND VERIFY, AS NECESSARY,  
23 THE COMPLIANCE OF REGISTERED BUSINESS  
24 ENTERPRISES WITH THE TERMS AND CONDITIONS  
25 OF THEIR AVAILMENT, IN PARTICULAR THE  
26 AGREED TARGET PERFORMANCE METRICS,  
27 RULES AND REGULATIONS OF THIS ACT, AND  
28 OTHER RELEVANT LAWS OR ISSUANCES;

29                   “(B) TO APPROVE OR DISAPPROVE, THE GRANT  
30 OF TAX INCENTIVES TO THE EXTENT OF THE  
31 REGISTERED PROJECT OR ACTIVITY UPON THE  
32 RECOMMENDATION OF THE INVESTMENT PROMOTION  
33 AGENCY: *PROVIDED, THAT* THE APPLICATION FOR TAX  
34 INCENTIVES SHALL BE DEEMED APPROVED IF NOT  
35 DECIDED UPON BY THE FISCAL INCENTIVES REVIEW  
36 BOARD AFTER FORTY-FIVE (45) WORKING DAYS FROM  
37 THE SUBMISSION OF THE INVESTMENT PROMOTION  
38 AGENCY RECOMMENDATION TO THE FISCAL INCENTIVES  
39 REVIEW BOARD: *PROVIDED FURTHER, THAT* THE FISCAL  
40 INCENTIVES REVIEW BOARD MAY DELEGATE THE  
41 GRANT OF TAX INCENTIVES TO THE TECHNICAL  
42 COMMITTEE OF THE FISCAL INCENTIVES REVIEW BOARD  
43 OR TO THE CONCERNED INVESTMENT PROMOTION  
44 AGENCY: *PROVIDED FINALLY, THAT* THE FIRB SHALL

1           PRESCRIBE THE CONDITIONS ON THE DELEGATION OF  
2           APPROVAL OF TAX INCENTIVES.

3           "FOR THIS PURPOSE, THE INVESTMENT  
4           PROMOTION AGENCY CONCERNED SHALL ENSURE  
5           COMPLETE SUBMISSION OF APPLICATIONS,  
6           DOCUMENTS, RECORDS, BOOKS, OR OTHER DATA  
7           RELEVANT OR MATERIAL TO ITS RECOMMENDATION."

8           "(C) TO APPROVE APPLICATIONS FOR TAX  
9           SUBSIDIES TO GOVERNMENT OWNED AND CONTROLLED  
10          CORPORATIONS, GOVERNMENT INSTRUMENTALITIES,  
11          GOVERNMENT COMMISSARIES, AND STATE  
12          UNIVERSITIES AND COLLEGES

13          "FOR THIS PURPOSE, THE OTHER GOVERNMENT  
14          AGENCIES SHALL ENSURE COMPLETE SUBMISSION OF  
15          APPLICATIONS, DOCUMENTS, RECORDS, BOOKS, OR  
16          OTHER DATA RELEVANT OR MATERIAL;

17          "(D) TO CANCEL, SUSPEND, OR WITHDRAW THE  
18          ENJOYMENT OF FISCAL INCENTIVES OF CONCERNED  
19          REGISTERED BUSINESS ENTERPRISES FOR VIOLATIONS  
20          OF ANY OF THE CONDITIONS IMPOSED IN THE GRANT OF  
21          FISCAL INCENTIVES, INCLUDING BUT NOT LIMITED TO,  
22          THE NON-COMPLIANCE OF THE AGREED PERFORMANCE  
23          COMMITMENTS OR NON-SUBMISSION OF REQUIRED  
24          REPORTS, AND ENDORSE REGISTERED BUSINESS  
25          ENTERPRISES WHOSE INCENTIVES ARE CANCELLED,  
26          SUSPENDED, OR WITHDRAWN TO THE CONCERNED  
27          REVENUE AGENCIES FOR THE ASSESSMENT AND  
28          COLLECTION OF TAXES AND DUTIES DUE COMMENCING  
29          FROM THE FIRST YEAR OF AVAILMENT;

30          "(E) TO CANCEL, SUSPEND, OR WITHDRAW THE  
31          ENJOYMENT OF TAX SUBSIDY OF CONCERNED  
32          GOVERNMENT OWNED AND CONTROLLED  
33          CORPORATIONS, GOVERNMENT INSTRUMENTALITIES,  
34          GOVERNMENT COMMISSARIES, AND STATE  
35          UNIVERSITIES AND COLLEGES AND, WHEN NECESSARY,  
36          ENDORSE THE SAME TO THE CONCERNED REVENUE  
37          AGENCIES FOR ASSESSMENT AND COLLECTION OF  
38          TAXES AND DUTIES DUE, INCLUDING FINES OR  
39          PENALTIES, IF WARRANTED, FOR VIOLATIONS OF ANY  
40          OF THE CONDITIONS IMPOSED IN THE GRANT OF TAX  
41          SUBSIDY, OR PROVISIONS OF THIS ACT, OR APPLICABLE  
42          RULES;

43          "(F) TO REQUIRE INVESTMENT PROMOTION  
44          AGENCIES AND OTHER GOVERNMENT AGENCIES



ADMINISTERING TAX INCENTIVES TO SUBMIT, REGULARLY OR WHEN REQUESTED, SUMMARIES OF APPROVED INVESTMENT AND INCENTIVES GRANTED, AND FIRM- OR ENTITY-LEVEL TAX INCENTIVES AND BENEFITS DATA AS INPUT TO THE FISCAL INCENTIVES REVIEW BOARD'S REVIEW AND AUDIT FUNCTION, AND EVALUATION OF PERFORMANCE OF RECIPIENTS OF TAX INCENTIVES;

"(G) TO PUBLISH REGULARLY, PER INDUSTRY GROUP, THE DATA PERTAINING TO THE AMOUNT OF TAX INCENTIVES, TAX PAYMENTS, AND OTHER RELATED INFORMATION, INCLUDING BENEFITS DATA;

"(H) TO OBTAIN INFORMATION, SUMMON, EXAMINE, INQUIRE AND RECEIVE FROM OTHER GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES, GOVERNMENT OWNED AND CONTROLLED CORPORATIONS (GOCCS), GOVERNMENT INSTRUMENTALITIES (GIS), GOVERNMENT COMMISSARIES, STATE UNIVERSITIES AND COLLEGES (SUCS), AND LOCAL GOVERNMENT UNITS (LGUS), DOCUMENTS, RECORDS, BOOKS, OR OTHER DATA RELEVANT OR MATERIAL TO THE RESOLUTION OF ISSUES ARISING FROM THE APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION, WITHDRAWAL OR FORFEITURE OF TAX SUBSIDY, OR IN IMPOSING PENALTIES FOR VIOLATIONS OF THE TERMS AND CONDITIONS ON THE AVAILMENT OF TAX SUBSIDY, OR ANY OF THE PROVISIONS OF THIS ACT;

"(I) TO SUBMIT ANNUAL REPORTS TO THE OFFICE OF THE PRESIDENT, AS PART OF THE BUDGET PROCESS, COVERING ITS POLICY AND ACTIVITIES IN THE ADMINISTRATION OF THIS ACT, INCLUDING RECOMMENDATIONS ON TAX INCENTIVE POLICIES AND APPROVAL OF TAX INCENTIVES;

"(J) TO DECIDE ON ISSUES, AFTER DUE HEARING, CONCERNING THE APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION, WITHDRAWAL, OR FORFEITURE OF TAX INCENTIVES OR TAX SUBSIDY IN ACCORDANCE WITH THIS ACT;

"(K) TO PROMULGATE SUCH RULES AND REGULATIONS AS MAY BE NECESSARY TO IMPLEMENT THE INTENT AND PROVISIONS OF THIS SECTION; AND

"(L) TO EXERCISE ALL OTHER POWERS NECESSARY OR INCIDENTAL TO ATTAIN THE PURPOSES

OF THIS ACT AND OTHER LAWS VESTING ADDITIONAL  
FUNCTIONS ON THE FISCAL INCENTIVES REVIEW  
BOARD.

"SEC. 298. COMPOSITION OF THE FISCAL INCENTIVES  
REVIEW BOARD. – THE FISCAL INCENTIVES REVIEW BOARD  
SHALL BE RECONSTITUTED AS FOLLOWS:

"BOARD PROPER:

"CHAIRPERSON - SECRETARY OF FINANCE

"CO-CHAIRPERSON - SECRETARY OF TRADE AND  
INDUSTRY

"MEMBERS - EXECUTIVE SECRETARY OF THE  
OFFICE OF THE PRESIDENT  
- SECRETARY OF BUDGET AND  
MANAGEMENT  
- DIRECTOR GENERAL OF THE  
NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY

"TECHNICAL COMMITTEE:

"CHAIRPERSON - UNDERSECRETARY OF FINANCE

"MEMBERS - UNDERSECRETARY OR ASSISTANT  
SECRETARY OF THE OFFICE OF THE  
EXECUTIVE SECRETARY  
- UNDERSECRETARY OF TRADE AND  
INDUSTRY AND BOARD OF  
INVESTMENTS MANAGING HEAD OR  
ASSISTANT SECRETARY OF TRADE  
AND INDUSTRY  
- UNDERSECRETARY OR ASSISTANT  
SECRETARY OF BUDGET AND  
MANAGEMENT  
- DEPUTY OR ASSISTANT DIRECTOR  
GENERAL OF THE NATIONAL  
ECONOMIC AND DEVELOPMENT  
AUTHORITY  
- COMMISSIONER OR DEPUTY  
COMMISSIONER OF INTERNAL  
REVENUE  
- COMMISSIONER OR DEPUTY  
COMMISSIONER OF CUSTOMS

"SECRETARIAT - THE SECRETARIAT SHALL BE  
HEADED BY AN ASSISTANT  
SECRETARY OF FINANCE AND  
SHALL BE STAFFED BY THE  
NATIONAL TAX RESEARCH CENTER



1 "SEC. 299. *STRUCTURE AND STAFFING PATTERN.* – THE  
2 FISCAL INCENTIVES REVIEW BOARD SECRETARIAT SHALL  
3 DETERMINE ITS ORGANIZATIONAL STRUCTURE AND STAFFING  
4 PATTERN, AND CREATE SUCH SERVICES, DIVISIONS, AND  
5 UNITS, AS IT MAY REQUIRE OR DEEM NECESSARY, SUBJECT  
6 TO THE APPROVAL BY THE DEPARTMENT OF BUDGET AND  
7 MANAGEMENT.

8 "CHAPTER IV

9 "QUALIFIED PROJECTS OR ACTIVITIES FOR TAX  
10 INCENTIVES

11 "SEC. 300. *STRATEGIC INVESTMENT PRIORITY PLAN.* –  
12 THE BOARD OF INVESTMENTS, IN COORDINATION WITH THE  
13 FISCAL INCENTIVES REVIEW BOARD, INVESTMENT  
14 PROMOTION AGENCIES, OTHER GOVERNMENT AGENCIES  
15 ADMINISTERING TAX INCENTIVES, AND THE PRIVATE SECTOR,  
16 SHALL FORMULATE THE STRATEGIC INVESTMENT PRIORITY  
17 PLAN TO BE SUBMITTED TO THE PRESIDENT FOR APPROVAL.  
18 THE PLAN SHALL BE VALID FOR A PERIOD OF THREE (3)  
19 YEARS SUBJECT TO REVIEW AND AMENDMENT AS THE NEED  
20 ARISES.

21 "THE STRATEGIC INVESTMENT PRIORITY PLAN SHALL  
22 CONTAIN THE FOLLOWING:

23 "(A) PRIORITY PROJECTS OR ACTIVITIES THAT ARE  
24 INCLUDED IN THE PHILIPPINE DEVELOPMENT PLAN OR  
25 ITS EQUIVALENT, OR OTHER GOVERNMENT PROGRAMS,  
26 TAKING INTO ACCOUNT ANY OF THE FOLLOWING:

27 "(1) SUBSTANTIAL AMOUNT OF  
28 INVESTMENTS;

29 "(2) CONSIDERABLE GENERATION OF  
30 EMPLOYMENT;

31 "(3) CONSIDERABLE AMOUNT OF NET  
32 EXPORTS;

33 "(4) USE OF MODERN, ADVANCE, OR NEW  
34 TECHNOLOGY;

35 "(5) ADOPTION OF ADEQUATE  
36 ENVIRONMENTAL PROTECTION SYSTEMS AND  
37 SUSTAINABILITY STRATEGIES;

38 "(6) ADDRESSING MISSING GAPS IN THE  
39 SUPPLY OR VALUE CHAIN OR OTHERWISE MOVING  
40 UP THE VALUE CHAIN OR PRODUCT LADDER; OR

41 "(7) PROMOTION OF MARKET  
42 COMPETITIVENESS.

43 "(B) SCOPE AND COVERAGE OF LOCATION AND  
44 INDUSTRY TIERS IN SECTION 296;

1                   “(C) TERMS AND CONDITIONS ON THE GRANT OF  
2                   ENHANCED DEDUCTIONS UNDER SECTION 294 (C),  
3                   INCLUDING THE APPROPRIATE LEVEL OF PERCENTAGE  
4                   OF DEDUCTIONS; AND

5                   “(D) SERVICES AND ACTIVITIES THAT CAN  
6                   PROMOTE REGIONAL AND GLOBAL OPERATIONS IN THE  
7                   COUNTRY.

8                   “ALL SECTORS OR INDUSTRIES THAT MAY BE INCLUDED  
9                   IN THE STRATEGIC INVESTMENT PRIORITY PLAN SHALL  
10                  UNDERGO AN EVALUATION PROCESS TO DETERMINE THE  
11                  SUITABILITY AND POTENTIAL OF THE INDUSTRY OR THE  
12                  SECTOR IN PROMOTING LONG-TERM GROWTH AND  
13                  SUSTAINABLE DEVELOPMENT, AND THE NATIONAL INTEREST.  
14                  IN NO CASE SHALL A SECTOR OR INDUSTRY BE INCLUDED IN  
15                  THE STRATEGIC INVESTMENT PRIORITY PLAN UNLESS IT IS  
16                  SUPPORTED BY A FORMAL EVALUATION PROCESS OR  
17                  REPORT.

18                  “THE PROJECTS OR ACTIVITIES MUST COMPLY WITH THE  
19                  SPECIFIC QUALIFICATION REQUIREMENTS OR CONDITIONS  
20                  FOR A PARTICULAR SECTOR OR INDUSTRY AND OTHER  
21                  LIMITATIONS AS SET AND DETERMINED BY THE BOARD OF  
22                  INVESTMENTS, AND IN COORDINATION WITH THE FISCAL  
23                  INCENTIVES REVIEW BOARD.

24                  “IN NO CASE SHALL THE INVESTMENT PROMOTION  
25                  AGENCIES ACCEPT APPLICATIONS UNLESS THE PROJECT OR  
26                  ACTIVITY IS LISTED IN THE STRATEGIC INVESTMENT PRIORITY  
27                  PLAN. PROJECTS OR ACTIVITIES NOT LISTED IN THE  
28                  STRATEGIC INVESTMENT PRIORITY PLAN SHALL BE  
29                  AUTOMATICALLY DISAPPROVED.

30                  “SEC. 301. *POWER OF THE PRESIDENT TO GRANT*  
31                  *INCENTIVES* – NOTWITHSTANDING THE PROVISIONS OF  
32                  SECTIONS 295 AND 296, THE PRESIDENT MAY, IN THE  
33                  INTEREST OF NATIONAL ECONOMIC DEVELOPMENT AND UPON  
34                  THE RECOMMENDATION OF THE FISCAL INCENTIVES REVIEW  
35                  BOARD, MODIFY THE PERIOD OR MANNER OF AVAILMENT OF  
36                  INCENTIVES PROVIDED UNDER THIS CODE FOR ANY HIGHLY  
37                  DESIRABLE PROJECT: *PROVIDED, THAT* THE TOTAL PERIOD  
38                  OF INCENTIVE AVAILMENT SHALL NOT EXCEED FORTY (40)  
39                  YEARS.

40                  “IN DETERMINING IF A PROJECT OR ACTIVITY IS A  
41                  HIGHLY DESIRABLE PROJECT, THE FISCAL INCENTIVES  
42                  REVIEW BOARD SHALL DETERMINE WHETHER THE BENEFITS  
43                  THAT THE GOVERNMENT MAY DERIVE FROM SUCH  
44                  INVESTMENT ARE CLEAR AND CONVINCING AND FAR



1 OUTWEIGH THE COST OF INCENTIVES THAT WILL BE  
2 GRANTED.

3 "IN RECOMMENDING THE MODIFIED PERIOD OR MANNER  
4 OF AVAILMENT OF INCENTIVES, THE FISCAL INCENTIVES  
5 REVIEW BOARD SHALL CONSIDER THE FOLLOWING:

6 "(1) THE PROJECT HAS A COMPREHENSIVE  
7 SUSTAINABLE DEVELOPMENT PLAN WITH CLEAR  
8 INCLUSIVE BUSINESS APPROACHES AND INNOVATIONS;  
9 AND

10 "(2) MINIMUM PAID UP CAPITAL OF ONE BILLION US  
11 DOLLARS (USD 1,000,000,000) OR A MINIMUM DIRECT  
12 LOCAL EMPLOYMENT GENERATION OF AT LEAST TEN  
13 THOUSAND (10,000) WITHIN THREE (3) YEARS FROM THE  
14 ISSUANCE OF THE CERTIFICATE OF ENTITLEMENT.

15 "PROVIDED, THAT, THE THRESHOLD SHALL BE  
16 SUBJECT TO A PERIODIC REVIEW BY THE FISCAL  
17 INCENTIVES REVIEW BOARD EVERY THREE (3) YEARS,  
18 TAKING INTO CONSIDERATION INTERNATIONAL  
19 STANDARDS OR OTHER ECONOMIC INDICATORS.  
20 PROVIDED, FURTHER, THAT IF THE PROJECTED IMPACT  
21 ON THE ECONOMY AND AGREED PERFORMANCE  
22 TARGETS ARE NOT MET BY THE PROJECT, THE FISCAL  
23 INCENTIVES REVIEW BOARD SHALL RECOMMEND TO  
24 THE PRESIDENT THE CANCELLATION OF THE MODIFIED  
25 PERIOD OR MANNER OF AVAILMENT OF INCENTIVES.

26 "SEC. 302. AMENDMENTS TO THE STRATEGIC  
27 INVESTMENT PRIORITY PLAN. – SUBJECT TO PUBLICATION  
28 REQUIREMENTS AND THE CRITERIA FOR INVESTMENT  
29 PRIORITY DETERMINATION, THE BOARD OF INVESTMENTS  
30 MAY, AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE  
31 STRATEGIC INVESTMENT PRIORITY PLAN, ALTER ANY OF THE  
32 TERMS OF THE DECLARATION OF AN INVESTMENT AREA, AND  
33 TEMPORARILY SUSPEND PROJECTS OR ACTIVITIES ON THE  
34 STRATEGIC INVESTMENT PRIORITY PLAN IF IT CONSIDERS  
35 THAT SUCH PROJECT OR ACTIVITY IS NO LONGER A PRIORITY  
36 WITHIN THE EFFECTIVITY OF THE STRATEGIC INVESTMENT  
37 PRIORITY PLAN.

38 "SEC. 303. PUBLICATION. – UPON APPROVAL OF THE  
39 PLAN, IN WHOLE OR IN PART, OR UPON APPROVAL OF AN  
40 AMENDMENT THEREOF, THE PLAN OR THE AMENDMENT,  
41 SPECIFYING AND DECLARING THE AREAS OF INVESTMENTS  
42 SHALL BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER OF  
43 GENERAL CIRCULATION OR THE OFFICIAL GAZETTE;  
44 PROVIDED, THAT ALL SUCH AREAS IN THE EXISTING

1 STRATEGIC INVESTMENT PRIORITY PLAN SHALL BE OPEN FOR  
2 APPLICATION UNTIL PUBLICATION OF AN AMENDMENT OR  
3 DELETION THEREOF.

4 "SEC. 304. *QUALIFICATIONS OF A REGISTERED*  
5 *BUSINESS ENTERPRISES FOR TAX INCENTIVES.* — IN THE  
6 REVIEW AND GRANT OF TAX INCENTIVES BY THE FISCAL  
7 INCENTIVES REVIEW BOARD, THE REGISTERED BUSINESS  
8 ENTERPRISE MUST:

9 "(A) BE ENGAGED IN A PROJECT OR ACTIVITY  
10 INCLUDED IN THE STRATEGIC INVESTMENT PRIORITY  
11 PLAN;

12 "(B) MEET THE TARGET PERFORMANCE METRICS  
13 AFTER THE AGREED TIME PERIOD;

14 "(C) INSTALL AN ADEQUATE ACCOUNTING SYSTEM  
15 THAT SHALL IDENTIFY THE INVESTMENTS, REVENUES,  
16 COSTS AND PROFITS OR LOSSES OF EACH REGISTERED  
17 PROJECT OR ACTIVITY UNDERTAKEN BY THE  
18 ENTERPRISE SEPARATELY FROM THE AGGREGATE  
19 INVESTMENTS, REVENUES, COSTS AND PROFITS OR  
20 LOSSES OF THE WHOLE ENTERPRISE; OR ESTABLISH A  
21 SEPARATE CORPORATION FOR EACH REGISTERED  
22 PROJECT OR ACTIVITY IF THE INVESTMENT PROMOTION  
23 AGENCY SHOULD SO REQUIRE;

24 "(D) COMPLY WITH THE E-RECEIPTING AND E-  
25 SALES REQUIREMENT IN ACCORDANCE WITH SECTIONS  
26 237 AND 237-A OF THIS CODE; AND

27 "(E) SUBMIT ANNUALLY REPORTS OF OWNERSHIP  
28 OF THE ORGANIZATION AND RELATED PARTIES.

29 "CHAPTER V

30 "TAX INCENTIVES MANAGEMENT AND  
31 TRANSPARENCY"

32 "SEC. 305. *FILING OF TAX RETURNS AND SUBMISSION*  
33 *OF TAX INCENTIVES REPORTS.* — ALL REGISTERED BUSINESS  
34 ENTERPRISES AND OTHER REGISTERED ENTITIES WHETHER  
35 TAXABLE OR EXEMPT, ARE REQUIRED TO FILE THEIR TAX  
36 RETURNS AND PAY THEIR TAX LIABILITIES, ON OR BEFORE  
37 THE DEADLINE AS PROVIDED UNDER THE NIRC, AS AMENDED,  
38 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT  
39 OF TAXES WITH THE BUREAU OF INTERNAL REVENUE:  
40 *PROVIDED, THAT,* FOR PURPOSES OF COMPLYING WITH THEIR  
41 TAX OBLIGATIONS, COOPERATIVES AND OTHER REGISTERED  
42 ENTITIES WHICH DO NOT HAVE ACCESS TO THE ELECTRONIC  
43 FACILITIES SHALL FILE WITH THEIR RESPECTIVE REVENUE  
44 DISTRICT OFFICES.



1 "FOR REGISTERED BUSINESS ENTERPRISES AND OTHER  
2 REGISTERED ENTERPRISES AVAILING OF TAX INCENTIVES  
3 ADMINISTERED BY THE INVESTMENT PROMOTION AGENCIES  
4 AND OTHER GOVERNMENT AGENCIES ADMINISTERING TAX  
5 INCENTIVES, THEY SHALL FILE WITH THEIR RESPECTIVE  
6 INVESTMENT PROMOTION AGENCIES OR OTHER GOVERNMENT  
7 AGENCIES ADMINISTERING TAX INCENTIVES A COMPLETE  
8 ANNUAL TAX INCENTIVES REPORT OF THEIR INCOME-BASED  
9 TAX INCENTIVES, VALUE-ADDED TAX EXEMPTIONS AND ZERO-  
10 RATING, CUSTOMS DUTY EXEMPTIONS, DEDUCTIONS, CREDITS  
11 OR EXCLUSIONS FROM THE INCOME TAX BASE, AND  
12 EXEMPTIONS FROM LOCAL TAXES, AS PROVIDED IN THE  
13 SPECIAL LAWS OF THE CONCERNED INVESTMENT PROMOTION  
14 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING  
15 TAX INCENTIVES, AND RESPECTIVE LAWS, AND A COMPLETE  
16 ANNUAL BENEFITS REPORT WHICH SHALL INCLUDE DATA  
17 SUCH AS BUT NOT LIMITED TO THE APPROVED AND ACTUAL  
18 AMOUNT OF INVESTMENTS, APPROVED AND ACTUAL  
19 EMPLOYMENT LEVEL AND JOB CREATION, APPROVED AND  
20 ACTUAL EXPORTS AND IMPORTS, DOMESTIC PURCHASES,  
21 PROFITS AND DIVIDEND PAYOUT, ALL TAXES PAID, WITHHELD  
22 AND FOREGONE WITHIN THIRTY (30) CALENDAR DAYS FROM  
23 THE STATUTORY DEADLINE FOR FILING OF TAX RETURNS AND  
24 PAYMENT OF TAXES; *PROVIDED*, THAT, A COPY OF THE  
25 REPORT SHALL BE SIMULTANEOUSLY SUBMITTED TO THE  
26 FISCAL INCENTIVES REVIEW BOARD IN ELECTRONIC FORM.

27 "THE INVESTMENT PROMOTION AGENCIES AND OTHER  
28 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES  
29 SHALL, WITHIN SIXTY (60) CALENDAR DAYS FROM THE END OF  
30 THE STATUTORY DEADLINE FOR FILING OF THE RELEVANT  
31 TAX RETURNS, SUBMIT TO THE BUREAU OF INTERNAL  
32 REVENUE, THEIR RESPECTIVE ANNUAL TAX INCENTIVES  
33 REPORTS BASED ON THE LIST OF THE REGISTERED BUSINESS  
34 ENTERPRISES AND OTHER REGISTERED ENTERPRISES WHICH  
35 HAVE FILED SAID TAX INCENTIVES REPORT.

36 "THE DETAILS OF THE TAX INCENTIVES REPORTS, AS  
37 PROVIDED IN THE PRECEDING PARAGRAPHS, SHALL BE  
38 PROVIDED IN THE IMPLEMENTING RULES AND REGULATIONS  
39 OF THIS ACT.

40 "THE FOREGOING PROVISIONS SHALL BE WITHOUT  
41 PREJUDICE TO THE RIGHT OF THE BUREAU OF INTERNAL  
42 REVENUE AND THE BUREAU OF CUSTOMS TO ASSESS AND/OR  
43 AUDIT TAX LIABILITIES, IF ANY, WITHIN THE PRESCRIBED  
44 PERIOD PROVIDED IN THE NIRC, AS AMENDED, AND THE



1 CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA), AS  
2 AMENDED, RESPECTIVELY.

3 "SEC. 306. *MONITORING, EVALUATION, AND REPORTING*  
4 *OF TAX INCENTIVES.* — NOTWITHSTANDING ANY LAW TO THE  
5 CONTRARY, THE BUREAU OF INTERNAL REVENUE AND THE  
6 BUREAU OF CUSTOMS SHALL SUBMIT TO THE DEPARTMENT  
7 OF FINANCE: (A) ALL TAX AND DUTY INCENTIVES OF  
8 REGISTERED BUSINESS ENTERPRISES AND OTHER  
9 REGISTERED ENTERPRISES, AS REFLECTED IN THEIR FILED  
10 TAX RETURNS AND IMPORT ENTRIES; AND (B) ACTUAL TAX  
11 AND DUTY INCENTIVES AS EVALUATED AND DETERMINED BY  
12 THE BUREAU OF INTERNAL REVENUE AND THE BUREAU OF  
13 CUSTOMS.

14 "THE DEPARTMENT OF FINANCE SHALL MAINTAIN A  
15 SINGLE DATABASE FOR MONITORING AND ANALYSIS OF TAX  
16 INCENTIVES GRANTED.

17 "THE FISCAL INCENTIVES REVIEW BOARD IS MANDATED  
18 TO SYSTEMATICALLY COLLECT AND STORE ALL TAX  
19 INCENTIVES AND BENEFIT DATA FROM THE DEPARTMENT OF  
20 FINANCE, INVESTMENT PROMOTION AGENCIES, OTHER  
21 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES,  
22 REGISTERED BUSINESS ENTERPRISES, AND OTHER  
23 REGISTERED ENTERPRISES, AS WELL AS TO EVALUATE AND  
24 ASSESS THE PROCESS, OUTCOMES, AND IMPACT OF  
25 INCENTIVES GRANTED TO FIRMS TO DETERMINE WHETHER  
26 AGREED PERFORMANCE TARGETS AND INTENDED RESULTS  
27 AND OUTCOMES ARE MET. THE METHOD OF EVALUATION MAY  
28 INCLUDE THE CONDUCT OF COST-BENEFIT ANALYSIS OR  
29 OTHER PROCESS AND IMPACT EVALUATION METHODS:  
30 *PROVIDED, THAT* FOR PURPOSES OF THIS ACT, THE TERM  
31 COST-BENEFITS ANALYSIS REFERS TO THE SYSTEMATIC  
32 EVALUATION OF THE TOTAL COSTS OF GRANTING TAX  
33 INCENTIVES VIS-À-VIS THE TOTAL BENEFITS DERIVED FROM  
34 THE GRANT OF TAX INCENTIVES BASED ON THE ANNUAL TAX  
35 INCENTIVE REPORT, ANNUAL BENEFITS REPORT, AND OTHER  
36 RELATED SOURCES, TO CALCULATE THE NET BENEFIT OR  
37 COST ASSOCIATED WITH TAX INCENTIVES.

38 "FOR PURPOSES OF MONITORING AND TRANSPARENCY,  
39 THE DEPARTMENT OF FINANCE SHALL SUBMIT TO THE  
40 DEPARTMENT OF BUDGET AND MANAGEMENT AGGREGATE  
41 DATA ON A SECTORAL AND PER INDUSTRY BASIS OF: (1) THE  
42 AMOUNT OF TAX INCENTIVES AVAILED OF BY REGISTERED  
43 BUSINESS ENTERPRISES AND OTHER REGISTERED  
44 ENTERPRISES; (2) THE ESTIMATE CLAIMS OF TAX INCENTIVES



1 IMMEDIATELY PRECEDING THE CURRENT YEAR; (3) THE  
2 PROGRAMMED TAX INCENTIVES FOR THE CURRENT YEAR;  
3 AND (4) THE PROJECTED TAX INCENTIVES FOR THE  
4 FOLLOWING YEAR.

5 "THE AFORESAID DATA SHALL BE REFLECTED BY THE  
6 DBM IN THE ANNUAL BUDGET OF EXPENDITURES AND  
7 SOURCES OF FINANCING (BESF), WHICH SHALL BE KNOWN AS  
8 THE TAX INCENTIVES INFORMATION (TII) SECTION: *PROVIDED*,  
9 *THAT* THE TAX INCENTIVES INFORMATION SHALL BE LIMITED  
10 TO THE AGGREGATE DATA RELATED TO INCENTIVES AVAILED  
11 OF BY REGISTERED BUSINESS ENTERPRISES AND OTHER  
12 REGISTERED ENTERPRISES BASED ON THE SUBMISSIONS OF  
13 THE DEPARTMENT OF FINANCE AND THE CONCERNED  
14 INVESTMENT PROMOTION AGENCIES AND OTHER  
15 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES,  
16 CATEGORIZED BY SECTOR, BY INVESTMENT PROMOTION  
17 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING  
18 TAX INCENTIVES, AND BY TYPE OF TAX INCENTIVE. *PROVIDED*  
19 *FURTHER*, THAT THE RESULTS OF THE COST-BENEFIT  
20 ANALYSIS SHALL BE PUBLISHED AT THE INDUSTRY-LEVEL BY  
21 THE FISCAL INCENTIVES REVIEW BOARD AND A REPORT  
22 SHALL BE SUBMITTED TO THE PRESIDENT AND CONGRESS ON  
23 AN ANNUAL BASIS.

24 "SEC. 307. *CONDUCT OF COST-BENEFIT ANALYSIS ON*  
25 *TAX INCENTIVES.* – THE FISCAL INCENTIVES REVIEW BOARD IS  
26 MANDATED TO CONDUCT COST-BENEFIT ANALYSIS ON THE  
27 INVESTMENT AND NON-INVESTMENT INCENTIVES TO  
28 DETERMINE THE IMPACT OF TAX INCENTIVES ON THE  
29 PHILIPPINE ECONOMY AND ON THE RELEVANT SECTOR.

30 "FOR THIS PURPOSE, ALL HEADS OF THE INVESTMENT  
31 PROMOTION AGENCIES AND OTHER GOVERNMENT AGENCIES  
32 ADMINISTERING TAX INCENTIVES SHALL SUBMIT TO THE  
33 FISCAL INCENTIVES REVIEW BOARD FIRM- AND PER  
34 REGISTERED PROJECT- OR ACTIVITY-LEVEL:

35 (1) DATA ON TAX INCENTIVES BASED ON THE  
36 SUBMISSIONS OF REGISTERED BUSINESS ENTERPRISES  
37 AND OTHER REGISTERED ENTERPRISES; AND

38 (2) OTHER INVESTMENT- AND NON-INVESTMENT-  
39 RELATED DATA.

40 "SEC. 308. *PENALTIES FOR NONCOMPLIANCE WITH*  
41 *FILING AND REPORTORIAL REQUIREMENTS.* — ANY  
42 REGISTERED BUSINESS ENTERPRISE OR OTHER REGISTERED  
43 ENTERPRISE WHICH FAILS TO COMPLY WITH FILING AND  
44 REPORTORIAL REQUIREMENTS WITH THE APPROPRIATE

1 INVESTMENT PROMOTION AGENCIES OR OTHER GOVERNMENT  
2 AGENCIES ADMINISTERING TAX INCENTIVES AND/OR WHICH  
3 FAILS TO SHOW PROOF OF FILING OF TAX RETURNS USING  
4 THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF  
5 TAXES OF THE BUREAU OF INTERNAL REVENUE UNDER  
6 SECTION 305 HEREOF, SHALL BE IMPOSED THE FOLLOWING  
7 PENALTIES BY THE APPROPRIATE INVESTMENT PROMOTION  
8 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING  
9 TAX INCENTIVES:

10           “(A) FIRST VIOLATION – PAYMENT OF A FINE  
11           AMOUNTING TO ONE HUNDRED THOUSAND PESOS  
12           (P100,000.00);

13           “(B) SECOND VIOLATION – PAYMENT OF A FINE  
14           AMOUNTING TO FIVE HUNDRED THOUSAND PESOS  
15           (P500,000.00); AND

16           “(C) THIRD VIOLATION – CANCELLATION BY THE  
17           FISCAL INCENTIVES REVIEW BOARD OF THE  
18           REGISTRATION OF THE REGISTERED BUSINESS  
19           ENTERPRISE OR REGISTERED ENTITY WITH THE  
20           INVESTMENT PROMOTION AGENCY OR OTHER  
21           GOVERNMENT AGENCY ADMINISTERING TAX  
22           INCENTIVES.

23           “*PROVIDED, THAT IF THE FAILURE TO SHOW SUCH*  
24           *PROOF IS NOT DUE TO THE FAULT OF THE REGISTERED*  
25           *BUSINESS ENTERPRISES OR OTHER REGISTERED*  
26           *ENTERPRISES, THE SAME SHALL NOT BE A GROUND FOR THE*  
27           *SUSPENSION OF THE INCOME TAX HOLIDAY AND/OR OTHER*  
28           *TAX INCENTIVES AVAILMENT: PROVIDED, FURTHER THAT*  
29           *COLLECTIONS FROM THE PENALTIES SHALL ACCRUE TO THE*  
30           *GENERAL FUND.*

31           “ANY GOVERNMENT OFFICIAL OR EMPLOYEE WHO FAILS  
32           WITHOUT JUSTIFIABLE REASON TO PROVIDE OR FURNISH THE  
33           REQUIRED TAX INCENTIVES REPORT OR OTHER DATA OR  
34           INFORMATION AS REQUIRED UNDER SECTIONS 15 AND 16  
35           OF THIS ACT SHALL BE PENALIZED, AFTER DUE PROCESS, BY  
36           A FINE EQUIVALENT TO THE OFFICIAL’S OR EMPLOYEE’S  
37           BASIC SALARY FOR A PERIOD OF ONE (1) MONTH TO SIX (6)  
38           MONTHS OR BY SUSPENSION FROM GOVERNMENT SERVICE  
39           FOR NOT MORE THAN ONE (1) YEAR, OR BOTH, IN ADDITION TO  
40           ANY CRIMINAL AND ADMINISTRATIVE PENALTIES IMPOSABLE  
41           UNDER EXISTING LAWS.



1 "CHAPTER VI"

2 "TRANSITORY AND MISCELLANEOUS PROVISIONS"

3 "SEC. 309. *NO DOUBLE REGISTRATION OF ENTERPRISES.*

4 – REGISTERED ENTERPRISES SHALL NOT BE ALLOWED TO  
5 REGISTER THEIR ACTIVITIES IN MORE THAN ONE (1)  
6 INVESTMENT PROMOTION AGENCY: *PROVIDED, THAT,*  
7 REGISTERED BUSINESS ENTERPRISES RENDERING AUXILIARY  
8 PROJECTS OR ACTIVITIES MAY BE ALLOWED TO REGISTER IN  
9 MORE THAN ONE INVESTMENT PROMOTION AGENCY SUBJECT  
10 TO THE APPROVAL OF THE FISCAL INCENTIVES REVIEW  
11 BOARD.

12 "SEC. 310. *GOVERNANCE RULES.* – THE FISCAL  
13 INCENTIVES REVIEW BOARD MAY REQUIRE DOMESTIC  
14 REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK  
15 IN ANY ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER  
16 A PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC AND/OR  
17 THEIR EMPLOYEES WITHIN FIVE (5) YEARS FROM DATE OF  
18 REGISTRATION."

19 "SEC. 311. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF*  
20 *THIS ACT.* – REGISTERED BUSINESS ENTERPRISES WITH  
21 INCENTIVES GRANTED PRIOR TO THE EFFECTIVITY OF THIS  
22 ACT SHALL BE SUBJECT TO THE FOLLOWING RULES:

23 "(A) REGISTERED BUSINESS ENTERPRISES WHOSE  
24 PROJECTS OR ACTIVITIES WERE GRANTED ONLY AN  
25 INCOME TAX HOLIDAY PRIOR TO THE EFFECTIVITY OF  
26 THIS ACT SHALL BE ALLOWED TO CONTINUE WITH THE  
27 AVAILMENT OF THE INCOME TAX HOLIDAY FOR THE  
28 REMAINING PERIOD OF THE INCOME TAX HOLIDAY AS  
29 SPECIFIED IN THE TERMS AND CONDITIONS OF THEIR  
30 REGISTRATION; *PROVIDED, THAT* FOR THOSE THAT  
31 HAVE BEEN GRANTED THE INCOME TAX HOLIDAY BUT  
32 HAVE NOT YET AVAILED OF THE INCENTIVE UPON THE  
33 EFFECTIVITY OF THIS ACT, THEY MAY USE THE INCOME  
34 TAX HOLIDAY FOR THE PERIOD SPECIFIED IN THE  
35 TERMS AND CONDITION OF THEIR REGISTRATION.

36 "(B) REGISTERED BUSINESS ENTERPRISES WHOSE  
37 PROJECTS OR ACTIVITIES WERE GRANTED AN INCOME  
38 TAX HOLIDAY PRIOR TO THE EFFECTIVITY OF THIS ACT  
39 AND THAT WILL EXPIRE WITHIN FIVE YEARS FROM THE  
40 EFFECTIVITY OF THIS ACT AND THAT ARE ENTITLED TO  
41 THE FIVE PERCENT (5%) TAX ON GROSS INCOME  
42 EARNED INCENTIVE AFTER THE INCOME TAX HOLIDAY  
43 SHALL BE ALLOWED TO AVAIL OF THE FIVE PERCENT  
44 (5%) GROSS INCOME EARNED INCENTIVE FOR THE

1 REMAINING PERIOD AFTER THE INCOME TAX HOLIDAY  
2 NOT TO EXCEED FIVE (5) YEARS FROM THE EFFECTIVITY  
3 OF THIS ACT.

4 “(C) REGISTERED BUSINESS ENTERPRISES  
5 CURRENTLY AVAILING OF THE FIVE (5%) PERCENT TAX  
6 ON GROSS INCOME EARNED GRANTED PRIOR TO THE  
7 EFFECTIVITY OF THIS ACT SHALL BE ALLOWED TO  
8 CONTINUE AVAILING THE SAID TAX INCENTIVE AT THE  
9 RATE OF FIVE PERCENT (5%) IN 2020 AND THEREAFTER,  
10 FOLLOWING THE SCHEDULE:

11 “(1) TWO (2) YEARS FOR PROJECTS OR  
12 ACTIVITIES AVAILING OF THE GROSS INCOME  
13 EARNED INCENTIVE FOR MORE THAN TEN (10)  
14 YEARS;

15 “(2) THREE (3) YEARS FOR PROJECTS OR  
16 ACTIVITIES AVAILING OF THE GROSS INCOME  
17 EARNED INCENTIVE BETWEEN FIVE (5) AND TEN  
18 (10) YEARS;

19 “(3) FIVE (5) YEARS FOR PROJECTS OR  
20 ACTIVITIES AVAILING OF THE GROSS INCOME  
21 EARNED INCENTIVE BELOW FIVE (5) YEARS; AND

22 “(4) SEVEN (7) YEARS FOR PROJECTS OR  
23 ACTIVITIES WHICH WILL SATISFY ANY OF THE  
24 FOLLOWING CONDITIONS: (i) REGISTERED  
25 EXPORTERS THAT EXPORT ONE HUNDRED  
26 PERCENT (100%) OF THEIR GOODS AND SERVICES;  
27 (ii) REGISTERED BUSINESS ENTERPRISES THAT  
28 EMPLOY AT LEAST TEN THOUSAND (10,000)  
29 FILIPINO EMPLOYEES DIRECTLY ENGAGED IN THE  
30 PRODUCTION OF THE REGISTERED PROJECT OR  
31 ACTIVITY PRIOR TO THE EFFECTIVITY OF THIS ACT;  
32 OR (iii) REGISTERED ENTERPRISES ENGAGED IN  
33 FOOTLOOSE PROJECTS OR ACTIVITIES AS  
34 DEFINED HEREIN.

35 “EXISTING REGISTERED PROJECTS OR ACTIVITIES  
36 WHICH WILL QUALIFY FOR REGISTRATION UNDER THE  
37 STRATEGIC INVESTMENT PRIORITY PLAN MAY OPT TO BE  
38 GOVERNED BY THE PROVISIONS OF THIS ACT; IN SUCH CASE,  
39 THE SAID ENTERPRISES SHALL BE REQUIRED TO SURRENDER  
40 THEIR CERTIFICATES OF REGISTRATION WHICH SHALL BE  
41 DEEMED AS AN EXPRESS WAIVER OF PRIVILEGE TO AVAIL OF  
42 INCENTIVES PROVIDED IN THE INCENTIVES LAW UNDER WHICH  
43 THEY WERE PREVIOUSLY REGISTERED.



1 "FOR PURPOSES OF THIS SECTION, A FOOTLOOSE  
2 PROJECT OR ACTIVITY SHALL MEET ALL OF THE FOLLOWING  
3 QUALIFICATIONS: (1) IT IS A MANUFACTURING ACTIVITY OR  
4 PROJECT; (2) IT HAS A DIRECT LABOR EXPENSE TO ASSET  
5 RATIO OF AT LEAST SEVENTY PERCENT (70%) FOR THREE  
6 CONSECUTIVE YEARS IMMEDIATELY PRECEDING THE YEAR OF  
7 IMPLEMENTATION OF THIS ACT; (3) IT EXPORTS ONE HUNDRED  
8 PERCENT (100%) OF ITS MANUFACTURED GOODS; AND (4) ITS  
9 ACTUAL AREA OF OPERATION IS OUTSIDE METRO MANILA:  
10 PROVIDED, THAT, THE FISCAL INCENTIVES REVIEW BOARD  
11 MAY MODIFY THE DIRECT LABOR EXPENSE TO ASSET RATIO  
12 OR THE MANUFACTURING EXPORT REQUIREMENTS, UPON THE  
13 RECOMMENDATION OF THE BOARD OF INVESTMENTS,  
14 CONSISTENT WITH THE STRATEGIC INVESTMENT PRIORITY  
15 PLAN."

16  
17 **SEC. 10-A. Repealing Clause.** – The following laws, decrees, executive  
18 orders, rules and regulations are hereby repealed:

19 (A) To transfer to the Fiscal Incentives Review Board the power of the  
20 Investment Promotion Agency Board to review, approve, or disapprove fiscal  
21 incentives and to mandate the Investment Promotion Agency Board to recommend  
22 to the Fiscal Incentives Review Board after a thorough review of the application, the  
23 approval or disapproval of the same, the following provisions are hereby repealed:

24 (1) Articles 7(3)(8) and (14) of Executive Order No. 226, series of 1987,  
25 entitled "the Omnibus Investments Code of 1987", as amended by RA 7918,  
26 entitled "An Act Amending Article 39, Title III of Executive Order No. 226,  
27 series of 1987, entitled, 'the Omnibus Investment Code of 1987, as Amended,  
28 and for Other Purposes";

29 (2) Section 1 of Executive Order No. 458, series of 1991, entitled  
30 "Devolving the Powers and Functions of the Board of Investments Over  
31 Investments Within the Autonomous Region in Muslim Mindanao to the  
32 Autonomous Regional Government and for Other Purposes";

33 (3) Sections 7 and 8 of Republic Act 9400, entitled "An Act Amending  
34 Republic Act No. 7227, as amended, Otherwise Known as the Bases  
35 Conversion and Development Act of 1992, and for Other Purposes";

36 (4) Section 85(a) of Subchapter IV-B of RA 9593, entitled "An Act  
37 Declaring a National Policy for Tourism as an Engine of Investment,  
38 Employment, Growth and National Development and Strengthening the  
39 Department of Tourism and its Attached Agencies to Effectively Implement  
40 that Policy, and Appropriating Funds Therefor", as amended by Republic Act  
41 No. 11262;

42 (5) Sections 7 and 8 of Republic Act No. 9490, entitled "An Act  
43 Establishing the Aurora Special Economic Zone in the Province of Aurora,  
44 Creating for the Purpose the Aurora Special Economic Zone Authority,

Appropriating Funds Therefor and for Other Purposes”, as amended by Republic Act No. 10083, entitled “An Act Amending Republic Act No. 9490, Otherwise Known as the “Aurora Special Economic Zone Act of 2007”;

(6) Section 13(i) of RA 7916, “An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority and for Other Purposes, as amended by RA 8748 entitled; and

(B) The provisions of the following laws, including the tax incentives, that are inconsistent with this Act are hereby repealed:

(1) Book I, Title III, Article 39(A), (B), (C), (D), (E), (I), (J), (K), (M) and (N); Title IV, Article 40; Book III, Articles 61, 62, 63, 64, 65, 66, and 67; Book IV Article 69; Book VI, Articles 77 and 78 of Executive Order No. 226, series of 1987, entitled “The Omnibus Investments Code of 1987”, as amended by Republic Act No. 7918, and further amended by Republic Act No. 8756”;

(2) Executive Order No. 85, series of 2019, entitled “Reducing the Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported by Board of Investments - Registered New and Expanding Enterprises”;

(3) Section 17 (1) and (2), and Section 18(a), (b), (c), and (f) of Presidential Decree No. 66, entitled “Creating the Export Processing Zone Authority and Revising Republic Act No. 5490”;

(4) Section 4(e) and (f) of Republic Act No. 7903, entitled “An Act Creating Special Economic Zone and Freeport in the City of Zamboanga and Establishing for this Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes”;

(5) Section 4(b) and (c) of Republic Act No. 7922, entitled “An Act Establishing a Special Economic Zone and Freeport in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan Providing Funds Therefor, and for Other Purposes”;

(6) Section 23 of Republic Act No. 7916, entitled “An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for the Purpose the Philippine Economic Zone Authority (PEZA), and for Other Purposes” as amended by Republic Act No. 8748”;

(7) Sections 4(f), 5 and 9 of Republic Act No. 9490, entitled “An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes”, as amended by RA 10083;

(8) Sections 4(f), 5, 9 and 10 of Republic Act No. 9728, entitled “An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes”;



(9) Section 16 of Republic Act No. 7844, entitled "An Act to Develop Exports as a Key Towards the Achievement of the National Goals Towards the Year 2000";

(10) Sections 86(a),(c),(d),(e),(f), 88, and 95(a) and (b) of Republic Act No. 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently Implement That Policy, and Appropriating Funds Therefor";

(11) Section 9 of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the Philippine Veterans Development Corporation, Defining its Powers, Functions and Responsibilities, and for Other Purposes" as amended by Presidential Decree No. 1491;

(12) Section 1 (G) of Executive Order No. 458, series of 1991, entitled "Devolving the Powers and Functions of the Board of Investments Over Investments Within the Autonomous Region in Muslim Mindanao to the Autonomous Regional Government and for Other Purposes";

(13) Presidential Decree No. 1955, entitled "Withdrawing, Subject to Certain Conditions, the Duty and Tax Privileges Granted to Private Business Enterprises and/or Persons Engaged in Any Economic Activity and for Other Purposes".

(C) To expand the powers and functions of the Fiscal Incentives Review Board and enhance its membership, the provisions of the following laws that are inconsistent with this Act are hereby repealed:

(1) Sections 1(6) and 2 of Presidential Decree No. 776, entitled "Repealing All Laws, Acts, Decrees, Orders and Ordinances, Granting Exemptions from Taxes, Duties, Fees, Imposts and Other Charges Under Certain Exceptions and Creating a Fiscal Incentives Board";

(2) Section 2 of Presidential Decree No. 1931, series of 1984, entitled "Directing the Rationalization of Duty and Tax Exemption Privileges Granted to Government-Owned or -Controlled Corporations and All Other Units of Government";

(3) Section 1(c) and (d) of Executive Order No. 93, series of 1986, entitled "Withdrawing All Tax and Duty Incentives, Subject to Certain Exceptions, Expanding the Powers of the Fiscal Incentives Review Board and for Other Purposes"; and

(4) Memorandum Order No. 23, series of 1986, entitled "Expanding the Membership of the Fiscal Incentives Review Board".

(D) The provisions of the following laws, that are inconsistent with the provisions on the Strategic Investment Priority Plan, are hereby repealed:

(1) Article 7(1) of Chapter II; Article 26, Chapter I, Title I, Book I; and Chapter II, Title I, Book I of EO 226, series of 1987, as amended, entitled "the Omnibus Investments Code of 1987"; and

(2) Sections 1(F), 2, and 3 of Executive Order No. 458, series of 1991 entitled, "Devolving the Powers and Functions of the Board of Investments Over Investments Within the Autonomous Region in Muslim Mindanao to the Autonomous Regional Government and for Other Purposes".

(E) Sections 4, 5, 6, and 7 of RA 10708, entitled "An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies."

All other laws, decrees, executive orders, rules and regulations, or parts thereof which are contrary to or inconsistent with this Act are hereby repealed accordingly.

**SEC. 10-B. *Amendatory Clause.*** – The following laws, decrees, executive orders, rules and regulations are hereby amended or modified accordingly:

(A) To transfer to the Fiscal Incentives Review Board the power of the Investment Promotion Agency Board to review, approve, or disapprove fiscal incentives and to mandate the Investment Promotion Agency Board to recommend to the Fiscal Incentives Review Board after a thorough review of the application, the approval or disapproval of the same, the following provisions are hereby amended:

(1) Section 7(a) and (c) of Republic Act No. 7903, entitled "An Act Creating a Special Economic Zone and Freeport in the City of Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";

(2) Sections 4(f), 8, and 13(c) of Republic Act No. 9728, entitled "An Act Converting the Bataan Economic Zone located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan, Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes", as amended by Republic Act No. 11453;

(3) Sections 12(b), 13(b), 15, and 15-C of Republic Act No. 7227, entitled "An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for the Purpose, Providing Funds Therefor and for Other Purposes", as amended by Republic Act No. 9400;

(4) Sections 69(n) of Subchapter IV-B of RA 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development and Strengthening the Department of Tourism and its Attached Agencies to Effectively Implement that Policy, and Appropriating Funds Therefor", as amended by Republic Act No. 11262;

(5) Section 12(a) & (b) of Republic Act No. 9490, entitled "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes", as amended by Republic Act No. 10083, entitled "An Act Amending Republic Act No. 9490, Otherwise Known as the "Aurora Special Economic Zone Act of 2007";



(6) Section 6(c) of Republic Act No. 7922, entitled "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands of Cagayan, Providing Funds Therefor, and for Other Purposes";

(7) Section 4(a) of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the Philippines Veterans Investment Development Corporation, Defining its Powers, Functions and Responsibilities, and for Other Purposes";

(8) Sections 13(a) and 15 of RA 7916, "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority and for Other Purposes, as amended by RA 8748 entitled; and

(B) The provisions of the following laws, including the tax incentives, that are inconsistent with this Act are hereby amended:

(1) Section 24 of Republic Act No. 7916, entitled "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for the Purpose the Philippine Economic Zone Authority (PEZA), and for Other Purposes" as amended by Republic Act No. 8748";

(2) Sections 12(c), 15, 15-A, 15-B, 15-C of Republic Act No. 7227, entitled "An Act Accelerating the Conversion of Military Reservations into other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds therefor and for other Purposes" as amended by Republic Act No. 9400, and further amended by Executive Order No. 619, series of 2007";

(3) Section 6 of Republic Act No. 9728, entitled "An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes";

(4) Sections 86(b) of Republic Act No. 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently Implement That Policy, and Appropriating Funds Therefor";

(5) Section 8 of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the Philippine Veterans Development Corporation, Defining its Powers, Functions and Responsibilities, and for Other Purposes" as amended by Presidential Decree No. 1491;

(6) Section 1(1.1) of Executive Order No. 97-A, series of 1993, entitled "Further Clarifying the Tax and Duty-Free Privilege Within the Subic Special Economic and Free Port Zone";

(C) The provisions of the following laws that are inconsistent with the provisions on the Strategic Investment Priority Plan are hereby amended:

(1) Section 13(j) of Republic Act No. 9728, entitled "An Act Converting the Bataan Economic Zone located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan, Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes", as amended by Republic Act No. 11453;

(2) Section 12(f) of Republic Act No. 9490, as amended, entitled "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes";

(3) Section 6(f) of Republic Act No. 7922 entitled, "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands of Cagayan, Providing Funds Therefor, and for Other Purposes";

(4) Section 21 of Republic Act No. 7916, as amended, entitled "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority and for Other Purposes;

(5) Article 32, Chapter III, Title I, Book I of EO 226, series of 1987, as amended, entitled "the Omnibus Investments Code of 1987";

(6) Section 5 of Executive Order No. 80, series of 1993 entitled, "Authorizing the Establishment of the Clark Development Corporation as the Implementing Arm of the Bases Conversion and Development Authority for the Clark Special Economic Zone, and Directing all Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of Government to Support the Program"

(7) Sections 4(b), 13(b)(7) of Republic Act No. 7227 entitled, "An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds Therefor and for Other Purposes";

(8) Sections 85 and 88(c)(1) of Republic Act No. 9593, as amended by Republic Act No. 11262, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently Implement That Policy, and Appropriating Funds Therefor"; and

All other laws, decrees, executive orders, rules and regulations, or parts thereof which are contrary to or inconsistent with this Code are hereby amended or modified accordingly.

**SEC. 11. Separability Clause.** – If any provision or part of this Act is declared invalid or unconstitutional, such declaration shall be confined in its operation to the



1 clause, sentence, paragraph, or part thereof directly involved in the case, whereas  
2 the parts or provisions not affected thereby shall remain in full force and effect.

3 **SEC. 12. *Appropriation.*** – The National Tax Research Center, as the  
4 secretariat of the Fiscal Incentives Review Board, shall be provided with an initial  
5 appropriation of One Hundred Million Pesos (PHP 100,000,000.00) to be drawn from  
6 the available funds from the National Treasury not otherwise appropriated.  
7 Appropriations for the succeeding years shall be included in the annual General  
8 Appropriations Act.

9 **SEC. 13. *Implementing Rules and Regulations.*** – Within ninety (90) days from  
10 the effectivity of this Act, the Secretary of Finance upon the recommendation of the  
11 Commissioner of Internal Revenue, shall promulgate the necessary rules and  
12 regulations for its effective implementation; *Provided, that* for the provisions under  
13 Title XIII, the Secretary of Finance and the Secretary of Trade and Industry shall  
14 jointly promulgate the necessary rules and regulations thereof within the same  
15 period, after due consultations with the Commissioner of Internal Revenue, the  
16 Board of Investments, and other Investment Promotion Agencies, for its effective  
17 implementation.

18 **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
19 complete publication in the Official Gazette or in a newspaper of general circulation;  
20 *Provided, that* the effectivity of the provisions under Sections 5, 6 and 7 shall  
21 retroact to January 1, 2020.

*Approved,*