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Second Regular Session

Certified by the President  
for its  
Immediate Enactment  
on March 9, 2020

AS APPROVED ON  
THIRD READING ON  
NOVEMBER 26, 2020

SENATE

S. No. 1357

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PREPARED BY THE COMMITTEE ON WAYS AND MEANS WITH  
SENATORS ZUBIRI, RECTO, ANGARA AND CAYETANO AS  
AUTHORS THEREOF

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AN ACT REFORMING THE CORPORATE INCOME TAX  
AND INCENTIVES SYSTEM, AMENDING FOR  
THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34,  
40, 109, 116 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  
2 the “Corporate Recovery and Tax Incentives for  
3 Enterprises Act” or “CREATE”.

4           SEC. 2. *Declaration of Policy.* – It is hereby declared  
5 the policy of the State to develop the national economy

1 towards global competitiveness by implementing tax  
2 policies instrumental in attracting investments, which will  
3 result in productivity enhancement, employment  
4 generation, countrywide development, and a more  
5 inclusive economic growth, while at the same time  
6 maintaining fiscal prudence and stability.

7 To achieve these objectives, the State shall:

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

11 (b) Develop, subject to the provisions of this Act, a  
12 more responsive and globally-competitive tax incentives  
13 regime that is performance-based, targeted, time-bound,  
14 and transparent;

15 (c) Provide support to businesses in their recovery  
16 from unforeseen events such as an outbreak of  
17 communicable diseases or a global pandemic and  
18 strengthen the nation's capability for similar  
19 circumstances in the future; and

1           (d) Create a more equitable tax incentive system that  
2 will allow for inclusive growth and generation of jobs and  
3 opportunities in all the regions of the country and ensure  
4 access and ease in the grant of these incentives especially  
5 for applicants in least developed areas.

6           SEC. 3. Section 20 of the National Internal Revenue  
7 Code of 1997, as amended, is hereby further amended to  
8 read as follows:

9           “SEC. 20. Submission of Report and  
10 Pertinent Information by the Commissioner. –

11           “(A) x x x

12           “(B) *SUBMISSION OF TAX-RELATED*  
13 *INFORMATION TO THE DEPARTMENT*  
14 *OF FINANCE. – THE COMMISSIONER*  
15 *SHALL, UPON THE ORDER OF THE*  
16 *SECRETARY OF FINANCE SPECIFICALLY*  
17 *IDENTIFYING THE NEEDED INFORMATION*  
18 *AND JUSTIFICATION FOR SUCH ORDER*  
19 *IN RELATION TO THE GRANT OF*

1           INCENTIVES     UNDER     TITLE     XIII,  
2           FURNISH THE SECRETARY PERTINENT  
3           INFORMATION, ON THE ENTITIES RECEIVING  
4           INCENTIVES     UNDER     THIS     CODE:  
5           *PROVIDED, HOWEVER, THAT THE*  
6           SECRETARY     AND     THE     RELEVANT  
7           OFFICERS HANDLING SUCH SPECIFIC  
8           INFORMATION SHALL BE COVERED BY  
9           THE PROVISIONS OF SECTION 270  
10          UNLESS THE TAXPAYER CONSENTS IN  
11          WRITING TO SUCH DISCLOSURE.

12                 "[B](C) *Report to Oversight Committee.* -

13          The Commissioner shall, with reference to  
14          Section 204 of this Code, submit to the  
15          Oversight Committee referred to in Section 290  
16          hereof, through the [~~Chairmen~~] CHAIRPERSONS  
17          of the Committees on Ways and Means of the  
18          Senate and House of Representatives, a report  
19          on the exercise of his powers pursuant to the

1           said Section, every six (6) months of each  
2           calendar year.”

3           SEC. 4. Section 22 of the National Internal Revenue  
4           Code of 1997, as amended, is hereby further amended to  
5           read as follows:

6                   “SEC. 22. *Definitions.* -- x x x

7                   “(A) x x x

8                   “(B) The term ‘corporation’ shall include  
9           ONE PERSON CORPORATIONS, partnerships,  
10          no matter how created or organized, joint-stock  
11          companies, joint accounts (cuentas en  
12          participacion), associations, or insurance  
13          companies, but does not include general  
14          professional partnerships and a joint venture  
15          or consortium formed for the purpose of  
16          undertaking construction projects or engaging  
17          in petroleum, coal, geothermal and other  
18          energy operations pursuant to an operating  
19          consortium agreement under a service contract  
20          with the Government. ‘General professional

1 partnerships' are partnerships formed by  
2 persons for the sole purpose of exercising their  
3 common profession, no part of the income of  
4 which is derived from engaging in any trade or  
5 business.

6 "x x x."

7 SEC. 5. Section 25 of the National Internal Revenue  
8 Code of 1997, as amended, is hereby further amended to  
9 read as follows:

10 "SEC. 25. Tax on Nonresident Alien  
11 Individual. -

12 "(A) x x x

13 "(1) x x x

14 "(2) *Cash and/or Property Dividends from*  
15 *a Domestic Corporation or Joint Stock*  
16 *Company, or Insurance or Mutual Fund*  
17 *Company or Regional Operating Headquarter*  
18 *or Multinational Company, or Share in the*  
19 *Distributable Net Income of a Partnership*  
20 *(Except a General Professional Partnership),*

1           *Joint Account, Joint Venture Taxable as a*  
2           *Corporation or Association, Interests, Royalties,*  
3           *Prizes, and Other Winnings.* – Cash and/or  
4           property dividends from a domestic  
5           corporation, or from a joint stock company, or  
6           from an insurance or mutual fund company or  
7           from a regional operating headquarter of  
8           multinational company, or the share of a  
9           nonresident alien individual in the  
10          distributable net income after tax of a  
11          partnership (except a general professional  
12          partnership) of which he is a partner, or the  
13          share of a nonresident alien individual in the  
14          net income after tax of an association, a joint  
15          account, or a joint venture taxable as a  
16          corporation of which he is a member or a  
17          co-venturer; interests; royalties (in any form);  
18          and prizes (except prizes amounting to Ten  
19          thousand pesos (P10,000.00) or less which shall  
20          be subject to tax under Subsection (B)(1) of

1           Section 24) and other winnings (except  
2           WINNINGS AMOUNTING TO TEN  
3           THOUSAND PESOS (P10,000.00) OR LESS  
4           FROM Philippine Charity Sweepstakes [~~and~~  
5           ~~Lotto-winnings~~] OFFICE (PCSO) GAMES  
6           WHICH SHALL BE EXEMPT); shall be subject  
7           to an income tax of twenty percent (20%) on the  
8           total amount thereof: *Provided, however,* That  
9           royalties on books as well as other literary  
10          works, and royalties on musical compositions  
11          shall be subject to a final tax of ten percent  
12          (10%) on the total amount thereof: *Provided,*  
13          *further,* That cinematographic films and  
14          similar works shall be subject to the tax  
15          provided under Section 28 of this Code:  
16          *Provided, furthermore,* That interest income  
17          from long-term deposit or investment in the  
18          form of savings, common or individual trust  
19          funds, deposit substitutes, investment  
20          management accounts and other investments



1           evidenced by certificates in such form  
2           prescribed by the Bangko Sentral ng Pilipinas  
3           (BSP) shall be exempt from the tax imposed  
4           under this Subsection: *Provided, finally*, That  
5           should the holder of the certificate pre-  
6           terminate the deposit or investment before the  
7           fifth (5<sup>th</sup>) year, a final tax shall be imposed on  
8           the entire income and shall be deducted and  
9           withheld by the depository bank from the  
10          proceeds of the long-term deposit or investment  
11          certificate based on the remaining maturity  
12          thereof:

13                    "Four (4) years to less than five (5) years -  
14                    5%;

15                    "Three (3) years to less than four (4) years -  
16                    12%; and

17                    "Less than three (3) years - 20%.

18                    "(3) x x x."

1           SEC. 6. Section 27 of the National Internal Revenue  
2 Code of 1997, as amended, is hereby further amended to  
3 read as follows:

4                   “SEC. 27. *Rates of Income Tax on Domestic*  
5           *Corporations.* -

6                   “(A) *In General.* - Except as otherwise  
7 provided in this Code, [~~an income tax of thirty-~~  
8 ~~five percent (35%)] AN INCOME TAX RATE  
9 OF TWENTY FIVE PERCENT (25%)  
10 EFFECTIVE JULY 1, 2020, is hereby imposed  
11 upon the taxable income derived during each  
12 taxable year from all sources within and  
13 without the Philippines by every corporation,  
14 as defined in Section 22(B) of this Code and  
15 taxable under this Title as a corporation,  
16 organized in, or existing under the laws of the  
17 Philippines: [~~Provided, That effective January~~  
18 ~~1, 2009, the rate of income tax shall be thirty~~  
19 ~~percent (30%).]~~~~

1                   *PROVIDED*, THAT CORPORATIONS WITH  
2                   NET TAXABLE INCOME NOT EXCEEDING  
3                   FIVE MILLION PESOS (P5,000,000.00) AND  
4                   WITH TOTAL ASSETS NOT EXCEEDING  
5                   ONE HUNDRED MILLION PESOS  
6                   (P100,000,000.00), EXCLUDING LAND ON  
7                   WHICH THE PARTICULAR BUSINESS  
8                   ENTITY'S OFFICE, PLANT, AND  
9                   EQUIPMENT ARE SITUATED, SHALL BE  
10                  TAXED AT TWENTY PERCENT (20%).

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

19                  "The corporate income tax rate shall be  
20                  applied on the amount computed by

1 multiplying the number of months covered by  
2 the new rate within the fiscal year by the  
3 taxable income of the corporation for the  
4 period, divided by twelve.

5 ~~“Provided, further, That the President,~~  
6 ~~upon the recommendation of the Secretary of~~  
7 ~~Finance, may, effective January 1, 2000, allow~~  
8 ~~corporations the option to be taxed at fifteen~~  
9 ~~percent (15%) of gross income as defined~~  
10 ~~herein, after the following conditions have been~~  
11 ~~satisfied:~~

12 ~~“(1) A tax effort ratio of twenty percent~~  
13 ~~(20%) of Gross National Product (GNP);~~

14 ~~“(2) A ratio of forty percent (40%) of~~  
15 ~~income tax collection to total tax revenues;~~

16 ~~“(3) A VAT tax effort of four percent (4%)~~  
17 ~~of GNP; and~~

18 ~~“(4) A 0.9 percent (0.9%) ratio of the~~  
19 ~~Consolidated Public Sector Financial Position~~  
20 ~~(CPSFP) to GNP.~~

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

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

11          ~~"For purposes of this Section, the term~~  
12          ~~'gross income' derived from business shall be~~  
13          ~~equivalent to gross sales less sales returns,~~  
14          ~~discounts and allowances and cost of goods~~  
15          ~~sold. 'Cost of goods sold' shall include all~~  
16          ~~business expenses directly incurred to produce~~  
17          ~~the merchandise to bring them to their present~~  
18          ~~location and use.~~

19          ~~"For a trading or merchandising concern,~~  
20          ~~'cost of goods sold' shall include the invoice cost~~

1       of the goods sold, plus import duties, freight in  
2       transporting the goods to the place where the  
3       goods are actually sold, including insurance  
4       while the goods are in transit.

5               ~~"For a manufacturing concern, 'cost of~~  
6       ~~goods manufactured and sold' shall include all~~  
7       ~~costs of production of finished goods, such as~~  
8       ~~raw materials used, direct labor and~~  
9       ~~manufacturing overhead, freight cost,~~  
10       ~~insurance premiums and other costs incurred~~  
11       ~~to bring the raw materials to the factory or~~  
12       ~~warehouse.~~

13               ~~"In the case of taxpayers engaged in the~~  
14       ~~sale of service, 'gross income' means gross~~  
15       ~~receipts less sales returns, allowances and~~  
16       ~~discounts.]~~

17               "(B) *Proprietary Educational Institutions*  
18       ~~and Hospitals.~~ - Proprietary educational  
19       institutions and hospitals which are nonprofit  
20       shall pay a tax of ten percent (10%) on their

1 taxable income except those covered by  
2 Subsection (D) hereof: *PROVIDED, THAT*  
3 BEGINNING JULY 1, 2020 UNTIL JUNE 30,  
4 2023, THE TAX RATE HEREIN IMPOSED  
5 SHALL BE ONE PERCENT (1%): *Provided,*  
6 *FURTHER,* That if the gross income from  
7 'unrelated trade, business or other activity'  
8 exceeds fifty percent (50%) of the total gross  
9 income derived by such educational institutions  
10 or hospitals from all sources, the tax prescribed  
11 in Subsection (A) hereof shall be imposed on  
12 the entire taxable income. For purposes of this  
13 Subsection, the term 'unrelated trade, business  
14 or other activity' means any trade, business or  
15 other activity, the conduct of which is not  
16 substantially related to the exercise or  
17 performance by such educational institution or  
18 hospital of its primary purpose or function. [A  
19 ~~'proprietary—educational—institution'~~ is]  
20 'PROPRIETARY' MEANS A PRIVATE

1 HOSPITAL, OR any private school maintained  
2 and administered by private individuals or  
3 groups with an issued permit to operate from  
4 the Department of Education (DEPED) [  
5 ~~Culture and Sports (DECS)~~], or the  
6 Commission on Higher Education (CHED), or  
7 the Technical Education and Skills  
8 Development Authority (TESDA), as the case  
9 may be, in accordance with existing laws and  
10 regulations.

11 "(C) x x x

12 "(D) *Rates of Tax on Certain Passive*  
13 *Incomes.* - x x x

14 "x x x

15 "(4) Intercorporate Dividends. -  
16 Dividends received by a domestic corporation  
17 [~~from another domestic corporation~~] shall not  
18 be subject to tax UNDER THIS TITLE:  
19 *PROVIDED, THAT FOR FOREIGN-*  
20 *SOURCED DIVIDENDS TO BE EXEMPT,*



1 THE FUNDS FROM SUCH DIVIDENDS  
2 ACTUALLY RECEIVED OR REMITTED  
3 INTO THE PHILIPPINES ARE REINVESTED  
4 IN THE BUSINESS OPERATIONS OF THE  
5 DOMESTIC CORPORATION IN THE  
6 PHILIPPINES WITHIN THE NEXT  
7 TAXABLE YEAR FROM THE TIME THE  
8 FOREIGN-SOURCED DIVIDENDS WERE  
9 RECEIVED AND SHALL BE LIMITED TO  
10 FUNDING THE WORKING CAPITAL  
11 REQUIREMENTS, CAPITAL EXPENDITURES,  
12 DIVIDEND PAYMENTS, INVESTMENT IN  
13 DOMESTIC SUBSIDIARIES, AND  
14 INFRASTRUCTURE PROJECT: *PROVIDED,*  
15 *FURTHER,* THAT THE DOMESTIC  
16 CORPORATION HOLDS DIRECTLY AT  
17 LEAST TWENTY PERCENT (20%) OF THE  
18 OUTSTANDING SHARES OF THE FOREIGN  
19 CORPORATION AND HAS HELD THE  
20 SHAREHOLDINGS FOR A MINIMUM OF

1 TWO (2) YEARS AT THE TIME OF THE  
2 DIVIDENDS DISTRIBUTION.

3 "(E) Minimum Corporate Income Tax on  
4 Domestic Corporations.

5 "(1) Imposition of Tax. - A minimum  
6 corporate income tax of two percent (2%) of the  
7 gross income as of the end of the taxable year,  
8 as defined herein, is hereby imposed on a  
9 corporation taxable under this Title, beginning  
10 on the fourth taxable year immediately  
11 following the year in which such corporation  
12 commenced its business operations, when the  
13 minimum income tax is greater than the tax  
14 computed under Subsection (A) of this Section  
15 for the taxable year: *PROVIDED, THAT*  
16 *EFFECTIVE JULY 1, 2020 UNTIL JUNE 30,*  
17 *2023, THE RATE SHALL BE ONE PERCENT*  
18 *(1%).*

19 "(2) x x x

20 "(3) x x x

1                   “(4) x x x.”

2           SEC. 7. Section 28 of the National Internal Revenue  
3 Code of 1997, as amended, is hereby further amended to  
4 read as follows:

5                   “SEC. 28. *Rates of Income Tax on Foreign*  
6                   *Corporations.* –

7                   “(1) *In General.* – Except as otherwise  
8 provided in this Code, a corporation organized,  
9 authorized, or existing under the laws of any  
10 foreign country, engaged in trade or business  
11 within the Philippines, shall be subject to an  
12 income tax equivalent to [~~thirty-five percent~~  
13 ~~(35%)~~] TWENTY-FIVE PERCENT (25%) of the  
14 taxable income derived in the preceding  
15 taxable year from all sources within the  
16 Philippines [~~Provided, That effective January~~  
17 ~~1, 2000, the rate of income tax shall be thirty~~  
18 ~~percent (30%).~~] EFFECTIVE JULY 1, 2020.

19                   “*In the case of corporations adopting the*  
20 *fiscal-year accounting period, the taxable*

1 income shall be computed without regard to the  
2 specific date when sales, purchases and other  
3 transactions occur. Their income and expenses  
4 for the fiscal year shall be deemed to have been  
5 earned and spent equally for each month of the  
6 period.

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

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

18 "(2) *Minimum Corporate Income Tax of*  
19 *Resident Foreign Corporations.* - A minimum  
20 corporate income tax of two percent (2%) of

1 gross income, as prescribed under Section 27(E)  
2 of this Code, shall be imposed, under the same  
3 conditions, on a resident foreign corporation  
4 taxable under paragraph (1) of this Subsection:  
5 **PROVIDED, THAT EFFECTIVE JULY 1, 2020**  
6 **UNTIL JUNE 30, 2023, THE RATE SHALL**  
7 **BE ONE PERCENT (1%).**

8 “(3) x x x

9 ~~“(4) Offshore Banking Units. The~~  
10 ~~provisions of any law to the contrary~~  
11 ~~notwithstanding, income derived by offshore~~  
12 ~~banking units authorized by the Bangko~~  
13 ~~Sentral ng Pilipinas (BSP), from foreign~~  
14 ~~currency transactions with nonresidents, other~~  
15 ~~offshore banking units, local commercial banks,~~  
16 ~~including branches of foreign banks that may~~  
17 ~~be authorized by the Bangko Sentral ng~~  
18 ~~Pilipinas (BSP) to transact business with~~  
19 ~~offshore banking units shall be exempt from all~~  
20 ~~taxes except net income from such transactions~~

1       ~~as may be specified by the Secretary of~~  
2       ~~Finance, upon recommendation of the~~  
3       ~~Monetary Board which shall be subject to the~~  
4       ~~regular income tax payable by banks: *Provided,*~~  
5       ~~however, That any interest income derived~~  
6       ~~from foreign currency loans granted to~~  
7       ~~residents other than offshore banking units or~~  
8       ~~local commercial banks, including local~~  
9       ~~branches of foreign banks that may be~~  
10       ~~authorized by the BSP to transact business~~  
11       ~~with offshore banking units, shall be subject~~  
12       ~~only to a final tax at the rate of ten percent~~  
13       ~~(10%).~~

14               ~~“Any income of nonresidents, whether~~  
15       ~~individuals or corporations, from transactions~~  
16       ~~with said offshore banking units shall be~~  
17       ~~exempt from income tax.]~~

18               ~~“(5) (4) Tax on Branch Profits~~  
19       ~~Remittances. - x x x~~

1                   “[(6)] (5) *Regional or Area Headquarters*  
2                   *and Regional Operating Headquarters of*  
3                   *Multinational Companies.* –

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

7                   “(b) Regional operating headquarters as  
8                   defined in Section 22(EE) shall pay a tax of ten  
9                   percent (10%) of their taxable income[-]:

10                   “PROVIDED, THAT EFFECTIVE  
11                   DECEMBER 31, 2021 REGIONAL  
12                   OPERATING HEADQUARTERS SHALL BE  
13                   SUBJECT TO THE REGULAR CORPORATE  
14                   INCOME TAX.

15                   “[(7)] (6) *Tax on Certain Incomes Received*  
16                   *by a Resident Foreign Corporation.* –

17                   “(a) *Interest from Deposits and Yield or*  
18                   *any other Monetary Benefit from Deposit*  
19                   *Substitutes, Trust Funds and Similar*  
20                   *Arrangements and Royalties.* – Interest from

1 any currency bank deposit and yield or any  
2 other monetary benefit from deposit  
3 substitutes and from trust funds and similar  
4 arrangements and royalties derived from  
5 sources within the Philippines shall be subject  
6 to a final income tax at the rate of twenty  
7 percent (20%) of such interest: *Provided,*  
8 *however,* That interest income derived by a  
9 resident foreign corporation from a depository  
10 bank under the expanded foreign currency  
11 deposit system shall be subject to a final  
12 income tax at the rate of [~~seven and one-half~~  
13 ~~percent (7 $\frac{1}{2}$ %)~~] FIFTEEN PERCENT (15%) of  
14 such interest income.

15 *“(b) Income Derived under the Expanded*  
16 *Foreign Currency Deposit System. - x x x*

17 *“(c) Capital Gains from Sale of Shares of*  
18 *Stock Not Traded in the Stock Exchange. - A*  
19 *final tax at the rate [~~s-prescribed-below~~] OF*  
20 *FIFTEEN PERCENT (15%) is hereby imposed*



1 upon the net capital gains realized during the  
 2 taxable year from the sale, barter, exchange or  
 3 other disposition of shares of stock in a  
 4 domestic corporation except shares sold or  
 5 disposed of through the stock exchange[?].

6 [~~Net over P100,000 .....~~ 5%

7 [~~On any amount in excess of P100,000 ..~~ 10%]

8 "(d) *Intercompany Dividends.* - x x x

9 "(B) *Tax on Nonresident Foreign*  
 10 *Corporation.* -

11 "(1) *In General.* - Except as otherwise  
 12 provided in this Code, a foreign corporation not  
 13 engaged in trade or business in the Philippines,  
 14 EFFECTIVE JULY 1, 2020, shall pay a tax  
 15 equal to [~~thirty-five percent (35%)~~] TWENTY-  
 16 FIVE PERCENT (25%) of the gross income  
 17 received during each taxable year from all  
 18 sources within the Philippines, such as interests,  
 19 dividends, rents, royalties, salaries, premiums  
 20 (except reinsurance premiums), annuities,

1 emoluments or other fixed or determinable  
 2 annual, periodic or casual gains, profits and  
 3 income, and capital gains, except capital gains  
 4 subject to tax under subparagraph 5(c).

5 ~~"[Provided, That effective January 1, 2000, the~~  
 6 ~~rate of income tax shall be thirty percent (30%).~~

7 *"(2) Nonresident Cinematographic Film*  
 8 *Owner, Lessor or Distributor. - A*  
 9 *cinematographic film owner, lessor, or*  
 10 *distributor shall pay a tax of twenty-five*  
 11 *percent (25%) of its gross income from all*  
 12 *sources within the Philippines.*

13 *"(3) x x x*

14 *"(4) x x x*

15 *"(5) Tax on Certain Incomes Received by a*  
 16 *Nonresident Foreign Corporation. -*

17 *"(a) Interest on Foreign Loans. - x x x*

18 *"(b) Intercorporate Dividends. - A final*  
 19 *withholding tax at the rate of fifteen percent*  
 20 *(15%) is hereby imposed on the amount of cash*

1 and/or property dividends received from a  
2 domestic corporation, which shall be collected  
3 and paid as provided in Section 57(A) of this  
4 Code, subject to the condition that the country  
5 in which the nonresident foreign corporation is  
6 domiciled, shall allow a credit against the tax  
7 due from the nonresident foreign corporation  
8 taxes deemed to have been paid in the  
9 Philippines equivalent to [~~twenty percent~~  
10 ~~(20%)~~] FIFTEEN PERCENT (15%), which  
11 represents the difference between the regular  
12 income tax [~~of thirty five percent (35%)~~] and  
13 the fifteen percent (15%) tax on dividends as  
14 provided in this subparagraph: *Provided, That*  
15 [~~effective January 1, 2009~~] EFFECTIVE JULY  
16 1, 2020, the credit against the tax due shall be  
17 equivalent to [~~fifteen percent (15%), which~~  
18 ~~represents~~] the difference between the regular  
19 income tax [~~of thirty percent (30%)~~] RATE  
20 PROVIDED IN SECTION 28(B)(1) OF THIS

1 CODE and the fifteen percent (15%) tax on  
2 dividends;

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

12 ~~Not over P100,000 ..... 5%~~

13 ~~On any amount in excess of P100,000~~  
14 ~~.... 10%]."~~

15 SEC. 8. Section 29 of the National Internal Revenue  
16 Code of 1997, as amended, on the imposition of improperly  
17 accumulated earnings tax, is hereby repealed.

18 SEC. 9. Section 34 of the National Internal Revenue  
19 Code of 1997, as amended, is hereby further amended to  
20 read as follows:

1                   "SEC. 34. *Deductions from Gross Income.* -

2                   Except for taxpayers earning compensation  
3                   income arising from personal services rendered  
4                   under an employer-employee relationship  
5                   where no deductions shall be allowed under  
6                   this Section, in computing taxable income  
7                   subject to income tax under Sections 24(A);  
8                   25(A); 26; 27(A), (B), and (C); and 28(A)(1),  
9                   there shall be allowed the following deductions  
10                  from gross income:

11                  "(A) *Expenses.* -

12                  "(1) *Ordinary and Necessary Trade,*  
13                  *Business or Professional Expenses.* -

14                  "(a) x x x

15                  "(i) x x x

16                  "x x x

17                  "(V) AN ADDITIONAL DEDUCTION  
18                  FROM TAXABLE INCOME OF ONE-HALF  
19                  (1/2) OF THE VALUE OF LABOR TRAINING  
20                  EXPENSES INCURRED FOR SKILLS

1           DEVELOPMENT OF ENTERPRISE-BASED  
2           TRAINEES ENROLLED IN PUBLIC SENIOR  
3           HIGH SCHOOLS, PUBLIC HIGHER  
4           EDUCATION INSTITUTIONS, OR PUBLIC  
5           TECHNICAL AND VOCATIONAL  
6           INSTITUTIONS AND DULY COVERED BY  
7           AN APPRENTICESHIP AGREEMENT  
8           UNDER PRESIDENTIAL DECREE NO. 442,  
9           SERIES OF 1974, OR THE "LABOR CODE OF  
10          THE PHILIPPINES", AS AMENDED, SHALL  
11          BE GRANTED TO ENTERPRISES:  
12          *PROVIDED, FURTHER,* THAT FOR THE  
13          ADDITIONAL DEDUCTION FOR  
14          ENTERPRISE-BASED TRAINING OF  
15          STUDENTS FROM PUBLIC EDUCATIONAL  
16          INSTITUTIONS, THE ENTERPRISE SHALL  
17          SECURE PROPER CERTIFICATION FROM  
18          THE DEPED, TESDA, OR CHED: *PROVIDED,*  
19          *FINALLY,* THAT SUCH DEDUCTION SHALL

1 NOT EXCEED TEN PERCENT (10%) OF  
2 DIRECT LABOR WAGE.

3 "(B) *Interest.* -

4 "(1) *In General.* - The amount of interest  
5 paid or incurred within a taxable year on  
6 indebtedness in connection with the taxpayer's  
7 profession, trade or business shall be allowed  
8 as deduction from gross income: *Provided,*  
9 *however,* That the taxpayer's otherwise  
10 allowable deduction for interest expense shall  
11 be reduced by [~~forty two percent (42%)~~]  
12 TWENTY PERCENT (20%) of the interest  
13 income subjected to final tax: [~~*Provided, That*~~  
14 ~~effective January 1, 2009, the percentage shall~~  
15 ~~be thirty three percent (33%).]~~ *PROVIDED,*  
16 *FINALLY,* THAT IF THE INTEREST  
17 INCOME TAX IS ADJUSTED IN THE  
18 FUTURE, THE INTEREST EXPENSE  
19 REDUCTION RATE SHALL BE ADJUSTED  
20 ACCORDINGLY BASED ON THE

1           PRESCRIBED STANDARD FORMULA AS  
2           DEFINED     IN     THE     RULES     AND  
3           REGULATIONS TO BE PROMULGATED BY  
4           THE SECRETARY OF FINANCE, UPON THE  
5           RECOMMENDATION         OF         THE  
6           COMMISSIONER OF INTERNAL REVENUE.

7           “(2) x x x

8           “(C) *Taxes.* - x x x

9           “(D) *Losses.* - x x x

10          “x x x

11          “(E) *Bad Debts.* - x x x

12          “(F) *Depreciation.* - x x x

13          “(G) *Depletion of Oil and Gas Wells and*

14          *Mines.* - x x x

15          “(H) *Charitable and Other Contributions.*

16          - x x x

17          “(I) *Research and Development.* - x x x

18          “(J) *Pension Trusts.* - x x x

19          “(K) *Additional Requirements for*

20          *Deductibility of Certain Payments.* - x x x



1                   “(L) *Optional Standard Deduction (OSD)*.

2                   - x x x.”

3                   SEC. 10. Section 40(C)(2) of the National Internal  
4 Revenue Code of 1997, as amended, is hereby further  
5 amended to read as follows:

6                   “SEC. 40. *Determination of Amount and*  
7                   · *Recognition of Gain or Loss.* -

8                   “(A) x x x

9                   “(B) x x x

10                  “(C) Exchange of Property. - x x x

11                  “(1) General Rule. - x x x

12                  “(2) Exception. - No gain or loss shall be  
13 recognized ON A CORPORATION OR ON ITS  
14 STOCK OR SECURITIES IF SUCH  
15 CORPORATION IS A PARTY TO A  
16 REORGANIZATION AND EXCHANGES  
17 PROPERTY [if] in pursuance of a plan of  
18 [~~merger or consolidation~~] REORGANIZATION  
19 SOLELY FOR STOCK OR SECURITIES IN  
20 ANOTHER CORPORATION THAT IS A

1 PARTY TO THE REORGANIZATION. A  
2 REORGANIZATION IS DEFINED AS:

3 "(a) A corporation, which is a party to a  
4 merger or consolidation, exchanges property  
5 solely for stock in a corporation, which is a  
6 party to the merger or consolidation; or

7 "~~(b) [A shareholder exchanges stock in a~~  
8 ~~corporation, which is a party to the merger or~~  
9 ~~consolidation, solely for the stock of another~~  
10 ~~corporation also a party to the merger or~~  
11 ~~consolidation; or]~~ THE ACQUISITION BY  
12 ONE (1) CORPORATION, IN EXCHANGE  
13 SOLELY FOR ALL OR A PART OF ITS  
14 VOTING STOCK, OR IN EXCHANGE  
15 SOLELY FOR ALL OR PART OF THE  
16 VOTING STOCK OF A CORPORATION  
17 WHICH IS IN CONTROL OF THE  
18 ACQUIRING CORPORATION, OF STOCK OF  
19 ANOTHER CORPORATION IF,  
20 IMMEDIATELY AFTER THE ACQUISITION,

1 THE ACQUIRING CORPORATION HAS  
2 CONTROL OF SUCH OTHER CORPORATION  
3 WHETHER OR NOT SUCH ACQUIRING  
4 CORPORATION HAD CONTROL IMMEDIATELY  
5 BEFORE THE ACQUISITION; OR

6 ~~“(c) [A security holder of a corporation,~~  
7 ~~which is a party to the merger or consolidation,~~  
8 ~~exchanges his securities in such corporation,~~  
9 ~~solely for stock or securities in another~~  
10 ~~corporation, a party to the merger or~~  
11 ~~consolidation.]~~ THE ACQUISITION BY ONE  
12 (1) CORPORATION, IN EXCHANGE SOLELY  
13 FOR ALL OR A PART OF ITS VOTING  
14 STOCK OR IN EXCHANGE SOLELY FOR  
15 ALL OR PART OF THE VOTING STOCK OF  
16 A CORPORATION WHICH IS IN CONTROL  
17 OF THE ACQUIRING CORPORATION, OF  
18 SUBSTANTIALLY ALL OF THE  
19 PROPERTIES OF ANOTHER CORPORATION.  
20 IN DETERMINING WHETHER THE

1 EXCHANGE IS SOLELY FOR STOCK, THE  
2 ASSUMPTION BY THE ACQUIRING  
3 CORPORATION OF A LIABILITY OF THE  
4 OTHERS SHALL BE DISREGARDED; OR

5 " (D) A RECAPITALIZATION, WHICH  
6 SHALL MEAN AN ARRANGEMENT  
7 WHEREBY THE STOCK AND BONDS OF A  
8 CORPORATION ARE READJUSTED AS TO  
9 AMOUNT, INCOME, OR PRIORITY OR AN  
10 AGREEMENT OF ALL STOCKHOLDERS  
11 AND CREDITORS TO CHANGE AND  
12 INCREASE OR DECREASE THE  
13 CAPITALIZATION OR DEBTS OF THE  
14 CORPORATION OR BOTH; OR

15 " (E) A REINCORPORATION, WHICH  
16 SHALL MEAN THE FORMATION OF THE  
17 SAME CORPORATE BUSINESS WITH THE  
18 SAME ASSETS AND THE SAME  
19 STOCKHOLDERS SURVIVING UNDER A  
20 NEW CHARTER.

1                    "No gain or loss shall also be recognized  
2                    if property is transferred to a corporation by a  
3                    person, ALONE OR TOGETHER WITH  
4                    OTHERS, NOT EXCEEDING FOUR (4)  
5                    PERSONS, in exchange for stock or unit of  
6                    participation in such a corporation of which as  
7                    a result of such exchange [~~said person, alone or~~  
8                    ~~together with others, not exceeding four (4)~~  
9                    ~~persons]~~ THE TRANSFEROR OR  
10                    TRANSFERORS, COLLECTIVELY, gains OR  
11                    MAINTAINS control of said corporation:  
12                    *Provided*, That stocks issued for services shall  
13                    not be considered as issued in return for  
14                    property.

15                    "SALE OR EXCHANGES OF PROPERTY  
16                    USED FOR BUSINESS FOR SHARES OF  
17                    STOCKS COVERED UNDER THIS  
18                    SUBSECTION SHALL NOT BE SUBJECT TO  
19                    VALUE-ADDED TAX (VAT).

1           "IN ALL OF THE FOREGOING  
2           INSTANCES OF EXCHANGE OF  
3           PROPERTY, PRIOR BUREAU OF INTERNAL  
4           REVENUE (BIR) CONFIRMATION OR TAX  
5           RULING SHALL NOT BE REQUIRED FOR  
6           PURPOSES OF AVAILING THE TAX  
7           EXEMPTION.

8           "x x x

9           "(6) Definitions. -

10          "x x x

11          "(a) x x x

12          "(b) x x x

13          "(c) The term "control", when used in this  
14          Section, shall mean ownership of stocks in a  
15          corporation AFTER THE TRANSFER OF  
16          PROPERTY possessing at least fifty-one  
17          percent (51%) of the total voting power of all  
18          classes of stocks entitled to vote[-]: *PROVIDED*,  
19          THAT THE COLLECTIVE AND NOT THE  
20          INDIVIDUAL OWNERSHIP OF ALL

1 CLASSES OF STOCKS ENTITLED TO VOTE  
2 OF THE TRANSFEROR OR TRANSFERORS  
3 UNDER THIS SECTION SHALL BE USED IN  
4 DETERMINING THE PRESENCE OF  
5 CONTROL.

6 "x x x."

7 SEC. 11. Section 109 of the National Internal Revenue  
8 Code of 1997, as amended, is hereby further amended to  
9 read as follows:

10 "SEC. 109. *Exempt Transactions.* --

11 "(1) Subject to the provisions of  
12 Subsection (2) hereof, the following  
13 transactions shall be exempt from the value-  
14 added tax:

15 "x x x

16 "(P) Sale of real properties not primarily  
17 held for sale to customers or held for lease in  
18 the ordinary course of trade or business or real  
19 property utilized for low-cost and socialized  
20 housing as defined by Republic Act No. 7279,

1 otherwise known as the "Urban Development  
2 and Housing Act of 1992", and other related  
3 laws, residential lot valued at [~~One million five~~  
4 ~~hundred thousand pesos (P1,500,000.00)] TWO  
5 MILLION FIVE HUNDRED THOUSAND  
6 PESOS (P2,500,000.00) and below, house and  
7 lot, and other residential dwellings valued at  
8 [~~Two million five hundred thousand pesos~~  
9 ~~(P2,500,000)] FOUR MILLION TWO  
10 HUNDRED THOUSAND PESOS (P4,200,000.00)  
11 and below: [~~Provided, That beginning January~~  
12 ~~1, 2021, the VAT exemption shall only apply to~~  
13 ~~sale of real properties not primarily held for~~  
14 ~~sale to customers or held for lease in the~~  
15 ~~ordinary course of trade or business, sale of~~  
16 ~~real property utilized for socialized housing as~~  
17 ~~defined by Republic Act No. 7270, sale of house~~  
18 ~~and lot, and other residential dwellings with~~  
19 ~~the selling price of not more than Two million~~  
20 ~~pesos (P2,000,000):] *Provided, [further,] That*~~~~~~



1 BEGINNING JANUARY 1, 2024 AND every  
2 three (3) years thereafter, the amount herein  
3 stated shall be adjusted to its present value  
4 using the Consumer Price Index, as published  
5 by the Philippine Statistics Authority (PSA);

6 "x x x

7 "(R) Sale, importation, printing or  
8 publication of books, and any newspaper,  
9 magazine, JOURNAL, review [or] bulletin, OR  
10 ANY SUCH EDUCATIONAL READING  
11 MATERIAL COVERED BY THE UNESCO  
12 AGREEMENT ON THE IMPORTATION OF  
13 EDUCATIONAL, SCIENTIFIC AND CULTURAL  
14 MATERIALS, INCLUDING THE DIGITAL OR  
15 ELECTRONIC FORMAT THEREOF [which  
16 ~~appears at regular intervals with fixed prices~~  
17 ~~for subscription and sale and which is]:~~  
18 PROVIDED, THAT THE MATERIALS  
19 ENUMERATED HEREIN are not devoted

1 principally to the publication of paid  
2 advertisements;

3 "x x x;

4 "(AA) Sale of or importation of  
5 prescription drugs and medicines for:

6 (i) Diabetes, high cholesterol, and  
7 hypertension beginning January 1, 2020; and

8 (ii) Cancer, mental illness,  
9 tuberculosis, and kidney diseases beginning  
10 January 1, [2023] 2021:

11 *Provided*, That the DOH shall issue a list  
12 of approved drugs and medicines for this  
13 purpose within sixty (60) days from the  
14 effectivity of this Act: and

15 "(BB) SALE OR IMPORTATION OF THE  
16 FOLLOWING BEGINNING JANUARY 1, 2021  
17 TO DECEMBER 31, 2023:

18 "(I) CAPITAL EQUIPMENT, ITS SPARE  
19 PARTS AND RAW MATERIALS,  
20 NECESSARY FOR THE PRODUCTION OF

1           PERSONAL PROTECTIVE EQUIPMENT  
2           COMPONENTS SUCH AS COVERALLS,  
3           GOWN, SURGICAL CAP, SURGICAL MASK,  
4           N-95 MASK, SCRUB SUITS, GOGGLES AND  
5           FACE SHIELD, DOUBLE OR SURGICAL  
6           GLOVES, DEDICATED SHOES, AND SHOE  
7           COVERS, FOR COVID-19 PREVENTION;

8           “(II) ALL DRUGS, VACCINES AND  
9           MEDICAL DEVICES SPECIFICALLY  
10          PRESCRIBED AND DIRECTLY USED FOR  
11          THE TREATMENT OF COVID-19; AND

12          “(III) DRUGS FOR THE TREATMENT  
13          OF COVID-19 APPROVED BY THE FOOD  
14          AND DRUG ADMINISTRATION (FDA) FOR  
15          USE IN CLINICAL TRIALS, INCLUDING  
16          RAW MATERIALS DIRECTLY NECESSARY  
17          FOR THE PRODUCTION OF SUCH DRUGS:  
18          *PROVIDED*, THAT THE DEPARTMENT OF  
19          TRADE AND INDUSTRY (DTI) SHALL  
20          CERTIFY THAT SUCH EQUIPMENT, SPARE

1 PARTS OR RAW MATERIALS FOR  
2 IMPORTATION ARE NOT LOCALLY  
3 AVAILABLE OR INSUFFICIENT IN  
4 QUANTITY, OR NOT IN ACCORDANCE  
5 WITH THE QUALITY OR SPECIFICATION  
6 REQUIRED: *PROVIDED, FURTHER,* THAT  
7 FOR ITEM (II), WITHIN SIXTY (60) DAYS  
8 FROM THE EFFECTIVITY OF THIS ACT,  
9 AND EVERY THREE (3) MONTHS  
10 THEREAFTER, THE DEPARTMENT OF  
11 HEALTH (DOH) SHALL ISSUE A LIST OF  
12 PRESCRIPTION DRUGS AND MEDICAL  
13 DEVICES COVERED BY THIS PROVISION:  
14 *PROVIDED, FINALLY,* THAT THE  
15 EXEMPTION CLAIMED UNDER THIS  
16 SUBSECTION SHALL BE SUBJECT TO  
17 POST AUDIT BY THE BIR OR THE BUREAU  
18 OF CUSTOMS (BOC) AS MAY BE  
19 APPLICABLE.

1           ~~(BB)~~ (CC) Sale or lease of goods or  
2           properties or the performance of services other  
3           than the transactions mentioned in the  
4           preceding paragraphs, the gross annual sales  
5           and/or receipts do not exceed the amount of  
6           Three million pesos (P3,000,000)."

7           SEC. 12. Section 116 of the National Internal  
8           Revenue Code of 1997, as amended, is hereby further  
9           amended to read as follows:

10           "SEC. 116. *Tax on Persons Exempt from*  
11           *Value-Added Tax (VAT).* -- Any person whose  
12           sales or receipts are exempt under Section 109  
13           (BB) of this Code from the payment of value-  
14           added tax and who is not a VAT-registered  
15           person shall pay a tax equivalent to three  
16           percent (3%) of his gross quarterly sales or  
17           receipts: *Provided*, That cooperatives, shall be  
18           exempt from the three percent (3%) gross  
19           receipts tax herein imposed: *PROVIDED*,  
20           *FURTHER, THAT EFFECTIVE JULY 1, 2020*

1           UNTIL JUNE 30, 2023, THE RATE SHALL  
2           BE ONE PERCENT (1%).”

3           SEC. 13. Section 290 of the National Internal Revenue  
4 Code of 1997, as amended, is hereby further amended to  
5 read as follows:

6                   “SEC. 290. *Congressional Oversight*  
7                   *Committee.* –

8                   “A Congressional Oversight Committee,  
9 hereinafter referred to as the Committee, is  
10 hereby constituted in accordance with the  
11 provisions of this Code. The Committee shall be  
12 composed of the [~~Chairmen~~] CHAIRPERSONS  
13 of the Committee on Ways and Means of the  
14 Senate and House of Representatives and four  
15 (4) additional members from each house, to be  
16 designated by the Speaker of the House of  
17 Representatives and the Senate President,  
18 respectively.

19                   “The Committee shall, among others, in  
20 aid of legislation:

1                   “(1) x x x;

2                   “(2) x x x;

3                   “(3) x x x;

4                   “(4) x x x[-]; AND

5                   “(5) REVIEW THE PERFORMANCE OF  
6                   THE FISCAL INCENTIVES REVIEW BOARD.

7                   “x x x.”

8                   SEC. 14. A new Title XIII shall be introduced in the  
9                   National Internal Revenue Code of 1997, as amended, and  
10                  the existing Titles XIII and XIV shall be re-sectioned and  
11                  re-titled accordingly. The new Title XIII shall read as  
12                  follows:

13   “TITLE XIII

14   “TAX INCENTIVES

15   “CHAPTER I

16   “GENERAL PROVISIONS ON TAX INCENTIVES

17   “SEC. 291. *SCOPE AND COVERAGE.* –

18                   THIS TITLE SHALL COVER ALL EXISTING  
19                   INVESTMENT PROMOTION AGENCIES AS

1           DEFINED IN THIS CODE OR RELATED  
2           LAWS UNLESS OTHERWISE SPECIFICALLY  
3           EXEMPTED FROM THE COVERAGE OF  
4           THIS CODE.

5           "THE INVESTMENT PROMOTION  
6           AGENCIES SHALL MAINTAIN THEIR  
7           FUNCTIONS AND POWERS AS PROVIDED  
8           UNDER THE SPECIAL LAWS GOVERNING  
9           THEM EXCEPT TO THE EXTENT  
10          MODIFIED BY THE PROVISIONS OF THIS  
11          CODE.

12           "SEC. 292. *EXTENT OF AUTHORITY TO*  
13          *GRANT TAX INCENTIVES.* - THE FISCAL  
14          INCENTIVES REVIEW BOARD, OR THE  
15          INVESTMENT PROMOTION AGENCIES,  
16          UNDER A DELEGATED AUTHORITY FROM  
17          THE FISCAL INCENTIVES REVIEW BOARD,  
18          SHALL GRANT THE APPROPRIATE TAX  
19          INCENTIVES PROVIDED IN THIS TITLE TO  
20          BE GRANTED TO REGISTERED BUSINESS



1 ENTERPRISES ONLY TO THE EXTENT OF  
2 THEIR APPROVED REGISTERED PROJECT  
3 OR ACTIVITY UNDER THE STRATEGIC  
4 INVESTMENT PRIORITY PLAN.

5 "SEC. 293. *DEFINITIONS.* - WHEN  
6 USED IN THIS TITLE:

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

15 "(B) *DIRECT LOCAL EMPLOYMENT*  
16 REFERS TO THE FULL AND DECENT  
17 EMPLOYMENT OF FILIPINOS BY  
18 REGISTERED BUSINESS ENTERPRISES  
19 UNDER AN EMPLOYER-EMPLOYEE  
20 RELATIONSHIP TO PERFORM FUNCTIONS

1            THAT ARE DIRECTLY RELATED TO THE  
2            PRODUCTION   OF   GOODS   OR  
3            PERFORMANCE OF SERVICES UNDER  
4            THE REGISTERED PROJECT OR ACTIVITY;

5            “(C) *DOMESTIC INPUT* REFERS TO  
6            PURCHASES OF LOCALLY MANUFACTURED  
7            GOODS OR LOCALLY PRODUCED RAW  
8            MATERIALS   OR   DOMESTICALLY  
9            OUTSOURCED SERVICES KNOWN AS  
10           SERVICES EMBEDDED IN MANUFACTURING  
11           THAT ARE USED DIRECTLY IN THE  
12           PRODUCTION OF GOODS UNDER THE  
13           REGISTERED PROJECT OR ACTIVITY. IN  
14           THE CASE OF LOCALLY MANUFACTURED  
15           GOODS, FIFTY PERCENT (50%) OF THE  
16           VALUE-ADDED OF THE SAID GOOD  
17           SHOULD   LIKEWISE   BE   LOCALLY  
18           PRODUCED OR MANUFACTURED;

19            “(D) *DOMESTIC MARKET ENTERPRISE*  
20            REFERS TO ANY ENTERPRISE REGISTERED

1 WITH THE INVESTMENT PROMOTION  
2 AGENCY OTHER THAN EXPORT  
3 ENTERPRISE;

4 "(E) *EXPORT ENTERPRISE* REFERS  
5 TO ANY INDIVIDUAL, PARTNERSHIP,  
6 CORPORATION, PHILIPPINE BRANCH OF  
7 A FOREIGN CORPORATION, OR OTHER  
8 ENTITY ORGANIZED AND EXISTING  
9 UNDER PHILIPPINE LAWS AND  
10 REGISTERED WITH THE INVESTMENT  
11 PROMOTION AGENCY TO ENGAGE IN  
12 MANUFACTURING, ASSEMBLING OR  
13 PROCESSING ACTIVITY, AND SERVICES  
14 SUCH AS INFORMATION TECHNOLOGY  
15 (I.T.) ACTIVITIES AND BUSINESS PROCESS  
16 OUTSOURCING (BPO), AND RESULTING IN  
17 THE DIRECT EXPORTATION, AND/OR  
18 SALE OF ITS MANUFACTURED,  
19 ASSEMBLED OR PROCESSED PRODUCT  
20 OR I.T./BPO SERVICES TO ANOTHER

1 REGISTERED EXPORT ENTERPRISE THAT  
2 WILL FORM PART OF THE FINAL EXPORT  
3 PRODUCT OR EXPORT SERVICE OF THE  
4 LATTER, OF AT LEAST SEVENTY  
5 PERCENT (70%) OF ITS TOTAL  
6 PRODUCTION OR OUTPUT;

7 (F) *FREEPORT ZONES* REFER TO AN  
8 ISOLATED AND POLICED AREA  
9 ADJACENT TO A PORT OF ENTRY, WHICH  
10 SHALL BE OPERATED AND MANAGED AS  
11 A SEPARATE CUSTOMS TERRITORY TO  
12 ENSURE FREE FLOW OR MOVEMENT OF  
13 GOODS, EXCEPT THOSE EXPRESSLY  
14 PROHIBITED BY LAW, WITHIN, INTO, AND  
15 EXPORTED OUT OF THE FREEPORT ZONE  
16 WHERE IMPORTED GOODS MAY BE  
17 UNLOADED FOR IMMEDIATE  
18 TRANSSHIPMENT OR STORED, REPACKED,  
19 SORTED, MIXED, OR OTHERWISE  
20 MANIPULATED WITHOUT BEING

1           SUBJECT TO IMPORT DUTIES. HOWEVER,  
2           MOVEMENT OF THESE IMPORTED GOODS  
3           FROM THE FREE-TRADE AREA TO A NON-  
4           FREE TRADE AREA IN THE COUNTRY  
5           SHALL BE SUBJECT TO ALL APPLICABLE  
6           INTERNAL REVENUE TAXES AND DUTIES:  
7           *PROVIDED*, THAT FOR THE FREEPORT  
8           TO QUALIFY AS A SEPARATE CUSTOMS  
9           TERRITORY, A FREEPORT SHALL HAVE A  
10          PERMANENT CUSTOMS CONTROL OR  
11          CUSTOMS OFFICE AT ITS PERIMETER;

12                 “(G) *INVESTMENT CAPITAL* REFERS  
13          TO THE VALUE OF INVESTMENT  
14          INDICATED IN PHILIPPINE CURRENCY,  
15          EXCLUDING THE VALUE OF LAND AND  
16          WORKING CAPITAL, THAT SHALL BE  
17          USED TO CARRY OUT A REGISTERED  
18          PROJECT OR ACTIVITY, EXCEPT THAT  
19          LAND SHALL BE INCLUDED AS  
20          INVESTMENT CAPITAL FOR REGISTERED

1 REAL ESTATE DEVELOPMENT. INVESTMENT  
2 CAPITAL MAY INCLUDE THE COST OF  
3 LAND IMPROVEMENTS, BUILDINGS,  
4 LEASEHOLD IMPROVEMENTS, MACHINERY  
5 AND EQUIPMENT, AND OTHER NON-  
6 CURRENT TANGIBLE ASSETS;

7 " (H) INVESTMENT PROMOTION  
8 AGENCIES REFER TO GOVERNMENT  
9 ENTITIES CREATED BY LAW, EXECUTIVE  
10 ORDER, DECREE OR OTHER ISSUANCE, IN  
11 CHARGE OF PROMOTING INVESTMENTS,  
12 GRANTING AND ADMINISTERING TAX  
13 AND NON-TAX INCENTIVES, AND  
14 OVERSEEING THE OPERATIONS OF THE  
15 DIFFERENT ECONOMIC ZONES AND  
16 FREEPORTS IN ACCORDANCE WITH  
17 THEIR RESPECTIVE SPECIAL LAWS.  
18 THESE INCLUDE THE BOARD OF  
19 INVESTMENTS (BOI), REGIONAL BOARD  
20 OF INVESTMENTS AUTONOMOUS REGION

1           IN MUSLIM MINDANAO (RBOI-ARMM),  
2           PHILIPPINE       ECONOMIC       ZONE  
3           AUTHORITY (PEZA), BASES CONVERSION  
4           AND DEVELOPMENT AUTHORITY (BCDA),  
5           SUBIC BAY METROPOLITAN AUTHORITY  
6           (SBMA),       CLARK       DEVELOPMENT  
7           CORPORATION (CDC), JOHN HAY  
8           MANAGEMENT CORPORATION (JHMC),  
9           PORO       POINT       MANAGEMENT  
10          CORPORATION (PPMC), CAGAYAN  
11          ECONOMIC ZONE AUTHORITY (CEZA),  
12          ZAMBOANGA CITY SPECIAL ECONOMIC  
13          ZONE AUTHORITY (ZCSEZA), PHIVIDEC  
14          INDUSTRIAL AUTHORITY (PIA), AURORA  
15          PACIFIC ECONOMIC ZONE AND FREEPORT  
16          AUTHORITY (APECO), AUTHORITY OF THE  
17          FREEPORT AREA OF BATAAN (AFAB),  
18          TOURISM       INFRASTRUCTURE       AND  
19          ENTERPRISE ZONE AUTHORITY (TIEZA),  
20          AND ALL OTHER SIMILAR EXISTING

1           AUTHORITIES OR THAT MAY BE CREATED  
2           BY     LAW     UNLESS     OTHERWISE  
3           SPECIFICALLY EXEMPTED FROM THE  
4           COVERAGE OF THIS CODE;

5           “(I) *LESS DEVELOPED AREAS* REFER  
6           TO LOCALITIES WITH A LOW PER CAPITA  
7           GROSS DOMESTIC PRODUCT, LOW  
8           LEVEL OF INVESTMENTS, HIGH  
9           RATE OF UNEMPLOYMENT AND/OR  
10          UNDEREMPLOYMENT, AND LOW LEVEL  
11          OF INFRASTRUCTURE DEVELOPMENT  
12          WITH LIMITED ACCESSIBILITY TO  
13          DEVELOP URBAN CENTERS, AS  
14          DETERMINED BY THE NATIONAL  
15          ECONOMIC AND DEVELOPMENT  
16          AUTHORITY (NEDA);

17          “(J) *METROPOLITAN AREAS* REFER  
18          TO METRO MANILA, METRO CEBU AND  
19          METRO DAVAO OR THOSE LOCAL  
20          GOVERNMENT UNITS (LGUs) WHICH ARE



1           LATER QUALIFIED OR GROUPED AS SUCH  
2           BY THE NEDA OR THROUGH LAWS OR  
3           EXECUTIVE ISSUANCES;

4           “(K) *OTHER GOVERNMENT AGENCIES*  
5           *ADMINISTERING TAX INCENTIVES* REFER  
6           TO GOVERNMENT AGENCIES OTHER  
7           THAN INVESTMENT PROMOTION AGENCIES  
8           WHICH REGISTER OR ADMINISTER TAX  
9           INCENTIVES OF ANY KIND TO ANY  
10          SPECIFIC ENTITIES AND/OR CLASS OF  
11          PERSONS PURSUANT TO ANY LAW;

12          “(L) *OTHER REGISTERED ENTITIES*  
13          REFER TO ANY INDIVIDUAL, PARTNERSHIP,  
14          ORGANIZATION, CORPORATION, PHILIPPINE  
15          BRANCH OF A FOREIGN CORPORATION,  
16          OR OTHER ENTITY INCORPORATED  
17          AND/OR ORGANIZED AND EXISTING  
18          UNDER PHILIPPINE LAWS, AND  
19          REGISTERED WITH OTHER GOVERNMENT  
20          AGENCIES ADMINISTERING TAX INCENTIVES;

1                   “(M) *QUALIFIED CAPITAL EXPENDITURE*

2                   REFERS TO PURCHASES OF CAPITAL  
3                   GOODS WITH A USEFUL LIFE OF MORE  
4                   THAN ONE (1) YEAR ACQUIRED FOR THE  
5                   ENTITY'S PRODUCTION OF GOODS AND  
6                   SERVICES TO BE DIRECTLY USED IN THE  
7                   PROJECT OR ACTIVITY OF THE  
8                   REGISTERED BUSINESS ENTERPRISE;

9                   “(N)       *REGISTERED BUSINESS*

10                  *ENTERPRISE*       REFERS TO ANY  
11                  INDIVIDUAL, PARTNERSHIP, CORPORATION,  
12                  PHILIPPINE BRANCH OF A FOREIGN  
13                  CORPORATION, OR OTHER ENTITY  
14                  ORGANIZED AND EXISTING UNDER  
15                  PHILIPPINE LAWS AND REGISTERED  
16                  WITH AN INVESTMENT PROMOTION  
17                  AGENCY EXCLUDING SERVICE  
18                  ENTERPRISES SUCH AS THOSE ENGAGED  
19                  IN CUSTOMS BROKERAGE, TRUCKING OR  
20                  FORWARDING SERVICES, JANITORIAL

1 SERVICES, SECURITY SERVICES, INSURANCE,  
2 BANKING, AND OTHER FINANCIAL  
3 SERVICES, CONSUMERS' COOPERATIVES,  
4 CREDIT UNIONS, CONSULTANCY  
5 SERVICES, . RETAIL ENTERPRISES,  
6 RESTAURANTS, OR SUCH OTHER SIMILAR  
7 SERVICES, AS MAY BE DETERMINED BY  
8 THE FISCAL INCENTIVES REVIEW BOARD,  
9 IRRESPECTIVE OF LOCATION, WHETHER  
10 INSIDE OR OUTSIDE THE ZONES, DULY  
11 ACCREDITED OR LICENSED BY ANY OF  
12 THE INVESTMENT PROMOTION AGENCIES  
13 AND WHOSE INCOME DELIVERED  
14 WITHIN THE ECONOMIC ZONES SHALL  
15 BE SUBJECT TO TAXES UNDER THE  
16 NATIONAL INTERNAL REVENUE CODE  
17 OF 1997, AS AMENDED;

18 (O) *RESEARCH AND DEVELOPMENT*  
19 REFERS TO EXPERIMENTAL OR OTHER  
20 RELATED PROJECTS OR ACTIVITIES:

1           “(1) WHOSE OUTCOME CANNOT BE  
2           KNOWN OR DETERMINED IN ADVANCE  
3           ON THE BASIS OF CURRENT  
4           KNOWLEDGE, INFORMATION OR  
5           EXPERIENCE, BUT CAN ONLY BE  
6           DETERMINED BY APPLYING A  
7           SYSTEMATIC PROGRESSION OF WORK:

8           “(I) BASED ON PRINCIPLES OF  
9           ESTABLISHED SCIENCE; AND

10           “(II) PROCEEDS FROM HYPOTHESIS  
11           TO EXPERIMENT, OBSERVATION AND  
12           EVALUATION, AND LEADS TO LOGICAL  
13           CONCLUSIONS.

14           “(2) THAT ARE CONDUCTED FOR THE  
15           PURPOSE OF GENERATING NEW KNOWLEDGE,  
16           INCLUDING NEW KNOWLEDGE IN THE  
17           FORM OF NEW OR IMPROVED  
18           MATERIALS, PRODUCTS, DEVICES,  
19           PROCESSES OR SERVICES;

1                   “(P) *SOPHISTICATED* REFERS TO THE  
2                   STATE WHEN A PRODUCT OR SERVICE  
3                   REQUIRES A HIGH LEVEL OF TECHNOLOGY,  
4                   HUMAN CAPITAL, COMPETENCIES OR  
5                   KNOW-HOW, AND INFRASTRUCTURE TO  
6                   BE PRODUCED OR OFFERED;

7                   “(Q) *SOPHISTICATION* REFERS TO  
8                   THE LEVEL OF TECHNOLOGY, HUMAN  
9                   CAPITAL, COMPETENCIES OR KNOW-  
10                  HOW, AND INFRASTRUCTURE REQUIRED  
11                  FOR A PRODUCT OR SERVICE TO BE  
12                  OFFERED BY AN ECONOMY LIKE THAT OF  
13                  THE PHILIPPINES;

14                  “(R) *SOURCE DOCUMENT* REFERS TO  
15                  INPUT MATERIALS AND DOCUMENTS  
16                  REASONABLY NEEDED BY INFORMATION  
17                  TECHNOLOGY (IT) AND IT-ENABLED  
18                  INDUSTRIES SUCH AS BOOKS,  
19                  DIRECTORIES, MAGAZINES, NEWSPAPERS,  
20                  BROCHURES, PAMPHLETS, MEDICAL

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

4           “(S) *SPECIAL ECONOMIC ZONE* OR  
5 *ECOZONE* REFERS TO A SELECTED AREA,  
6 WHICH SHALL BE OPERATED AND  
7 MANAGED AS A SEPARATE CUSTOMS  
8 TERRITORY THAT IS HIGHLY DEVELOPED  
9 OR HAS THE POTENTIAL TO BE  
10 DEVELOPED INTO AN AGRO-INDUSTRIAL,  
11 INDUSTRIAL, INFORMATION TECHNOLOGY,  
12 OR TOURIST/RECREATIONAL AREA,  
13 WHOSE METES AND BOUNDS ARE FIXED  
14 OR DELIMITED BY PRESIDENTIAL  
15 PROCLAMATIONS AND WITHIN A  
16 SPECIFIC GEOGRAPHICAL AREA WHICH  
17 INCLUDES INDUSTRIAL ESTATES (IES),  
18 EXPORT PROCESSING ZONES (EPZS), ICT  
19 PARKS AND CENTERS, AND FREE TRADE  
20 ZONES: *PROVIDED*, THAT FOR THE

1 ECOZONE TO QUALIFY AS A SEPARATE  
2 CUSTOMS TERRITORY, AN ECOZONE  
3 SHALL HAVE A PERMANENT CUSTOMS  
4 CONTROL OR CUSTOMS OFFICE AT ITS  
5 PERIMETER: *PROVIDED, HOWEVER, THAT*  
6 AREAS WHERE MINING EXTRACTION IS  
7 UNDERTAKEN SHALL NOT BE DECLARED  
8 AS AN ECOZONE: *PROVIDED, FURTHER,*  
9 THAT VERTICAL ECONOMIC ZONES,  
10 SUCH AS, BUT NOT LIMITED TO,  
11 BUILDINGS, SELECTED FLOORS WITHIN  
12 BUILDINGS, AND SELECTED AREAS ON A  
13 FLOOR, NEED TO COMPLY WITH THE  
14 MINIMUM CONTIGUOUS LAND AREA AS  
15 DETERMINED BY THE FISCAL  
16 INCENTIVES REVIEW BOARD; AND

17 "(T) *TRAINING* REFERS TO COURSES,  
18 CURRICULA, CERTIFICATIONS OR  
19 MODULES PROVIDED TO FILIPINO  
20 EMPLOYEES THAT ARE DIRECTLY

1 RELATED TO THE PRODUCTION OF  
2 GOODS OR PERFORMANCE OF SERVICES  
3 UNDER THE REGISTERED PROJECT OR  
4 ACTIVITY AND THAT ARE OF A  
5 TECHNICAL NATURE, WHICH SHALL  
6 DEVELOP OR IMPROVE THE SPECIFIC  
7 SKILLS OR PRACTICAL KNOWLEDGE OF  
8 THE EMPLOYEE ESPECIALLY IN THE  
9 MECHANICAL, INDUSTRIAL ART,  
10 SCIENTIFIC FIELD OR PRACTICAL  
11 SCIENCE OF A PARTICULAR POSITION OR  
12 JOB FUNCTION IN THE REGISTERED  
13 PROJECT OR ACTIVITY, OR IN  
14 PREPARATION FOR ENHANCING THE  
15 VALUE CHAIN."

16 "CHAPTER II

17 "TAX AND DUTY INCENTIVES

18 "SEC. 294. *INCENTIVES*. - SUBJECT  
19 TO THE CONDITIONS AND PERIOD OF



1 AVAILMENT IN SECTIONS 295 AND 296,  
2 RESPECTIVELY, THE FOLLOWING TYPES  
3 OF TAX INCENTIVES MAY BE GRANTED  
4 TO REGISTERED PROJECTS OR  
5 ACTIVITIES:

6 "(A) INCOME TAX HOLIDAY;

7 "(B) SPECIAL CORPORATE INCOME  
8 TAX RATE - FOR EXPORT ENTERPRISE,  
9 AND DOMESTIC MARKET ENTERPRISE  
10 ENGAGED IN ACTIVITIES CLASSIFIED  
11 AS STRATEGIC INDUSTRIES AS MAY BE  
12 DEFINED IN THE STRATEGIC  
13 INVESTMENT PRIORITY PLAN, A TAX  
14 RATE EQUIVALENT TO FIVE PERCENT  
15 (5%) EFFECTIVE JULY 1, 2020, BASED ON  
16 THE GROSS INCOME EARNED, IN LIEU  
17 OF ALL TAXES, BOTH NATIONAL AND  
18 LOCAL: *PROVIDED*, THAT THE  
19 NATIONAL GOVERNMENT SHARE SHALL  
20 BE THREE PERCENT (3%) OF THE

1 GROSS INCOME EARNED EFFECTIVE  
2 JULY 1, 2020: *PROVIDED, FURTHER,*  
3 THAT, IF APPLICABLE, THE SHARES OF  
4 THE LGUs AND THE INVESTMENT  
5 PROMOTION AGENCIES UNDER THE  
6 SPECIAL LAWS GOVERNING THE LATTER  
7 SHALL BE OBSERVED AND SHALL NOT  
8 RESULT IN THE DIMINUTION OF THEIR  
9 RESPECTIVE SHARES: *PROVIDED,*  
10 *FINALLY,* THAT THE SHARE OF THE  
11 LGU WHICH HAS JURISDICTION OVER  
12 THE PLACE OF THE REGISTERED  
13 ACTIVITY OF REGISTERED BUSINESS  
14 ENTERPRISE OUTSIDE ECOZONES AND  
15 FREEPORTS SHALL BE TWO PERCENT  
16 (2%) AND SHALL BE DIRECTLY REMITTED  
17 BY THE REGISTERED BUSINESS  
18 ENTERPRISE TO SUCH LGU.

19 "(C) ENHANCED DEDUCTIONS - FOR  
20 DOMESTIC MARKET ENTERPRISES, THE

1 FOLLOWING MAY BE ALLOWED AS  
2 DEDUCTIONS:

3 "(1) DEPRECIATION ALLOWANCE OF  
4 THE ASSETS ACQUIRED FOR THE  
5 ENTITY'S PRODUCTION OF GOODS AND  
6 SERVICES (QUALIFIED CAPITAL  
7 EXPENDITURE) - ADDITIONAL TEN  
8 PERCENT (10%) FOR BUILDINGS; AND  
9 ADDITIONAL TWENTY PERCENT (20%)  
10 FOR MACHINERIES AND EQUIPMENT;

11 "(2) FIFTY PERCENT (50%) ADDITIONAL  
12 DEDUCTION ON THE LABOR EXPENSE  
13 INCURRED IN THE TAXABLE YEAR;

14 "(3) ONE HUNDRED PERCENT (100%)  
15 ADDITIONAL DEDUCTION ON RESEARCH  
16 AND DEVELOPMENT EXPENSE INCURRED  
17 IN THE TAXABLE YEAR;

18 "(4) ONE HUNDRED PERCENT (100%)  
19 ADDITIONAL DEDUCTION ON TRAINING

1 EXPENSE INCURRED IN THE TAXABLE  
2 YEAR;

3 "(5) FIFTY PERCENT (50%) ADDITIONAL  
4 DEDUCTION ON DOMESTIC INPUT  
5 EXPENSE INCURRED IN THE TAXABLE  
6 YEAR;

7 "(6) FIFTY PERCENT (50%) ADDITIONAL  
8 DEDUCTION ON POWER EXPENSE  
9 INCURRED IN THE TAXABLE YEAR;

10 "(7) DEDUCTION FOR REINVESTMENT  
11 ALLOWANCE TO MANUFACTURING  
12 INDUSTRY - WHEN A MANUFACTURING  
13 REGISTERED BUSINESS ENTERPRISE  
14 REINVESTS ITS UNDISTRIBUTED PROFIT  
15 OR SURPLUS IN ANY OF THE PROJECTS  
16 OR ACTIVITIES LISTED IN THE  
17 STRATEGIC INVESTMENT PRIORITY  
18 PLAN, THE AMOUNT REINVESTED TO A  
19 MAXIMUM OF FIFTY PERCENT (50%)  
20 SHALL BE ALLOWED AS A DEDUCTION

1 FROM ITS TAXABLE INCOME WITHIN A  
2 PERIOD OF FIVE (5) YEARS FROM THE  
3 TIME OF SUCH REINVESTMENT; AND

4 " (8) ENHANCED NET OPERATING  
5 LOSS CARRY-OVER (NOLCO). - THE NET  
6 OPERATING LOSS OF THE REGISTERED  
7 PROJECT OR ACTIVITY DURING THE  
8 FIRST THREE (3) YEARS FROM THE START  
9 OF COMMERCIAL OPERATION WHICH  
10 HAD NOT BEEN PREVIOUSLY OFFSET AS  
11 DEDUCTION FROM GROSS INCOME MAY  
12 BE CARRIED OVER AS DEDUCTION FROM  
13 GROSS INCOME WITHIN THE NEXT  
14 FIVE (5) CONSECUTIVE TAXABLE YEARS  
15 IMMEDIATELY FOLLOWING THE YEAR OF  
16 SUCH LOSS.

17 "PROVIDED, THAT FOR EXPORT  
18 ENTERPRISE, AT ITS OPTION, THE  
19 FOREGOING ENHANCED DEDUCTIONS  
20 MAY ALSO BE ALLOWED.

1           “(D) DUTY EXEMPTION ON  
2 IMPORTATION OF CAPITAL EQUIPMENT,  
3 RAW MATERIALS, SPARE PARTS, OR  
4 ACCESSORIES; AND

5           “(E) VALUE-ADDED TAX (VAT)  
6 EXEMPTION ON IMPORTATION AND VAT  
7 ZERO-RATING ON LOCAL PURCHASES.”

8           “SEC. 295. *CONDITIONS OF AVAILMENT.* –  
9 THE TAX INCENTIVES IN THE  
10 PRECEDING SECTION SHALL BE  
11 GOVERNED BY THE FOLLOWING RULES:

12           “(A) THE INCOME TAX HOLIDAY  
13 SHALL BE FOLLOWED BY THE SPECIAL  
14 CORPORATE INCOME TAX RATE;

15           “(B) AT THE OPTION OF THE EXPORT  
16 ENTERPRISE, OR DOMESTIC MARKET  
17 ENTERPRISE ENGAGED IN ACTIVITIES  
18 CLASSIFIED AS STRATEGIC INDUSTRIES  
19 AS MAY BE DEFINED IN THE  
20 STRATEGIC INVESTMENT PRIORITY

1 PLAN, THE ENHANCED DEDUCTIONS  
2 SHALL BE GRANTED IN LIEU OF THE  
3 INCOME TAX HOLIDAY AND THE  
4 SPECIAL CORPORATE INCOME TAX RATE:  
5 *PROVIDED*, THAT IN NO CASE SHALL  
6 THE ENHANCED DEDUCTIONS BE  
7 GRANTED SIMULTANEOUSLY WITH THE  
8 SPECIAL CORPORATE INCOME TAX:  
9 *PROVIDED, FURTHER*, THAT THE FISCAL  
10 INCENTIVES REVIEW BOARD AND THE  
11 INVESTMENT PROMOTION AGENCIES,  
12 SHALL PRESCRIBE THE TERMS AND  
13 CONDITIONS ON THE GRANT OF  
14 ENHANCED DEDUCTIONS UNDER  
15 SECTION 294(C).

16 "THE FOLLOWING CONDITIONS FOR  
17 THE AVAILMENT OF EACH ENHANCED  
18 DEDUCTIONS SHALL BE COMPLIED WITH:

19 "(1) THE DEPRECIATION ALLOWANCE  
20 OF THE ASSETS ACQUIRED FOR THE

1            ENTITY'S PRODUCTION OF GOODS  
2            AND SERVICES (QUALIFIED CAPITAL  
3            EXPENDITURE) SHALL BE ALLOWED FOR  
4            ASSETS THAT ARE DIRECTLY RELATED  
5            TO THE REGISTERED ENTERPRISE'S  
6            PRODUCTION OF GOODS AND SERVICES  
7            OTHER THAN ADMINISTRATIVE AND  
8            OTHER SUPPORT SERVICES;

9                  “(2) THE ADDITIONAL DEDUCTION  
10            ON THE LABOR EXPENSE SHALL  
11            NOT INCLUDE SALARIES, WAGES,  
12            BENEFITS, AND OTHER PERSONNEL  
13            COSTS INCURRED FOR MANAGERIAL,  
14            ADMINISTRATIVE, INDIRECT LABOR, AND  
15            SUPPORT SERVICES.

16                  “(3) THE ADDITIONAL DEDUCTION  
17            ON RESEARCH AND DEVELOPMENT  
18            EXPENSE SHALL ONLY APPLY  
19            TO RESEARCH AND DEVELOPMENT  
20            DIRECTLY RELATED TO THE REGISTERED



1 PROJECT OR ACTIVITY OF THE ENTITY  
2 AND SHALL BE LIMITED TO LOCAL  
3 EXPENDITURE INCURRED FOR SALARIES  
4 OF FILIPINO EMPLOYEES AND  
5 CONSUMABLES AND PAYMENTS TO  
6 LOCAL RESEARCH AND DEVELOPMENT  
7 ORGANIZATIONS.

8 (4) THE ADDITIONAL DEDUCTION  
9 ON TRAINING EXPENSE SHALL ONLY  
10 APPLY TO TRAININGS, AS APPROVED  
11 BY THE INVESTMENT PROMOTION  
12 AGENCIES BASED ON THE STRATEGIC  
13 INVESTMENT PRIORITY PLAN, GIVEN TO  
14 THE FILIPINO EMPLOYEES ENGAGED  
15 DIRECTLY IN THE REGISTERED  
16 BUSINESS ENTERPRISE'S PRODUCTION  
17 OF GOODS AND SERVICES.

18 (5) THE ADDITIONAL DEDUCTION  
19 ON DOMESTIC INPUT EXPENSE SHALL  
20 ONLY APPLY TO DOMESTIC INPUT THAT

1 ARE DIRECTLY RELATED TO AND  
2 ACTUALLY USED IN THE REGISTERED  
3 EXPORT PROJECT OR ACTIVITY OF THE  
4 REGISTERED BUSINESS ENTERPRISE.

5 "(6) THE ADDITIONAL DEDUCTION  
6 ON POWER EXPENSE SHALL ONLY APPLY  
7 TO POWER UTILIZED FOR THE  
8 REGISTERED PROJECT OR ACTIVITY.

9 "(7) THE DEDUCTION FOR  
10 REINVESTMENT ALLOWANCE TO  
11 MANUFACTURING INDUSTRY SHALL BE  
12 DETERMINED IN THE STRATEGIC  
13 INVESTMENT PRIORITY PLAN.

14 "(C) THE DUTY EXEMPTION SHALL  
15 ONLY APPLY TO THE IMPORTATION OF  
16 CAPITAL EQUIPMENT, RAW MATERIALS,  
17 SPARE PARTS, OR ACCESSORIES  
18 DIRECTLY AND EXCLUSIVELY USED IN  
19 THE REGISTERED PROJECT OR ACTIVITY  
20 BY REGISTERED BUSINESS ENTERPRISES.

1           *PROVIDED*, THAT THE FOLLOWING  
2           CONDITIONS ARE COMPLIED WITH:  
3           “(1) THE CAPITAL EQUIPMENT, RAW  
4           MATERIALS, SPARE PARTS, OR  
5           ACCESSORIES ARE DIRECTLY AND  
6           REASONABLY NEEDED AND WILL BE  
7           USED EXCLUSIVELY IN AND AS PART OF  
8           THE DIRECT COST OF THE REGISTERED  
9           PROJECT OR ACTIVITY OF THE  
10          REGISTERED BUSINESS ENTERPRISE,  
11          AND ARE NOT PRODUCED OR  
12          MANUFACTURED DOMESTICALLY IN  
13          SUFFICIENT QUANTITY OR OF  
14          COMPARABLE QUALITY AND AT  
15          REASONABLE PRICES. PRIOR APPROVAL  
16          OF THE INVESTMENT PROMOTION  
17          AGENCY MAY BE SECURED FOR THE  
18          PART-TIME UTILIZATION OF SAID  
19          CAPITAL EQUIPMENT, RAW MATERIALS,  
20          SPARE PARTS, OR ACCESSORIES IN A

1           NON-REGISTERED PROJECT OR ACTIVITY  
2           TO    MAXIMIZE    USAGE    THEREOF:  
3           *PROVIDED*, THAT THE PROPORTIONATE  
4           TAXES AND DUTIES ARE PAID ON A  
5           SPECIFIC CAPITAL EQUIPMENT, RAW  
6           MATERIALS,    SPARE    PARTS,    OR  
7           ACCESSORIES IN PROPORTION TO THE  
8           UTILIZATION    FOR    NON-REGISTERED  
9           PROJECTS OR ACTIVITIES. IN THE EVENT  
10          THAT THE CAPITAL EQUIPMENT, RAW  
11          MATERIALS,    SPARE    PARTS,    OR  
12          ACCESSORIES SHALL BE USED FOR A  
13          NON-REGISTERED PROJECT OR ACTIVITY  
14          OF    THE    REGISTERED    BUSINESS  
15          ENTERPRISE AT ANY TIME WITHIN THE  
16          FIRST FIVE (5) YEARS FROM DATE OF  
17          IMPORTATION,    THE    REGISTERED  
18          BUSINESS ENTERPRISE SHALL FIRST  
19          SEEK    PRIOR    APPROVAL    OF    THE  
20          CONCERNED INVESTMENT PROMOTION

1 AGENCY AND PAY THE TAXES AND  
2 CUSTOMS DUTIES THAT WERE NOT PAID  
3 UPON THE IMPORTATION; AND

4 "(2) THE APPROVAL OF THE  
5 INVESTMENT PROMOTION AGENCY WAS  
6 OBTAINED BY THE REGISTERED  
7 BUSINESS ENTERPRISE PRIOR TO THE  
8 IMPORTATION OF SUCH CAPITAL  
9 EQUIPMENT, RAW MATERIALS, SPARE  
10 PARTS, OR ACCESSORIES.

11 "WITHIN THE FIRST FIVE (5) YEARS  
12 FROM DATE OF IMPORTATION,  
13 APPROVAL OF THE INVESTMENT  
14 PROMOTION AGENCY MUST BE SECURED  
15 BEFORE THE SALE, TRANSFER, OR  
16 DISPOSITION OF THE CAPITAL  
17 EQUIPMENT, RAW MATERIALS, SPARE  
18 PARTS, OR ACCESSORIES WHICH WERE  
19 GRANTED TAX AND CUSTOMS DUTY  
20 EXEMPTION HEREUNDER, AND SHALL BE

1 ALLOWED ONLY UNDER THE FOLLOWING  
2 CIRCUMSTANCES:

3 "(A) IF MADE TO ANOTHER  
4 ENTERPRISE AVAILING CUSTOMS DUTY  
5 EXEMPTION ON IMPORTED CAPITAL  
6 EQUIPMENT, RAW MATERIALS, SPARE  
7 PARTS, OR ACCESSORIES;

8 "(B) IF MADE TO ANOTHER  
9 ENTERPRISE NOT AVAILING OF DUTY  
10 EXEMPTION ON IMPORTED CAPITAL  
11 EQUIPMENT, RAW MATERIALS, SPARE  
12 PARTS, OR ACCESSORIES, UPON  
13 PAYMENT OF ANY TAXES AND DUTIES  
14 DUE ON THE NET BOOK VALUE OF THE  
15 CAPITAL EQUIPMENT, RAW MATERIALS,  
16 SPARE PARTS, OR ACCESSORIES TO BE  
17 SOLD;

18 "(C) EXPORTATION OF CAPITAL  
19 EQUIPMENT, RAW MATERIALS, SPARE  
20 PARTS, ACCESSORIES, SOURCE DOCUMENTS,

1 OR THOSE REQUIRED FOR POLLUTION  
2 ABATEMENT AND CONTROL;

3 "D) PROVEN TECHNICAL  
4 OBSOLESCENCE OF THE CAPITAL  
5 EQUIPMENT, RAW MATERIALS, SPARE  
6 PARTS, OR ACCESSORIES; OR

7 "E) IF DONATED TO THE TESDA,  
8 STATE UNIVERSITIES AND COLLEGES  
9 (SUCs), OR DEPED AND CHED-ACCREDITED  
10 SCHOOLS: *PROVIDED*, THAT THE  
11 DONATION SHALL BE EXEMPT FROM  
12 IMPORT DUTIES AND TAXES, INCLUDING  
13 DONOR'S TAX.

14 "*PROVIDED*, THAT IF THE  
15 REGISTERED BUSINESS ENTERPRISE  
16 SELLS, TRANSFERS, OR DISPOSES THE  
17 AFOREMENTIONED IMPORTED ITEMS  
18 WITHOUT PRIOR APPROVAL, THE  
19 REGISTERED BUSINESS ENTERPRISE  
20 AND THE VENDEE, TRANSFEREE, OR

1           ASSIGNEE SHALL BE SOLIDARILY LIABLE  
2           TO PAY TWICE THE AMOUNT OF THE  
3           DUTY EXEMPTION THAT SHOULD HAVE  
4           BEEN PAID DURING ITS IMPORTATION:  
5           *PROVIDED, FURTHER,* THAT THE SALE,  
6           TRANSFER, OR DISPOSITION OF THE  
7           CAPITAL EQUIPMENT, RAW MATERIALS,  
8           SPARE PARTS, OR ACCESSORIES MADE  
9           AFTER FIVE (5) YEARS FROM DATE OF  
10          IMPORTATION SHALL REQUIRE THAT  
11          PRIOR NOTICE BE GIVEN BY THE  
12          REGISTERED BUSINESS ENTERPRISE TO  
13          THE INVESTMENT PROMOTION AGENCY:  
14          *PROVIDED, FINALLY,* THAT EVEN IF THE  
15          SALE, TRANSFER, OR DISPOSITION OF  
16          THE CAPITAL EQUIPMENT, RAW  
17          MATERIALS, SPARE PARTS OR  
18          ACCESSORIES WAS MADE AFTER FIVE (5)  
19          YEARS FROM DATE OF IMPORTATION  
20          WITH NOTICE TO THE INVESTMENT



1 PROMOTION AGENCY, THE REGISTERED  
2 BUSINESS ENTERPRISE IS STILL LIABLE  
3 TO PAY THE DUTIES BASED ON THE NET  
4 BOOK VALUE OF THE CAPITAL  
5 EQUIPMENT, RAW MATERIALS, SPARE  
6 PARTS, OR ACCESSORIES IF IT HAS  
7 VIOLATED ANY OF ITS REGISTRATION  
8 TERMS AND CONDITIONS.

9 (D) THE VAT EXEMPTION ON  
10 IMPORTATION AND VAT ZERO-RATING ON  
11 LOCAL PURCHASES SHALL ONLY APPLY  
12 TO GOODS AND SERVICES DIRECTLY AND  
13 EXCLUSIVELY USED IN THE REGISTERED  
14 PROJECT OR ACTIVITY BY REGISTERED  
15 BUSINESS ENTERPRISE LOCATED INSIDE  
16 AN ECOZONE OR FREEPORT.

17 "NOTWITHSTANDING THE PROVISIONS  
18 IN THE PRECEDING PARAGRAPHS, SALES  
19 RECEIPTS AND OTHER INCOME DERIVED  
20 FROM NON-REGISTERED PROJECT OR

1           ACTIVITY SHALL BE SUBJECT TO  
2           APPROPRIATE TAXES IMPOSED UNDER  
3           THIS CODE.

4           "PROVIDED, THAT REGISTERED  
5           BUSINESS ENTERPRISES (RBEs), WHOSE  
6           PERFORMANCE COMMITMENTS INCLUDE  
7           JOB GENERATION SHALL MAINTAIN  
8           THEIR EMPLOYMENT LEVELS TO THE  
9           EXTENT PRACTICABLE, AND IN THE CASE  
10          OF REDUCED EMPLOYMENT, THE RBEs  
11          MUST SUBMIT TO THEIR RESPECTIVE  
12          INVESTMENT PROMOTION AGENCIES  
13          AND THE FISCAL INCENTIVES REVIEW  
14          BOARD THEIR JUSTIFICATION ON THE  
15          SAME."

16          "SEC. 296. *PERIOD OF AVAILMENT.* -  
17          THE PERIOD OF AVAILMENT OF  
18          INCENTIVE BY THE REGISTERED  
19          BUSINESS ENTERPRISE SHALL FOLLOW  
20          FOUR (4) CATEGORIES: A (BASIC), B1

1 (ENHANCED), B2 (ADVANCED) AND C  
2 (SUPERIOR):

3 "(A) INCOME TAX HOLIDAY (ITH)  
4 FOLLOWED BY SPECIAL CORPORATE  
5 INCOME TAX RATE (SCIT)

CATEGORY	ITH DURATION IN YEARS	SCIT DURATION IN YEARS	TOTAL IN YEARS
A (BASIC)	4	10	14
B1 (ENHANCED)	5	10	15
B2 (ADVANCED)	6	10	16
C (SUPERIOR)	7	10	17

6 "PROVIDED, THAT A QUALIFIED  
7 EXPANSION OR ENTIRELY NEW PROJECT  
8 OR ACTIVITY REGISTERED UNDER THIS  
9 ACT MAY QUALIFY TO AVAIL OF A NEW  
10 SET OF INCENTIVES AND ITS PERIOD OF  
11 AVAILMENT, GRANTED UNDER SECTIONS  
12 294 AND 296 OF THIS ACT, RESPECTIVELY,  
13 SUBJECT TO THE QUALIFICATIONS SET  
14 FORTH IN THE STRATEGIC INVESTMENT  
15 PRIORITY PLAN AND PERFORMANCE

1 REVIEW BY THE FISCAL INCENTIVES  
 2 REVIEW BOARD: *PROVIDED, FURTHER,*  
 3 THAT EXISTING REGISTERED PROJECTS  
 4 OR ACTIVITIES PRIOR TO THE  
 5 EFFECTIVITY OF THIS ACT MAY QUALIFY  
 6 TO REGISTER UNDER THIS ACT AND  
 7 AVAIL OF THE INCENTIVES GRANTED  
 8 UNDER THIS ACT FOR THE PRESCRIBED  
 9 PERIOD SUBJECT TO THE CRITERIA AND  
 10 CONDITIONS SET FORTH IN THE  
 11 STRATEGIC INVESTMENT PRIORITY  
 12 PLAN.

13 "(B) ENHANCED DEDUCTIONS

CATEGORY	TOTAL IN YEARS
A (BASIC)	14
B1 (ENHANCED)	15
B2 (ADVANCED)	16
C (SUPERIOR)	17

14 "*PROVIDED,* THAT A QUALIFIED  
 15 EXPANSION OR ENTIRELY NEW PROJECT

1 OR ACTIVITY REGISTERED UNDER THIS  
2 ACT MAY QUALIFY TO AVAIL OF A NEW  
3 SET OF INCENTIVES AND ITS PERIOD OF  
4 AVAILMENT GRANTED UNDER SECTIONS  
5 294 AND 296 OF THIS ACT, RESPECTIVELY,  
6 SUBJECT TO THE QUALIFICATIONS SET  
7 FORTH IN THE STRATEGIC INVESTMENT  
8 PRIORITY PLAN AND PERFORMANCE  
9 REVIEW BY THE FISCAL INCENTIVES  
10 REVIEW BOARD: *PROVIDED, FURTHER,*  
11 THAT EXISTING REGISTERED PROJECTS  
12 OR ACTIVITIES PRIOR TO THE  
13 EFFECTIVITY OF THIS ACT MAY QUALIFY  
14 TO REGISTER UNDER THIS ACT AND  
15 AVAIL OF THE INCENTIVES GRANTED  
16 UNDER THIS ACT FOR THE PRESCRIBED  
17 PERIOD SUBJECT TO THE CRITERIA AND  
18 CONDITIONS SET FORTH IN THE  
19 STRATEGIC INVESTMENT PRIORITY  
20 PLAN.

1           "THE PERIOD OF AVAILMENT OF  
2           THE FOREGOING INCENTIVES SHALL  
3           COMMENCE FROM THE ACTUAL START  
4           OF COMMERCIAL OPERATIONS WITH THE  
5           REGISTERED BUSINESS ENTERPRISE  
6           AVAILING OF THE TAX INCENTIVES  
7           WITHIN THREE (3) YEARS FROM THE  
8           DATE OF REGISTRATION, UNLESS  
9           OTHERWISE PROVIDED IN THE  
10          STRATEGIC INVESTMENT PRIORITY PLAN  
11          AND ITS CORRESPONDING GUIDELINES:  
12          *PROVIDED,* THAT AFTER THE  
13          EXPIRATION OF THE TRANSITORY  
14          PERIOD UNDER SECTION 311(C), EXPORT  
15          ENTERPRISES REGISTERED PRIOR TO  
16          THE EFFECTIVITY OF THIS ACT SHALL  
17          HAVE THE OPTION TO REAPPLY AND  
18          AVAIL OF THE INCENTIVES GRANTED  
19          UNDER SECTION 294(B) FOR THE SAME  
20          PERIOD PROVIDED UNDER THIS

1 SECTION, AND MAY STILL BE EXTENDED  
2 FOR A CERTAIN PERIOD NOT EXCEEDING  
3 TEN (10) YEARS AT ANY ONE (1) TIME,  
4 SUBJECT TO THE CONDITIONS AND  
5 QUALIFICATIONS SET FORTH IN THE  
6 STRATEGIC INVESTMENT PRIORITY PLAN  
7 AND PERFORMANCE REVIEW BY THE  
8 FISCAL INCENTIVES REVIEW BOARD.

9 "FOR THE PURPOSE OF THIS  
10 SECTION, THE DETERMINATION OF THE  
11 CATEGORY SHALL BE BASED ON BOTH  
12 LOCATION AND INDUSTRY OF THE  
13 REGISTERED PROJECT OR ACTIVITY, AND  
14 OTHER RELEVANT FACTORS AS MAY  
15 BE DEFINED IN THE STRATEGIC  
16 INVESTMENT PRIORITY PLAN.

17 "THE LOCATION OF THE  
18 REGISTERED PROJECT OR ACTIVITY  
19 SHALL BE PRIORITIZED ACCORDING TO  
20 THE ECONOMIC LEVEL OF

1 DEVELOPMENT AS FOLLOWS: (1) LESS  
2 DEVELOPED AREAS; (2) AREAS OUTSIDE  
3 OF NATIONAL CAPITAL REGION (NCR)  
4 AND OUTSIDE OF METROPOLITAN AREAS  
5 AND ALL OTHER AREAS THAT ARE NOT  
6 LESS DEVELOPED; (3) AREAS OUTSIDE OF  
7 AND CONTIGUOUS OR ADJACENT TO NCR  
8 AND AREAS OUTSIDE OF AND  
9 CONTIGUOUS OR ADJACENT TO  
10 METROPOLITAN AREAS; AND (4) NCR AND  
11 OTHER MAJOR METROPOLITAN AREAS.  
12 THE METROPOLITAN AREAS AND THE  
13 LESS DEVELOPED AREAS SHALL BE  
14 DETERMINED BY THE NEDA.

15 "THE INDUSTRY OF THE  
16 REGISTERED PROJECT OR ACTIVITY  
17 SHALL BE PRIORITIZED ACCORDING TO  
18 NATIONAL INDUSTRIAL STRATEGY  
19 SPECIFIED IN THE STRATEGIC  
20 INVESTMENT PRIORITY PLAN. THE



1 STRATEGIC INVESTMENT PRIORITY  
2 PLAN SHALL DEFINE THE COVERAGE  
3 OF THE TIERS AND PROVIDE THE  
4 CONDITIONS FOR QUALIFYING THE  
5 ACTIVITIES:

6 (1) TIER I ACTIVITIES SHALL  
7 INCLUDE THE FOLLOWING ACTIVITIES:  
8 AGRICULTURE, FISHING, FORESTRY,  
9 AGRIBUSINESS ACTIVITIES AND ENERGY;  
10 ECOZONE AND FREEPORT ZONE  
11 DEVELOPMENT; MANUFACTURING OF  
12 MEDICAL SUPPLIES, DEVICES AND  
13 EQUIPMENT, AND CONSTRUCTION  
14 OF HEALTHCARE FACILITIES  
15 AND INFRASTRUCTURE; INCLUDING  
16 MANUFACTURING AND SERVICES  
17 INDUSTRIES THAT ARE EMERGING  
18 RESULTING FROM INNOVATION,  
19 UPGRADING OR ADDRESSING GAPS IN  
20 THE SUPPLY AND VALUE CHAIN,

1 MASS HOUSING, AS WELL AS  
2 INFRASTRUCTURE, TRANSPORTATION,  
3 UTILITIES, LOGISTICS AND SUPPORT  
4 SERVICES, PLANNED DEVELOPMENTS  
5 THAT USE TECHNOLOGIES AND  
6 DIGITAL SOLUTIONS THAT ARE CRUCIAL  
7 TO THE COUNTRY'S DEVELOPMENT;

8 "(2) TIER II ACTIVITIES SHALL  
9 INCLUDE THE FOLLOWING ACTIVITIES:  
10 ACTIVITIES THAT PRODUCE SUPPLIES,  
11 PARTS AND COMPONENTS AND  
12 INTERMEDIATE SERVICES THAT ARE  
13 NOT LOCALLY PRODUCED BUT ARE  
14 CRITICAL TO INDUSTRIAL DEVELOPMENT  
15 AND IMPORT-SUBSTITUTING ACTIVITIES  
16 OPERATING UNDER HIGHLY-CONTESTABLE  
17 MARKETS; AND

18 "(3) TIER III ACTIVITIES SHALL  
19 INCLUDE THE FOLLOWING ACTIVITIES:  
20 RESEARCH AND DEVELOPMENT, GENERATION

1           OF       NEW       KNOWLEDGE       AND  
2           INTELLECTUAL PROPERTY REGISTERED  
3           AND/OR LICENSED IN THE PHILIPPINES,  
4           COMMERCIALIZATION OF PATENTS,  
5           INDUSTRIAL DESIGNS, COPYRIGHTS AND  
6           UTILITY MODELS OWNED OR CO-OWNED  
7           BY A REGISTERED BUSINESS  
8           ENTERPRISE, HIGHLY TECHNICAL  
9           MANUFACTURING, AGRICULTURE, FISHING,  
10          FORESTRY, AGRIBUSINESS, AND OTHER  
11          ACTIVITIES AND SERVICES THAT  
12          INDISPENSABLY REQUIRE THE  
13          EMPLOYMENT OF KNOWLEDGE  
14          PROCESSING, MODERN SCIENCE, DATA  
15          ANALYTICS, CREATIVE CONTENT,  
16          ENGINEERING, STATE OF THE ART  
17          TECHNOLOGIES, TECHNOLOGIES THAT  
18          ARE AVAILABLE IN OTHER COUNTRIES  
19          BUT NOT YET AVAILABLE OR WIDELY  
20          USED IN THE PHILIPPINES AND

1 RESEARCH AND DEVELOPMENT IN THE  
 2 PROCESS OF PRODUCTION OF GOODS  
 3 AND SERVICES, RESULTING IN  
 4 DEMONSTRABLY SIGNIFICANT VALUE-  
 5 ADDED, PRODUCTIVITY, EFFICIENCY,  
 6 BREAKTHROUGHS IN SCIENCE AND  
 7 HEALTH, AND HIGH PAYING JOBS AND  
 8 MANUFACTURING OF FDA-APPROVED  
 9 INVESTIGATIONAL DRUGS, MEDICINES  
 10 AND MEDICAL DEVICES.

11 "THE PERIOD OF INCENTIVE  
 12 BASED ON THE COMBINATION OF BOTH  
 13 LOCATION AND INDUSTRY PRIORITIES AS  
 14 DETERMINED IN THE STRATEGIC  
 15 INVESTMENT PRIORITY PLAN SHALL BE  
 16 AS FOLLOWS:

LOCATION / INDUSTRY TIERS	TIER I	TIER II	TIER III
NCR AND OTHER METROPOLITAN AREAS	14	15	16
AREAS OUTSIDE	15	16	17

OF AND CONTIGUOUS OR ADJACENT TO NCR AND AREAS OUTSIDE OF AND CONTIGUOUS OR ADJACENT TO METROPOLITAN AREAS			
AREAS OUTSIDE OF NCR AND OUTSIDE OF METROPOLITAN AREAS, AND ALL OTHER AREAS THAT ARE NOT LESS DEVELOPED	16	17	17
LESS DEVELOPED AREAS	17	17	17

1                    "THE INDUSTRY AND LOCATIONAL  
2                    PRIORITIZATION SPECIFIED HEREIN SHALL  
3                    BE SUBJECT TO REVIEW AND REVISION  
4                    EVERY THREE (3) YEARS IN ACCORDANCE  
5                    WITH THE STRATEGIC INVESTMENT  
6                    PRIORITY PLAN SUBJECT TO THE  
7                    STANDARDS IN SECTION 300 HEREOF OR  
8                    IN EXCEPTIONAL CIRCUMSTANCES TO



1 FISCAL INCENTIVES REVIEW BOARD  
2 SHALL:

3 "(1) DETERMINE THE TARGET  
4 PERFORMANCE METRICS AS CONDITIONS  
5 TO AVAIL OF TAX INCENTIVES;

6 "(2) REVIEW AND AUDIT THE  
7 COMPLIANCE OF OTHER GOVERNMENT  
8 AGENCIES ADMINISTERING TAX  
9 INCENTIVES, WITH RESPECT TO THE  
10 ADMINISTRATION AND GRANT OF TAX  
11 INCENTIVES AND IMPOSE SANCTIONS  
12 SUCH AS, BUT NOT LIMITED TO,  
13 WITHDRAWAL, SUSPENSION, OR  
14 CANCELLATION OF THEIR POWER TO  
15 GRANT TAX INCENTIVES;

16 "(3) DETERMINE THE MINIMUM  
17 CONTIGUOUS LAND AREA THAT  
18 VERTICAL ECONOMIC ZONES SHOULD  
19 COMPLY WITH;

1           “(4) CONDUCT REGULAR MONITORING  
2           AND EVALUATION OF INVESTMENT AND  
3           NON-INVESTMENT TAX INCENTIVES,  
4           SUCH AS USING COST-BENEFIT ANALYSIS  
5           (CBA) TO DETERMINE THEIR IMPACT ON  
6           THE ECONOMY AND WHETHER AGREED  
7           PERFORMANCE TARGETS ARE MET; AND

8           “(5) CHECK AND VERIFY, AS  
9           NECESSARY, THE COMPLIANCE OF  
10          REGISTERED BUSINESS ENTERPRISES  
11          WITH THE TERMS AND CONDITIONS OF  
12          THEIR AVAILMENT, IN PARTICULAR THE  
13          AGREED TARGET PERFORMANCE  
14          METRICS, RULES AND REGULATIONS OF  
15          THIS ACT, AND OTHER RELEVANT LAWS  
16          OR ISSUANCES;

17          “(B) TO APPROVE OR DISAPPROVE,  
18          THE GRANT OF TAX INCENTIVES TO  
19          THE EXTENT OF THE REGISTERED  
20          PROJECT OR ACTIVITY UPON THE



1 RECOMMENDATION OF THE INVESTMENT  
2 PROMOTION AGENCY: *PROVIDED*, THAT  
3 THE APPLICATION FOR TAX INCENTIVES  
4 SHALL BE DULY ACCOMPANIED BY A  
5 COST-BENEFIT ANALYSIS: *PROVIDED*,  
6 *FURTHER*, THAT THE FISCAL  
7 INCENTIVES REVIEW BOARD SHALL  
8 PRESCRIBE THE DATA REQUIREMENTS  
9 FOR THE APPLICATION OF INCENTIVES  
10 TO ALLOW FOR THE CALCULATION OF  
11 COSTS AND BENEFITS UPON  
12 APPLICATION: *PROVIDED*, *FURTHER*,  
13 THAT THE GRANT OF TAX INCENTIVES  
14 TO REGISTERED PROJECTS OR  
15 ACTIVITIES WITH INVESTMENT CAPITAL  
16 OF ONE BILLION PESOS (P1,000,000,000.00)  
17 AND BELOW SHALL BE DELEGATED BY  
18 THE FISCAL INCENTIVES REVIEW BOARD  
19 TO THE CONCERNED INVESTMENT  
20 PROMOTION AGENCY TO THE EXTENT OF

1 THE REGISTERED PROJECT OR ACTIVITY:  
2 *PROVIDED, FURTHERMORE,* THAT THE  
3 FISCAL INCENTIVES REVIEW BOARD MAY  
4 INCREASE THE THRESHOLD AMOUNT OF  
5 ONE BILLION PESOS (P1,000,000,000.00):  
6 *PROVIDED, FINALLY,* THAT THE  
7 APPLICATION FOR TAX INCENTIVES  
8 SHALL BE DEEMED APPROVED IF NOT  
9 ACTED UPON WITHIN TWENTY (20) DAYS  
10 FROM THE DATE OF SUBMISSION OF THE  
11 APPLICATION AND COMPLETE RELEVANT  
12 SUPPORTING DOCUMENTS TO THE  
13 FISCAL INCENTIVES REVIEW BOARD OR  
14 THE INVESTMENT PROMOTION AGENCY,  
15 AS THE CASE MAY BE.

16 (C) TO APPROVE APPLICATIONS  
17 FOR TAX SUBSIDIES TO GOVERNMENT-  
18 OWNED OR -CONTROLLED  
19 CORPORATIONS (GOCCs), GOVERNMENT

1 INSTRUMENTALITIES (GIs), GOVERNMENT  
2 COMMISSARIES, AND SUCs.

3 "FOR THIS PURPOSE, THE OTHER  
4 GOVERNMENT AGENCIES SHALL ENSURE  
5 COMPLETE SUBMISSION OF APPLICATIONS,  
6 DOCUMENTS, RECORDS, BOOKS, OR  
7 OTHER DATA RELEVANT OR MATERIAL;

8 "(D) TO FORMULATE PLACE-SPECIFIC  
9 STRATEGIC INVESTMENT PLANS DURING  
10 PERIODS OF RECOVERY FROM  
11 CALAMITIES AND POST-CONFLICT  
12 SITUATIONS AND WHERE THE FISCAL  
13 INCENTIVES REVIEW BOARD  
14 DETERMINES THAT THERE IS A NEED TO  
15 ATTRACT MANY CLASSES, FIRMS, THAT  
16 WOULD ACCELERATE THE GROWTH OF A  
17 REGION'S FLAGSHIP INDUSTRIES, IN  
18 ACCORDANCE WITH THE MEDIUM-TERM  
19 DEVELOPMENT PLAN. THE FISCAL  
20 INCENTIVES REVIEW BOARD MAY

1 FORMULATE AND APPROVE PLACE-  
2 SPECIFIC STRATEGIC INVESTMENT  
3 PLANS AND RECOMMEND INCENTIVES  
4 TO THE PRESIDENT, FOLLOWING THE  
5 SAME PROCEDURE IN SECTION 297;

6 (E) TO CANCEL, SUSPEND, OR  
7 WITHDRAW THE ENJOYMENT OF FISCAL  
8 INCENTIVES OF CONCERNED REGISTERED  
9 BUSINESS ENTERPRISES ON ITS  
10 OWN INITIATIVE OR UPON THE  
11 RECOMMENDATION OF THE INVESTMENT  
12 PROMOTION AGENCY FOR MATERIAL  
13 VIOLATIONS OF ANY OF THE  
14 CONDITIONS IMPOSED IN THE GRANT OF  
15 FISCAL INCENTIVES, INCLUDING, BUT  
16 NOT LIMITED TO, THE NON-COMPLIANCE  
17 OF THE AGREED PERFORMANCE  
18 COMMITMENTS AND ENDORSE REGISTERED  
19 BUSINESS ENTERPRISES WHOSE  
20 INCENTIVES ARE CANCELLED,

1           SUSPENDED, OR WITHDRAWN TO THE  
2           CONCERNED REVENUE AGENCIES FOR  
3           THE ASSESSMENT AND COLLECTION OF  
4           TAXES AND DUTIES DUE COMMENCING  
5           FROM THE FIRST YEAR OF AVAILMENT;

6           “(F) TO CANCEL, SUSPEND, OR  
7           WITHDRAW THE ENJOYMENT OF TAX  
8           SUBSIDY OF CONCERNED GOCCs, GIs,  
9           GOVERNMENT COMMISSARIES, AND SUCs  
10          AND, WHEN NECESSARY, ENDORSE THE  
11          SAME TO THE CONCERNED REVENUE  
12          AGENCIES FOR ASSESSMENT AND  
13          COLLECTION OF TAXES AND DUTIES  
14          DUE, INCLUDING FINES OR PENALTIES,  
15          IF WARRANTED, FOR VIOLATIONS OF ANY  
16          OF THE CONDITIONS IMPOSED IN THE  
17          GRANT OF TAX SUBSIDY, OR PROVISIONS  
18          OF THIS ACT, OR APPLICABLE RULES;

19          “(G) TO REQUIRE INVESTMENT  
20          PROMOTION AGENCIES AND OTHER

1           GOVERNMENT AGENCIES ADMINISTERING  
2           TAX     INCENTIVES     TO     SUBMIT,  
3           REGULARLY OR WHEN REQUESTED,  
4           SUMMARIES OF APPROVED INVESTMENT  
5           AND INCENTIVES GRANTED, AND FIRM-  
6           OR ENTITY-LEVEL TAX INCENTIVES AND  
7           BENEFITS DATA AS INPUT TO THE  
8           FISCAL INCENTIVES REVIEW BOARD'S  
9           REVIEW AND AUDIT FUNCTION, AND  
10          EVALUATION OF PERFORMANCE OF  
11          RECIPIENTS OF TAX INCENTIVES. FOR  
12          THIS     PURPOSE,     THE     FISCAL  
13          INCENTIVES REVIEW BOARD SHALL  
14          MAINTAIN A MASTERLIST OF  
15          REGISTERED PRODUCTS AND SERVICES  
16          FOR     EXPORT     OR     DOMESTIC  
17          CONSUMPTION THAT ARE ENTITLED TO  
18          INCENTIVES: *PROVIDED*, THAT, TO  
19          FACILITATE COMPLIANCE WITH THE  
20          FOREGOING, THE DTL, IN COORDINATION

1 WITH RELEVANT REGULATORY BODIES,  
2 SHALL CAUSE THE REGISTRATION AND  
3 REPORTING BY REGISTERED BUSINESS  
4 ENTERPRISES, OF THE TYPES OF  
5 SERVICES RENDERED WHETHER  
6 DOMESTICALLY OR TO FOREIGN CLIENTS;  
7 TYPES OF PRODUCTS MANUFACTURED  
8 DOMESTICALLY, PRODUCTS IMPORTED  
9 AND SOLD LOCALLY, AND PRODUCTS  
10 EXPORTED;

11 "H) TO PUBLISH REGULARLY, AT  
12 PER FIRM, THE DATA PERTAINING TO  
13 THE AMOUNT OF TAX INCENTIVES, TAX  
14 PAYMENTS, AND OTHER RELATED  
15 INFORMATION, INCLUDING BENEFITS  
16 DATA;

17 "I) TO OBTAIN INFORMATION,  
18 SUMMON, EXAMINE, INQUIRE AND  
19 RECEIVE FROM OTHER GOVERNMENT  
20 AGENCIES ADMINISTERING TAX

1 INCENTIVES, GOCCs, GIs, GOVERNMENT  
2 COMMISSARIES, SUCs, AND LGUs,  
3 DOCUMENTS, RECORDS, BOOKS, OR  
4 OTHER DATA RELEVANT OR MATERIAL  
5 TO THE RESOLUTION OF ISSUES ARISING  
6 FROM THE APPROVAL, DISAPPROVAL,  
7 CANCELLATION, SUSPENSION, WITHDRAWAL  
8 OR FORFEITURE OF TAX SUBSIDY, OR IN  
9 IMPOSING PENALTIES FOR VIOLATIONS  
10 OF THE TERMS AND CONDITIONS ON THE  
11 AVAILMENT OF TAX SUBSIDY, OR ANY OF  
12 THE PROVISIONS OF THIS ACT;

13 "(J) TO SUBMIT ANNUAL REPORTS TO  
14 THE OFFICE OF THE PRESIDENT, AS PART  
15 OF THE BUDGET PROCESS, COVERING ITS  
16 POLICY AND ACTIVITIES IN THE  
17 ADMINISTRATION OF THIS ACT,  
18 INCLUDING RECOMMENDATIONS ON TAX  
19 INCENTIVE POLICIES AND APPROVAL OF  
20 TAX INCENTIVES;



1           “(K) TO DECIDE ON ISSUES, ON ITS  
2           OWN INITIATIVE OR UPON THE  
3           RECOMMENDATION OF THE INVESTMENT  
4           PROMOTION AGENCY, AFTER DUE  
5           HEARING, CONCERNING THE APPROVAL,  
6           DISAPPROVAL, CANCELLATION, SUSPENSION,  
7           WITHDRAWAL, OR FORFEITURE OF TAX  
8           INCENTIVES OR TAX SUBSIDY IN  
9           ACCORDANCE WITH THIS ACT. THE  
10          FISCAL INCENTIVES REVIEW BOARD  
11          SHALL DECIDE ON THE MATTER WITHIN  
12          NINETY (90) DAYS FROM THE DATE WHEN  
13          THE FISCAL INCENTIVES REVIEW BOARD  
14          DECLARES THE ISSUES SUBMITTED FOR  
15          RESOLUTION. A BUSINESS ENTERPRISE  
16          ADVERSELY AFFECTED BY THE  
17          DECISION OF THE FISCAL INCENTIVES  
18          REVIEW BOARD MAY, WITHIN THIRTY (30)  
19          DAYS FROM RECEIPT OF THE ADVERSE

1 DECISION, APPEAL THE SAME TO THE  
2 COURT OF TAX APPEALS;

3 "(L) TO PROMULGATE SUCH RULES  
4 AND REGULATIONS AS MAY BE  
5 NECESSARY TO IMPLEMENT THE INTENT  
6 AND PROVISIONS OF THIS SECTION;

7 "(M) TO RECOMMEND TO THE  
8 PRESIDENT THE GRANT OF  
9 APPROPRIATE NON-FISCAL INCENTIVES  
10 IN ACCORDANCE WITH THE STRATEGIC  
11 INVESTMENT PRIORITY PLAN FOR  
12 HIGHLY DESIRABLE PROJECTS OR VERY  
13 SPECIFIC INDUSTRIAL ACTIVITIES AND  
14 BASED ON: (A) BENEFIT-COST ANALYSIS  
15 APPROVED BY THE FISCAL INCENTIVES  
16 REVIEW BOARD; AND (B) CONTAINING A  
17 SCHEDULE OF BUDGETS OF  
18 EXPENDITURES AND SOURCES OF  
19 FINANCING WITH MAGNITUDES  
20 PROVISIONALLY APPROVED VIA

1 RESOLUTION FOR INCLUSION IN THE  
2 UPCOMING NATIONAL EXPENDITURE  
3 PLANS BY THE DEVELOPMENT BUDGET  
4 COORDINATION COMMITTEE (DBCC);

5 "(N) TO ADOPT POLICIES FOR THE  
6 DEVELOPMENT AND EXPANSION OF THE  
7 DOMESTIC SUPPLY CHAIN IN ORDER TO  
8 REDUCE DEPENDENCE ON IMPORTS;  
9 PROMOTE DIVERSIFICATION AND  
10 SOPHISTICATION OF PRODUCTS  
11 PRODUCED AND SERVICES OFFERED,  
12 WHETHER EXPORTED OR CONSUMED  
13 LOCALLY; AND CATER TO LOCAL MARKET  
14 DEMAND; AND

15 "(O) TO EXERCISE ALL OTHER  
16 POWERS NECESSARY OR INCIDENTAL TO  
17 ATTAIN THE PURPOSES OF THIS ACT AND  
18 OTHER LAWS VESTING ADDITIONAL  
19 FUNCTIONS ON THE FISCAL INCENTIVES  
20 REVIEW BOARD."





- 1 - DEPUTY OR ASSISTANT
- 2 DIRECTOR GENERAL OF
- 3 THE NEDA
  
- 4 - COMMISSIONER OR
- 5 DEPUTY COMMISSIONER
- 6 OF INTERNAL REVENUE
  
- 7 - COMMISSIONER OR
- 8 DEPUTY COMMISSIONER
- 9 OF CUSTOMS
  
- 10 - DIRECTOR GENERAL OR
- 11 CHAIRPERSON OR
- 12 ADMINISTRATOR OF THE
- 13 INVESTMENT PROMOTION
- 14 AGENCIES: *PROVIDED,*
- 15 THAT THE PARTICIPATION
- 16 OF THE INVESTMENT
- 17 PROMOTION AGENCY
- 18 REPRESENTATIVE IN
- 19 DELIBERATIONS AND

1                   DECISION-MAKING  
2                   PROCESSES OF THE  
3                   TECHNICAL COMMITTEE  
4                   SHALL BE LIMITED TO  
5                   THE MATTERS  
6                   CONCERNING THEIR  
7                   INVESTMENT  
8                   PROMOTION AGENCY  
9           "SECRETARIAT   - THE SECRETARIAT  
10                   SHALL BE HEADED BY  
11                   AN ASSISTANT  
12                   SECRETARY OF FINANCE  
13                   AND SHALL BE STAFFED  
14                   BY THE NATIONAL TAX  
15                   RESEARCH CENTER."

16                   "SEC.   299.   *STRUCTURE   AND*  
17                   *STAFFING PATTERN.* - TO SUPPORT THE  
18                   EXPANDED FUNCTIONS OF THE FISCAL  
19                   INCENTIVES   REVIEW   BOARD,   THE

1 NATIONAL TAX RESEARCH CENTER, AS  
2 SECRETARIAT THEREOF, SHALL CREATE  
3 THREE (3) ADDITIONAL GROUPS,  
4 NAMELY, FISCAL INCENTIVES  
5 MANAGEMENT GROUP, MONITORING  
6 AND EVALUATION GROUP, AND LEGAL  
7 GROUP. EACH GROUP SHALL BE  
8 COMPOSED OF AT LEAST TWO (2)  
9 DIVISIONS WHICH WILL BE HEADED BY A  
10 DEPUTY EXECUTIVE DIRECTOR. THE  
11 EXISTING ADMINISTRATIVE AND  
12 FINANCIAL BRANCH OF THE NATIONAL  
13 TAX RESEARCH CENTER SHALL BE  
14 CONVERTED INTO A GROUP TO BE  
15 HEADED BY A DEPUTY EXECUTIVE  
16 DIRECTOR AND WILL BE COMPOSED OF  
17 FOUR (4) DIVISIONS, NAMELY, FINANCE,  
18 HUMAN RESOURCE MANAGEMENT AND  
19 DEVELOPMENT, GENERAL SERVICES,



1 AND MANAGEMENT AND INFORMATION  
2 SYSTEM.

3 "PROVIDED, THAT THE FISCAL  
4 INCENTIVES REVIEW BOARD  
5 SECRETARIAT IS AUTHORIZED TO  
6 DETERMINE ITS ORGANIZATIONAL  
7 STRUCTURE AND STAFFING PATTERN,  
8 AND CREATE SUCH SERVICES,  
9 DIVISIONS, AND UNITS, AS IT MAY  
10 REQUIRE OR DEEM NECESSARY IN THE  
11 FUTURE, SUBJECT TO THE APPROVAL BY  
12 THE DEPARTMENT OF BUDGET AND  
13 MANAGEMENT: PROVIDED, FINALLY,  
14 THAT NOTHING HEREIN MODIFIES THE  
15 EXISTING ORGANIZATIONAL STRUCTURE  
16 AND STAFFING PATTERN OF THE  
17 INVESTMENT PROMOTION AGENCIES OR  
18 AFFECTS THEIR POWER TO MAINTAIN OR  
19 DETERMINE THEIR RESPECTIVE

1 ORGANIZATIONAL STRUCTURE AND  
2 STAFFING PATTERN."

3 "CHAPTER IV

4 "QUALIFIED PROJECTS OR ACTIVITIES FOR  
5 TAX INCENTIVES

6 "SEC. 300. *STRATEGIC INVESTMENT*  
7 *PRIORITY PLAN.* - THE BOARD OF  
8 INVESTMENTS, IN COORDINATION WITH  
9 THE FISCAL INCENTIVES REVIEW BOARD,  
10 INVESTMENT PROMOTION AGENCIES,  
11 OTHER GOVERNMENT AGENCIES  
12 ADMINISTERING TAX INCENTIVES, AND  
13 THE PRIVATE SECTOR, SHALL  
14 FORMULATE THE STRATEGIC  
15 INVESTMENT PRIORITY PLAN TO BE  
16 SUBMITTED TO THE PRESIDENT FOR  
17 APPROVAL, WHICH MAY CONTAIN  
18 RECOMMENDATIONS FOR TYPES OF NON-  
19 FISCAL SUPPORT NEEDED TO CREATE  
20 HIGH-SKILLED JOBS TO GROW A LOCAL

1 POOL OF ENTERPRISES, PARTICULARLY  
2 MICRO, SMALL AND MEDIUM  
3 ENTERPRISES (MSMEs), THAT CAN  
4 SUPPLY TO DOMESTIC AND GLOBAL  
5 VALUE CHAINS, TO INCREASE THE  
6 SOPHISTICATION OF PRODUCTS AND  
7 SERVICES THAT ARE PRODUCED AND/OR  
8 SOURCED DOMESTICALLY, TO EXPAND  
9 DOMESTIC SUPPLY AND REDUCE  
10 DEPENDENCE ON IMPORTS, AND TO  
11 ATTRACT SIGNIFICANT FOREIGN  
12 CAPITAL OR INVESTMENT. THE  
13 STRATEGIC INVESTMENT PRIORITY PLAN  
14 SHALL BE VALID FOR A PERIOD OF  
15 THREE (3) YEARS SUBJECT TO REVIEW  
16 AND AMENDMENT EVERY THREE (3)  
17 YEARS THEREAFTER UNLESS THERE  
18 WOULD BE A SUPERVENING EVENT THAT  
19 WOULD NECESSITATE ITS REVIEW.

1           "THE STRATEGIC INVESTMENT  
2           PRIORITY PLAN SHALL CONTAIN THE  
3           FOLLOWING:

4           "(A) PRIORITY PROJECTS OR  
5           ACTIVITIES THAT ARE INCLUDED IN THE  
6           PHILIPPINE DEVELOPMENT PLAN OR ITS  
7           EQUIVALENT, OR OTHER GOVERNMENT  
8           PROGRAMS, TAKING INTO ACCOUNT ANY  
9           OF THE FOLLOWING:

10          "(1) SUBSTANTIAL AMOUNT OF  
11          INVESTMENTS;

12          "(2) CONSIDERABLE GENERATION OF  
13          EMPLOYMENT, ESPECIALLY TOWARDS  
14          LESS DEVELOPED AREAS;

15          "(3) CONSIDERABLE AMOUNT OF NET  
16          EXPORTS;

17          "(4) USE OF MODERN, ADVANCE, OR  
18          NEW TECHNOLOGY;

19          "(5) PROCESSES AND INNOVATIONS  
20          THAT WILL LEAD TOWARDS THE

1           ATTAINMENT OF THE SUSTAINABLE  
2           DEVELOPMENT GOALS, SHALL INCLUDE,  
3           BUT NOT BE LIMITED TO, ADOPTION OF  
4           ADEQUATE ENVIRONMENTAL PROTECTION  
5           SYSTEMS AND SUSTAINABILITY STRATEGIES;  
6           “(6) ADDRESSING MISSING LINKS  
7           AND OTHER GAPS IN THE SUPPLY OR  
8           VALUE CHAIN OR OTHERWISE MOVING  
9           UP THE VALUE CHAIN OR PRODUCT  
10          LADDER;

11           “(7) PROMOTION OF MARKET  
12          COMPETITIVENESS;

13           “(8) ENHANCEMENT OF THE  
14          CAPABILITIES OF FILIPINO ENTERPRISES  
15          AND PROFESSIONALS TO PRODUCE AND  
16          OFFER INCREASINGLY SOPHISTICATED  
17          PRODUCTS AND SERVICES;

18           “(9) CONTRIBUTION TO PHILIPPINE  
19          FOOD SECURITY AND INCREASED

1 INCOMES IN THE AGRICULTURE AND  
2 FISHERIES SECTOR; OR

3 "(10) SERVICES AND ACTIVITIES  
4 THAT CAN PROMOTE REGIONAL AND  
5 GLOBAL OPERATIONS IN THE COUNTRY.

6 "(B) SCOPE AND COVERAGE OF  
7 LOCATION AND INDUSTRY TIERS IN  
8 SECTION 296; AND

9 "(C) TERMS AND CONDITIONS ON  
10 THE GRANT OF ENHANCED DEDUCTIONS  
11 UNDER SECTION 294(C).

12 "ALL SECTORS OR INDUSTRIES THAT  
13 MAY BE INCLUDED IN THE STRATEGIC  
14 INVESTMENT PRIORITY PLAN SHALL  
15 UNDERGO AN EVALUATION PROCESS TO  
16 DETERMINE THE SUITABILITY AND  
17 POTENTIAL OF THE INDUSTRY OR THE  
18 SECTOR IN PROMOTING LONG-TERM  
19 GROWTH AND SUSTAINABLE DEVELOPMENT,  
20 AND THE NATIONAL INTEREST. IN NO

1 CASE SHALL A SECTOR OR INDUSTRY BE  
2 INCLUDED IN THE STRATEGIC  
3 INVESTMENT PRIORITY PLAN UNLESS IT  
4 IS SUPPORTED BY A FORMAL  
5 EVALUATION PROCESS OR REPORT.

6 "THE PROJECTS OR ACTIVITIES  
7 MUST COMPLY WITH THE SPECIFIC  
8 QUALIFICATION REQUIREMENTS OR  
9 CONDITIONS FOR A PARTICULAR SECTOR  
10 OR INDUSTRY AND OTHER LIMITATIONS  
11 AS SET AND DETERMINED BY THE BOARD  
12 OF INVESTMENTS, AND IN  
13 COORDINATION WITH THE FISCAL  
14 INCENTIVES REVIEW BOARD.

15 "IN NO CASE SHALL THE  
16 INVESTMENT PROMOTION AGENCIES  
17 ACCEPT APPLICATIONS UNLESS THE  
18 PROJECT OR ACTIVITY IS LISTED IN THE  
19 STRATEGIC INVESTMENT PRIORITY  
20 PLAN. PROJECTS OR ACTIVITIES NOT

1 LISTED IN THE STRATEGIC INVESTMENT  
2 PRIORITY PLAN SHALL BE  
3 AUTOMATICALLY DISAPPROVED.”

4 “SEC. 301. *POWER OF THE PRESIDENT*  
5 *TO GRANT INCENTIVES.* – NOTWITHSTANDING  
6 THE PROVISIONS OF SECTIONS 295 AND  
7 296, THE PRESIDENT MAY, IN THE  
8 INTEREST OF NATIONAL ECONOMIC  
9 DEVELOPMENT AND UPON THE  
10 RECOMMENDATION OF THE FISCAL  
11 INCENTIVES REVIEW BOARD, MODIFY  
12 THE MIX, PERIOD OR MANNER OF  
13 AVAILMENT OF INCENTIVES PROVIDED  
14 UNDER THIS CODE OR CRAFT THE  
15 APPROPRIATE FINANCIAL SUPPORT  
16 PACKAGE FOR A HIGHLY DESIRABLE  
17 PROJECT OR A SPECIFIC INDUSTRIAL  
18 ACTIVITY BASED ON DEFINED  
19 DEVELOPMENT STRATEGIES FOR  
20 CREATING HIGH-VALUE JOBS, BUILDING



1 NEW INDUSTRIES TO DIVERSIFY  
2 ECONOMIC ACTIVITIES, AND  
3 ATTRACTING SIGNIFICANT FOREIGN  
4 AND DOMESTIC CAPITAL OR  
5 INVESTMENT, AND THE FISCAL  
6 REQUIREMENTS OF THE ACTIVITY  
7 OR PROJECT SUBJECT TO MAXIMUM  
8 INCENTIVE LEVELS RECOMMENDED  
9 BY THE FISCAL INCENTIVES REVIEW  
10 BOARD: *PROVIDED*, THAT THE GRANT OF  
11 INCOME TAX HOLIDAY SHALL NOT  
12 EXCEED EIGHT (8) YEARS AND  
13 THEREAFTER, A SPECIAL CORPORATE  
14 INCOME TAX RATE OF FIVE PERCENT (5%)  
15 MAY BE GRANTED: *PROVIDED, FURTHER*,  
16 THAT THE TOTAL PERIOD OF INCENTIVE  
17 AVAILMENT SHALL NOT EXCEED FORTY  
18 (40) YEARS.

19 "THE FISCAL INCENTIVES REVIEW  
20 BOARD SHALL DETERMINE WHETHER

1 THE BENEFITS THAT THE GOVERNMENT  
2 MAY DERIVE FROM SUCH INVESTMENT  
3 ARE CLEAR AND CONVINCING AND FAR  
4 OUTWEIGH THE COST OF INCENTIVES  
5 THAT WILL BE GRANTED IN  
6 DETERMINING WHETHER A PROJECT OR  
7 ACTIVITY IS HIGHLY DESIRABLE OR A  
8 SPECIFIC INDUSTRIAL ONE.

9 "THE EXERCISE BY THE PRESIDENT  
10 OF HIS POWERS UNDER THIS SECTION  
11 SHALL BE BASED ON A POSITIVE  
12 RECOMMENDATION FROM THE FISCAL  
13 INCENTIVES REVIEW BOARD UPON ITS  
14 DETERMINATION THAT THE FOLLOWING  
15 CONDITIONS ARE SATISFIED:

16 "(1) THE PROJECT HAS A  
17 COMPREHENSIVE SUSTAINABLE  
18 DEVELOPMENT PLAN WITH CLEAR  
19 INCLUSIVE BUSINESS APPROACHES,

1 HIGH LEVEL OF SOPHISTICATION, AND  
2 INNOVATIONS; AND

3 "(2) MINIMUM INVESTMENT CAPITAL  
4 OF FIFTY BILLION PESOS (P50,000,000,000)  
5 OR ITS EQUIVALENT IN US DOLLARS, OR  
6 A MINIMUM DIRECT LOCAL  
7 EMPLOYMENT GENERATION OF AT  
8 LEAST TEN THOUSAND (10,000) WITHIN  
9 THREE (3) YEARS FROM THE ISSUANCE  
10 OF THE CERTIFICATE OF ENTITLEMENT.

11 "PROVIDED, THAT THE THRESHOLD  
12 SHALL BE SUBJECT TO A PERIODIC  
13 REVIEW BY THE FISCAL INCENTIVES  
14 REVIEW BOARD EVERY THREE (3) YEARS,  
15 TAKING INTO CONSIDERATION  
16 INTERNATIONAL STANDARDS OR OTHER  
17 ECONOMIC INDICATORS: PROVIDED,  
18 FURTHER, THAT IF THE PROJECT FAILS  
19 TO SUBSTANTIALLY MEET THE  
20 PROJECTED IMPACT ON THE ECONOMY

1           AND AGREED PERFORMANCE TARGETS,  
2           THE FISCAL INCENTIVES REVIEW BOARD  
3           SHALL RECOMMEND TO THE PRESIDENT  
4           THE CANCELLATION OF THE TAX  
5           INCENTIVE OR FINANCIAL SUPPORT  
6           PACKAGE OR THE MODIFIED PERIOD OR  
7           MANNER OF AVAILMENT OF INCENTIVES,  
8           AFTER DUE HEARING AND AN ADEQUATE  
9           OPPORTUNITY TO SUBSTANTIALLY  
10          COMPLY WITH THE AGREED  
11          PERFORMANCE TARGETS AND OUTPUTS.

12                 "FOR THIS PURPOSE, FINANCIAL  
13          SUPPORT INCLUDES UTILIZATION OF  
14          GOVERNMENT RESOURCES SUCH AS  
15          LAND USE, WATER APPROPRIATION,  
16          POWER PROVISION, BUDGETARY  
17          SUPPORT PROVISION UNDER THE  
18          ANNUAL GENERAL APPROPRIATIONS  
19          ACT, AND THE LIKE.

1           "THIS POWER OF THE PRESIDENT, IN  
2           AS FAR AS IT COMMANDS ADDITIONAL  
3           PUBLIC SECTOR EXPENDITURES IN  
4           SUPPORT OF INVESTORS, IS SUSPENDED  
5           DURING FISCAL YEARS WHEN, AS IN  
6           SECTION 284 OF THE LOCAL  
7           GOVERNMENT CODE, AN UNIMAGINABLE  
8           FISCAL DEFICIT IS DECLARED BY THE  
9           PRESIDENT ON THE ADVICE OF THE  
10          DBCC WITH A CONSEQUENCE THAT EVEN  
11          CORE BUDGETARY OBLIGATIONS, SUCH  
12          AS, BUT NOT LIMITED TO, MANDATORY  
13          REVENUE ALLOTMENTS FOR LGUs AND  
14          BUDGET FOR NEDA'S CORE PUBLIC  
15          INVESTMENTS PROGRAM, CANNOT BE  
16          FULLY FINANCED."

17                 "SEC. 302. *AMENDMENTS TO THE*  
18                 *STRATEGIC INVESTMENT PRIORITY*  
19                 *PLAN.* - SUBJECT TO PUBLICATION  
20                 REQUIREMENTS AND THE CRITERIA FOR

1 INVESTMENT PRIORITY DETERMINATION,  
2 THE BOARD OF INVESTMENTS MAY  
3 INCLUDE ADDITIONAL AREAS IN THE  
4 STRATEGIC INVESTMENT PRIORITY  
5 PLAN, ALTER ANY OF THE TERMS OF THE  
6 DECLARATION OF AN INVESTMENT  
7 AREA, AND TEMPORARILY SUSPEND  
8 PROJECTS OR ACTIVITIES ON THE  
9 STRATEGIC INVESTMENT PRIORITY PLAN  
10 IF IT CONSIDERS THAT SUCH PROJECT  
11 OR ACTIVITY IS NO LONGER A PRIORITY  
12 WITHIN THE EFFECTIVITY OF THE  
13 STRATEGIC INVESTMENT PRIORITY  
14 PLAN."

15 "SEC. 303. *PUBLICATION.* - UPON  
16 APPROVAL OF THE STRATEGIC  
17 INVESTMENT PRIORITY PLAN, IN WHOLE  
18 OR IN PART, OR UPON APPROVAL OF AN  
19 AMENDMENT THEREOF, THE PLAN OR  
20 THE AMENDMENT, SPECIFYING AND

1           DECLARING       THE       AREAS       OF  
2           INVESTMENTS SHALL BE PUBLISHED IN  
3           AT LEAST ONE (1) NEWSPAPER OF  
4           GENERAL       CIRCULATION       OR       THE  
5           *OFFICIAL GAZETTE: PROVIDED, THAT*  
6           ALL SUCH AREAS IN THE EXISTING  
7           STRATEGIC INVESTMENT PRIORITY PLAN  
8           SHALL BE OPEN FOR APPLICATION  
9           UNTIL PUBLICATION OF AN AMENDMENT  
10          OR DELETION THEREOF."

11                 "Sec. 304. *QUALIFICATIONS OF A*  
12                 *REGISTERED BUSINESS ENTERPRISE*  
13                 *FOR TAX INCENTIVES.* - IN THE REVIEW  
14                 AND GRANT OF TAX INCENTIVES, THE  
15                 REGISTERED BUSINESS ENTERPRISE  
16                 MUST:

17                         "(A) BE ENGAGED IN A PROJECT OR  
18                         ACTIVITY INCLUDED IN THE STRATEGIC  
19                         INVESTMENT PRIORITY PLAN;

1           “(B) MEET       THE       TARGET  
2           PERFORMANCE METRICS AFTER THE  
3           AGREED TIME PERIOD;

4           “(C) INSTALL    AN    ADEQUATE  
5           ACCOUNTING SYSTEM THAT SHALL  
6           IDENTIFY       THE       INVESTMENTS,  
7           REVENUES, COSTS AND PROFITS OR  
8           LOSSES OF EACH REGISTERED PROJECT  
9           OR ACTIVITY UNDERTAKEN BY THE  
10          ENTERPRISE SEPARATELY FROM THE  
11          AGGREGATE INVESTMENTS, REVENUES,  
12          COSTS AND PROFITS OR LOSSES OF THE  
13          WHOLE ENTERPRISE; OR ESTABLISH A  
14          SEPARATE CORPORATION FOR EACH  
15          REGISTERED PROJECT OR ACTIVITY IF  
16          THE INVESTMENT PROMOTION AGENCY  
17          SHOULD SO REQUIRE;

18          “(D) COMPLY WITH THE E-RECEIPTING  
19          AND    E-SALES    REQUIREMENT    IN



1 ACCORDANCE WITH SECTIONS 237 AND  
2 237(A) OF THIS CODE; AND

3 "(E) SUBMIT ANNUAL REPORTS OF  
4 BENEFICIAL OWNERSHIP OF THE  
5 ORGANIZATION AND RELATED PARTIES."

6 "CHAPTER V

7 "TAX INCENTIVES MANAGEMENT

8 AND TRANSPARENCY

9 "SEC. 305. *FILING OF TAX RETURNS*  
10 *AND SUBMISSION OF TAX INCENTIVES*  
11 *REPORTS.* - ALL REGISTERED BUSINESS  
12 ENTERPRISES AND OTHER REGISTERED  
13 ENTITIES WHETHER TAXABLE OR  
14 EXEMPT, ARE REQUIRED TO FILE THEIR  
15 TAX RETURNS AND PAY THEIR TAX  
16 LIABILITIES, ON OR BEFORE THE  
17 DEADLINE AS PROVIDED UNDER THE  
18 NATIONAL INTERNAL REVENUE CODE OF  
19 1997, AS AMENDED, USING THE

1 ELECTRONIC SYSTEM FOR FILING AND  
2 PAYMENT OF TAXES WITH THE BIR:  
3 *PROVIDED*, THAT FOR PURPOSES OF  
4 COMPLYING WITH THEIR TAX  
5 OBLIGATIONS, COOPERATIVES AND  
6 OTHER REGISTERED ENTITIES WHICH  
7 DO NOT HAVE ACCESS TO THE  
8 ELECTRONIC FACILITIES SHALL FILE  
9 WITH THEIR RESPECTIVE REVENUE  
10 DISTRICT OFFICES.

11 "FOR REGISTERED BUSINESS  
12 ENTERPRISES AND OTHER REGISTERED  
13 ENTERPRISES AVAILING OF TAX  
14 INCENTIVES ADMINISTERED BY THE  
15 INVESTMENT PROMOTION AGENCIES  
16 AND OTHER GOVERNMENT AGENCIES  
17 ADMINISTERING TAX INCENTIVES, THEY  
18 SHALL FILE WITH THEIR RESPECTIVE  
19 INVESTMENT PROMOTION AGENCIES OR  
20 OTHER GOVERNMENT AGENCIES

1 ADMINISTERING TAX INCENTIVES A  
2 COMPLETE ANNUAL TAX INCENTIVES  
3 REPORT OF THEIR INCOME-BASED TAX  
4 INCENTIVES, VAT EXEMPTIONS AND  
5 ZERO-RATING, CUSTOMS DUTY  
6 EXEMPTIONS, DEDUCTIONS, CREDITS OR  
7 EXCLUSIONS FROM THE INCOME TAX  
8 BASE, AND EXEMPTIONS FROM LOCAL  
9 TAXES, AS PROVIDED UNDER SECTION  
10 294 OF THIS ACT AND IN THE SPECIAL  
11 LAWS OF THE CONCERNED INVESTMENT  
12 PROMOTION AGENCY OR OTHER  
13 GOVERNMENT AGENCY ADMINISTERING  
14 TAX INCENTIVES, AND RESPECTIVE  
15 LAWS, AND A COMPLETE ANNUAL  
16 BENEFITS REPORT WHICH SHALL  
17 INCLUDE DATA SUCH AS, BUT NOT  
18 LIMITED TO, THE APPROVED AND  
19 ACTUAL AMOUNT OF INVESTMENTS,  
20 APPROVED AND ACTUAL EMPLOYMENT

1           LEVEL AND JOB CREATION INCLUDING  
2           INFORMATION ON QUALITY OF JOBS AND  
3           HIRING OF FOREIGN AND LOCAL  
4           WORKERS, APPROVED AND ACTUAL  
5           EXPORTS AND IMPORTS, DOMESTIC  
6           PURCHASES, PROFITS AND DIVIDEND  
7           PAYOUT, ALL TAXES PAID, WITHHELD  
8           AND FOREGONE WITHIN THIRTY (30)  
9           CALENDAR DAYS FROM THE STATUTORY  
10          DEADLINE FOR FILING OF TAX RETURNS  
11          AND PAYMENT OF TAXES: *PROVIDED*,  
12          THAT A COPY OF THE REPORT SHALL BE  
13          SIMULTANEOUSLY SUBMITTED TO THE  
14          FISCAL INCENTIVES REVIEW BOARD IN  
15          ELECTRONIC FORM.

16                 "THE INVESTMENT PROMOTION  
17                 AGENCIES AND OTHER GOVERNMENT  
18                 AGENCIES ADMINISTERING TAX  
19                 INCENTIVES SHALL, WITHIN SIXTY (60)  
20                 CALENDAR DAYS FROM THE END OF THE

1           STATUTORY DEADLINE FOR FILING OF  
2           THE RELEVANT TAX RETURNS, SUBMIT  
3           TO THE BIR, THEIR RESPECTIVE ANNUAL  
4           TAX INCENTIVES REPORTS BASED ON  
5           THE LIST OF THE REGISTERED BUSINESS  
6           ENTERPRISES AND OTHER REGISTERED  
7           ENTERPRISES WHICH HAVE FILED SAID  
8           TAX INCENTIVES REPORT: *PROVIDED*,  
9           THAT THE REPORTORIAL REQUIREMENT  
10          UNDER SECTION 3 OF REPUBLIC ACT NO.  
11          10963 OR THE "TRAIN LAW" SHALL BE  
12          COVERED BY THIS SECTION.

13                 "THE DETAILS OF THE TAX  
14           INCENTIVES REPORTS, AS PROVIDED IN  
15           THE PRECEDING PARAGRAPHS, SHALL  
16           BE PROVIDED IN THE IMPLEMENTING  
17           RULES AND REGULATIONS OF THIS ACT.

18                 "THE FOREGOING PROVISIONS  
19           SHALL BE WITHOUT PREJUDICE TO THE  
20           RIGHT OF THE BIR AND THE BOC TO

1 ASSESS AND/OR AUDIT TAX LIABILITIES,  
2 IF ANY, WITHIN THE PRESCRIBED  
3 PERIOD PROVIDED IN THE NATIONAL  
4 INTERNAL REVENUE CODE OF 1997, AS  
5 AMENDED, AND THE CUSTOMS  
6 MODERNIZATION AND TARIFF ACT  
7 (GMTA), AS AMENDED, RESPECTIVELY.”

8 “SEC. 306. *MONITORING, EVALUATION,*  
9 *AND REPORTING OF TAX INCENTIVES.* –  
10 NOTWITHSTANDING ANY LAW TO THE  
11 CONTRARY, THE BIR AND THE BOC  
12 SHALL SUBMIT TO THE DEPARTMENT OF  
13 FINANCE: (A) ALL TAX AND DUTY  
14 INCENTIVES OF REGISTERED BUSINESS  
15 ENTERPRISES AND OTHER REGISTERED  
16 ENTERPRISES, AS REFLECTED IN THEIR  
17 FILED TAX RETURNS AND IMPORT  
18 ENTRIES; AND (B) ACTUAL TAX AND DUTY  
19 INCENTIVES AS EVALUATED AND  
20 DETERMINED BY THE BIR AND THE BOC.

1           "THE DEPARTMENT OF FINANCE  
2           SHALL MAINTAIN A SINGLE DATABASE  
3           FOR MONITORING AND ANALYSIS OF TAX  
4           INCENTIVES GRANTED.

5           "THE FISCAL INCENTIVES REVIEW  
6           BOARD IS MANDATED TO  
7           SYSTEMATICALLY COLLECT AND STORE  
8           ALL TAX INCENTIVES AND BENEFIT  
9           DATA FROM THE DEPARTMENT OF  
10          FINANCE, INVESTMENT PROMOTION  
11          AGENCIES, OTHER GOVERNMENT  
12          AGENCIES ADMINISTERING TAX  
13          INCENTIVES, REGISTERED BUSINESS  
14          ENTERPRISES, AND OTHER REGISTERED  
15          ENTERPRISES, AS WELL AS TO EVALUATE  
16          AND ASSESS THE PROCESS, OUTCOMES,  
17          AND IMPACT OF INCENTIVES GRANTED  
18          TO FIRMS TO DETERMINE WHETHER  
19          AGREED PERFORMANCE TARGETS AND  
20          INTENDED RESULTS AND OUTCOMES

1 ARE MET. THE METHOD OF EVALUATION  
2 MAY INCLUDE THE CONDUCT OF COST-  
3 BENEFIT ANALYSIS OR OTHER PROCESS  
4 AND IMPACT EVALUATION METHODS:  
5 *PROVIDED*, THAT FOR PURPOSES OF THIS  
6 ACT, THE TERM COST-BENEFIT ANALYSIS  
7 REFERS TO THE SYSTEMATIC  
8 EVALUATION OF THE TOTAL COSTS OF  
9 GRANTING TAX INCENTIVES *VIS-À-VIS*  
10 THE TOTAL BENEFITS DERIVED FROM  
11 THE GRANT OF TAX INCENTIVES BASED  
12 ON THE ANNUAL TAX INCENTIVE  
13 REPORT, ANNUAL BENEFITS REPORT,  
14 AND OTHER RELATED SOURCES, TO  
15 CALCULATE THE NET BENEFIT OR COST  
16 ASSOCIATED WITH TAX INCENTIVES.

17 "FOR PURPOSES OF MONITORING  
18 AND TRANSPARENCY, THE DEPARTMENT  
19 OF FINANCE SHALL SUBMIT TO THE  
20 DEPARTMENT OF BUDGET AND



1 MANAGEMENT (DBM) A PER FIRM AND  
2 PER REGISTERED PROJECT AND  
3 ACTIVITY DATA ARRANGED ON A  
4 SECTORAL AND PER INDUSTRY BASIS: (1)  
5 THE AMOUNT OF TAX INCENTIVES  
6 AVAILED OF BY REGISTERED BUSINESS  
7 ENTERPRISES AND OTHER REGISTERED  
8 ENTERPRISES; (2) THE ESTIMATE CLAIMS  
9 OF TAX INCENTIVES IMMEDIATELY  
10 PRECEDING THE CURRENT YEAR; (3) THE  
11 PROGRAMMED TAX INCENTIVES FOR THE  
12 CURRENT YEAR; AND (4) THE PROJECTED  
13 TAX INCENTIVES FOR THE FOLLOWING  
14 YEAR.

15 "THE AFORESAID DATA SHALL BE  
16 REFLECTED BY THE DBM IN THE  
17 ANNUAL BUDGET OF EXPENDITURES  
18 AND SOURCES OF FINANCING (BESF),  
19 WHICH SHALL BE KNOWN AS THE TAX  
20 INCENTIVES INFORMATION (TII)

1 SECTION: *PROVIDED*, THAT THE TAX  
2 INCENTIVES INFORMATION SHALL  
3 INCLUDE A PER FIRM DATA RELATED TO  
4 INCENTIVES AVAILED OF BY  
5 REGISTERED BUSINESS ENTERPRISES  
6 AND OTHER REGISTERED ENTERPRISES  
7 BASED ON THE SUBMISSIONS OF THE  
8 DEPARTMENT OF FINANCE AND THE  
9 CONCERNED INVESTMENT PROMOTION  
10 AGENCIES AND OTHER GOVERNMENT  
11 AGENCIES ADMINISTERING TAX INCENTIVES,  
12 CATEGORIZED BY SECTOR, BY  
13 INVESTMENT PROMOTION AGENCY OR  
14 OTHER GOVERNMENT AGENCY  
15 ADMINISTERING TAX INCENTIVES, AND  
16 BY TYPE OF TAX INCENTIVE: *PROVIDED*,  
17 *FURTHER*, THAT THE RESULTS OF THE  
18 COST-BENEFIT ANALYSIS SHALL BE  
19 PUBLISHED AT THE PER FIRM LEVEL BY  
20 THE FISCAL INCENTIVES REVIEW BOARD

1           AND A REPORT SHALL BE SUBMITTED TO  
2           THE PRESIDENT AND CONGRESS ON AN  
3           ANNUAL BASIS."

4                   "SEC. 307. *CONDUCT OF IMPACT*  
5           *EVALUATION ON TAX INCENTIVES.* - THE  
6           FISCAL INCENTIVES REVIEW BOARD IS  
7           MANDATED TO CONDUCT IMPACT  
8           EVALUATION SUCH AS A COST-BENEFIT  
9           ANALYSIS ON THE INVESTMENT AND  
10          NON-INVESTMENT INCENTIVES TO  
11          DETERMINE THE IMPACT OF TAX  
12          INCENTIVES ON THE PHILIPPINE  
13          ECONOMY AND ON THE RELEVANT  
14          SECTOR.

15                   "FOR THIS PURPOSE, THE  
16          DEPARTMENT OF FINANCE, ALL HEADS  
17          OF THE INVESTMENT PROMOTION  
18          AGENCIES AND OTHER GOVERNMENT  
19          AGENCIES ADMINISTERING TAX  
20          INCENTIVES SHALL SUBMIT TO THE

1 FISCAL INCENTIVES REVIEW BOARD  
2 FIRM- AND PER REGISTERED PROJECT-  
3 OR ACTIVITY-LEVEL IN A MACHINE-  
4 READABLE FORMAT:

5 "(1) DATA ON TAX INCENTIVES  
6 BASED ON THE SUBMISSIONS OF  
7 REGISTERED BUSINESS ENTERPRISES  
8 AND OTHER REGISTERED ENTERPRISES;  
9 AND

10 "(2) OTHER INVESTMENT- AND NON-  
11 INVESTMENT-RELATED DATA.

12 "A THIRD PARTY GOVERNMENT  
13 INSTITUTION MAY CONDUCT ON ITS OWN  
14 OR UPON REQUEST OF THE FISCAL  
15 INCENTIVES REVIEW BOARD A PEER  
16 REVIEW OF THE IMPACT EVALUATION OF  
17 THE BOARD, OR A PARALLEL IMPACT  
18 EVALUATION ON THE INVESTMENT AND  
19 NON-INVESTMENT INCENTIVES TO  
20 DETERMINE THE IMPACT OF THE TAX

1           INCENTIVES ON THE PHILIPPINE  
2           ECONOMY AND ON THE RELEVANT  
3           SECTOR: *PROVIDED*, THAT FOR THIS  
4           PURPOSE THE FISCAL INCENTIVES  
5           REVIEW BOARD MAY PROVIDE  
6           ANONYMIZED FIRM-LEVEL DATA TO THE  
7           THIRD PARTY GOVERNMENT INSTITUTION  
8           SUBJECT TO A DATA SHARING  
9           AGREEMENT.”

10           “SEC. 308. *PENALTIES FOR*  
11           *NONCOMPLIANCE WITH FILING AND*  
12           *REPORTORIAL REQUIREMENTS. – ANY*  
13           REGISTERED BUSINESS ENTERPRISE  
14           OR OTHER REGISTERED ENTERPRISE  
15           WHICH FAILS TO COMPLY WITH  
16           FILING AND REPORTORIAL REQUIREMENTS  
17           WITH THE APPROPRIATE INVESTMENT  
18           PROMOTION AGENCIES OR OTHER  
19           GOVERNMENT AGENCIES ADMINISTERING  
20           TAX INCENTIVES AND/OR WHICH FAILS

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

11 "(A) FIRST (1<sup>st</sup>) VIOLATION -  
12 PAYMENT OF A FINE AMOUNTING TO  
13 ONE HUNDRED THOUSAND PESOS  
14 (P100,000.00);

15 "(B) SECOND (2<sup>nd</sup>) VIOLATION -  
16 PAYMENT OF A FINE AMOUNTING TO  
17 FIVE HUNDRED THOUSAND PESOS  
18 (P500,000.00); AND

19 "(C) THIRD (3<sup>rd</sup>) VIOLATION -  
20 CANCELLATION BY THE FISCAL

1 INCENTIVES REVIEW BOARD OF THE  
2 REGISTRATION OF THE REGISTERED  
3 BUSINESS ENTERPRISE OR REGISTERED  
4 ENTITY WITH THE INVESTMENT  
5 PROMOTION AGENCY OR OTHER  
6 GOVERNMENT AGENCY ADMINISTERING  
7 TAX INCENTIVES.

8 "PROVIDED, THAT IF THE FAILURE  
9 TO SHOW SUCH PROOF IS NOT DUE TO  
10 THE FAULT OF THE REGISTERED  
11 BUSINESS ENTERPRISES OR OTHER  
12 REGISTERED ENTERPRISES, THE SAME  
13 SHALL NOT BE A GROUND FOR THE  
14 SUSPENSION OF THE INCOME TAX  
15 HOLIDAY AND/OR OTHER TAX  
16 INCENTIVES AVAILMENT: *PROVIDED,*  
17 *FURTHER,* THAT COLLECTIONS FROM  
18 THE PENALTIES SHALL ACCRUE TO THE  
19 GENERAL FUND.

1           "ANY GOVERNMENT OFFICIAL OR  
2           EMPLOYEE WHO FAILS WITHOUT  
3           JUSTIFIABLE REASON TO PROVIDE OR  
4           FURNISH THE REQUIRED TAX  
5           INCENTIVES REPORT OR OTHER DATA OR  
6           INFORMATION AS REQUIRED UNDER  
7           SECTIONS 306 AND 307 OF THIS ACT  
8           SHALL BE PENALIZED, AFTER DUE  
9           PROCESS, BY A FINE EQUIVALENT TO  
10          THE OFFICIAL'S OR EMPLOYEE'S BASIC  
11          SALARY FOR A PERIOD OF ONE (1)  
12          MONTH TO SIX (6) MONTHS OR BY  
13          SUSPENSION FROM GOVERNMENT  
14          SERVICE FOR NOT MORE THAN ONE (1)  
15          YEAR, OR BOTH, IN ADDITION TO ANY  
16          CRIMINAL AND ADMINISTRATIVE  
17          PENALTIES IMPOSABLE UNDER  
18          EXISTING LAWS."



## "CHAPTER VI

## "TRANSITORY AND MISCELLANEOUS

## PROVISIONS

"SEC. 309. *PROHIBITION ON REGISTERED ACTIVITIES.* - A QUALIFIED REGISTERED PROJECT OR ACTIVITY UNDER AN INVESTMENT PROMOTION AGENCY ADMINISTERING AN ECONOMIC ZONE OR FREEPORT SHALL BE EXCLUSIVELY CONDUCTED OR OPERATED WITHIN THE GEOGRAPHICAL BOUNDARIES OF THE ZONE OR FREEPORT BEING ADMINISTERED BY THE INVESTMENT PROMOTION AGENCY IN WHICH THE PROJECT OR ACTIVITY IS REGISTERED: *PROVIDED,* THAT A REGISTERED BUSINESS ENTERPRISE MAY CONDUCT OR OPERATE MORE THAN ONE QUALIFIED REGISTERED PROJECT

1 OR ACTIVITY WITHIN THE SAME ZONE OR  
2 FREEPORT UNDER THE SAME  
3 INVESTMENT PROMOTION AGENCY:  
4 PROVIDED, FURTHER, THAT ANY  
5 PROJECT OR ACTIVITY CONDUCTED OR  
6 PERFORMED OUTSIDE THE  
7 GEOGRAPHICAL BOUNDARIES OF THE  
8 ZONE OR FREEPORT SHALL NOT BE  
9 ENTITLED TO THE INCENTIVES  
10 PROVIDED IN THIS ACT, UNLESS SUCH  
11 PROJECT OR ACTIVITY IS CONDUCTED  
12 OR OPERATED UNDER ANOTHER  
13 INVESTMENT PROMOTION AGENCY."

14 "SEC. 310. ESTABLISHMENT OF ONE-  
15 STOP ACTION CENTER. - ALL  
16 INVESTMENT PROMOTION AGENCIES  
17 SHALL ESTABLISH A ONE-STOP SHOP OR  
18 ONE-STOP ACTION CENTER THAT WILL  
19 FACILITATE AND EXPEDITE, TO THE  
20 EXTENT POSSIBLE, THE SETTING UP AND

1 CONDUCT OF REGISTERED PROJECTS OR  
2 ACTIVITIES, INCLUDING ASSISTANCE IN  
3 COORDINATING WITH THE LGUs AND  
4 OTHER GOVERNMENT AGENCIES TO  
5 COMPLY WITH THE EASE OF DOING  
6 BUSINESS AND EFFICIENT GOVERNMENT  
7 SERVICE DELIVERY ACT OF 2018:  
8 *PROVIDED, HOWEVER, THAT THE*  
9 *ENTERPRISES SHALL CONTINUE TO AVAIL*  
10 *OF THE ONE-STOP SHOP FACILITY*  
11 *NOTWITHSTANDING THE EXPIRATION OF*  
12 *THEIR INCENTIVES UNDER THIS CODE."*

13 "SEC. 311. *INVESTMENTS PRIOR TO*  
14 *THE EFFECTIVITY OF THIS ACT. -*  
15 *REGISTERED BUSINESS ENTERPRISES*  
16 *WITH INCENTIVES GRANTED PRIOR TO*  
17 *THE EFFECTIVITY OF THIS ACT SHALL BE*  
18 *SUBJECT TO THE FOLLOWING RULES:*

19 "(A) REGISTERED BUSINESS  
20 ENTERPRISES WHOSE PROJECTS OR

1           ACTIVITIES WERE GRANTED ONLY AN  
2           INCOME TAX HOLIDAY PRIOR TO THE  
3           EFFECTIVITY OF THIS ACT SHALL BE  
4           ALLOWED TO CONTINUE WITH THE  
5           AVAILMENT OF THE INCOME TAX  
6           HOLIDAY FOR THE REMAINING PERIOD  
7           OF THE INCOME TAX HOLIDAY AS  
8           SPECIFIED IN THE TERMS AND  
9           CONDITIONS OF THEIR REGISTRATION:  
10          *PROVIDED*, THAT FOR THOSE THAT HAVE  
11          BEEN GRANTED THE INCOME TAX  
12          HOLIDAY BUT HAVE NOT YET AVAILED  
13          OF THE INCENTIVE UPON THE  
14          EFFECTIVITY OF THIS ACT, THEY MAY  
15          USE THE INCOME TAX HOLIDAY FOR THE  
16          PERIOD SPECIFIED IN THE TERMS AND  
17          CONDITIONS OF THEIR REGISTRATION;

18                “(B)       REGISTERED       BUSINESS  
19                ENTERPRISES WHOSE PROJECTS OR  
20                ACTIVITIES WERE GRANTED AN INCOME

1 TAX HOLIDAY PRIOR TO THE  
2 EFFECTIVITY OF THIS ACT AND THAT  
3 ARE ENTITLED TO THE FIVE PERCENT  
4 (5%) TAX ON GROSS INCOME EARNED  
5 INCENTIVE AFTER THE INCOME TAX  
6 HOLIDAY SHALL BE ALLOWED TO AVAIL  
7 OF THE FIVE PERCENT (5%) TAX ON  
8 GROSS INCOME EARNED INCENTIVE  
9 BASED ON SUBSECTION (C); AND

10 "(C) REGISTERED BUSINESS  
11 ENTERPRISES CURRENTLY AVAILING OF  
12 THE FIVE PERCENT (5%) TAX ON GROSS  
13 INCOME EARNED GRANTED PRIOR TO  
14 THE EFFECTIVITY OF THIS ACT SHALL BE  
15 ALLOWED TO CONTINUE AVAILING THE  
16 SAID TAX INCENTIVE AT THE RATE OF  
17 FIVE PERCENT (5%) FOR TEN (10) YEARS."

18 SEC. 15. *Repealing Clause.* -

19 (a) To transfer to the Fiscal Incentives Review Board  
20 the power of the Investment Promotion Agency Board to

1 review, approve, or disapprove fiscal incentives and to  
2 mandate the Investment Promotion Agency Board to  
3 recommend to the Fiscal Incentives Review Board after a  
4 thorough review of the application, the approval or  
5 disapproval of the same, the following provisions are  
6 hereby repealed:

7 (1) Article 7(14) of Executive Order No. 226, series of  
8 1987, entitled: the "Omnibus Investments Code of 1987";

9 (2) Section 1(G) of Executive Order No. 458, series of  
10 1991, entitled: "Devolving the Powers and Functions of the  
11 Board of Investments Over Investments Within the  
12 Autonomous Region in Muslim Mindanao to the  
13 Autonomous Regional Government and for Other  
14 Purposes";

15 (3) Section 8 of Republic Act No. 9400, entitled: "An  
16 Act Amending Republic Act No. 7227, as amended,  
17 Otherwise Known as the Bases Conversion and  
18 Development Act of 1992, and for Other Purposes";

1           (4) Section 85(a) of Subchapter IV-B of Republic Act  
2 No. 9593, entitled: "An Act Declaring a National Policy for  
3 Tourism as an Engine of Investment, Employment, Growth  
4 and National Development and Strengthening the  
5 Department of Tourism and its Attached Agencies to  
6 Effectively Implement that Policy, and Appropriating  
7 Funds Therefor", as amended by Republic Act No. 11262;  
8 and

9           (5) Sections 7 and 8 of Republic Act No. 9490,  
10 entitled: "An Act Establishing the Aurora Special Economic  
11 Zone in the Province of Aurora, Creating for the Purpose  
12 the Aurora Special Economic Zone Authority,  
13 Appropriating Funds Therefor and for Other Purposes", as  
14 amended by Republic Act No. 10083, entitled: "An Act  
15 Amending Republic Act No. 9490, Otherwise Known as the  
16 'Aurora Special Economic Zone Act of 2007'";

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

1           (1) Articles 39(A), (B), (C), (D), (H), (I), (J), (L)  
2 and (M); 40, 41, 42, 61, 62, 63, 64, 65, and 67 of  
3 Executive Order No. 226, series of 1987, entitled: the  
4 “Omnibus Investments Code of 1987”, as amended by  
5 Republic Act No. 7918, and further amended by  
6 Republic Act No. 8756”;

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

12           (3) Presidential Decree No. 66, entitled: “Creating the  
13 Export Processing Zone Authority and Revising Republic  
14 Act No. 5490”;

15           (4) Section 4(e) of Republic Act No. 7903, entitled: “An  
16 Act Creating Special Economic Zone and Freeport in the  
17 City of Zamboanga and Establishing for this Purpose the



1 Zamboanga City Special Economic Zone Authority,  
2 Appropriating Funds Therefor, and for Other Purposes”;

3 (5) Section 7 of Republic Act 9400, entitled: “An Act  
4 Amending Republic Act No. 7227, as amended, Otherwise  
5 Known as the Bases Conversion and Development Act of  
6 1992, and for Other Purposes”;

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

12 (7) Sections 23 and 42 of Republic Act No. 7916,  
13 entitled: “An Act Providing for the Legal Framework and  
14 Mechanisms for the Creation, Operation, Administration,  
15 and Coordination of Special Economic Zones in the  
16 Philippines, Creating for the Purpose the Philippine  
17 Economic Zone Authority (PEZA), and for Other Purposes”  
18 as amended by Republic Act No. 8748;

1           (8) Sections 4(f), 5(a), (b), (d), (e), (f), (g), (h), (j), (l),  
2   and (m), and 9 of Republic Act No. 9490, entitled: "An Act  
3   Establishing the Aurora Special Economic Zone in the  
4   Province of Aurora, Creating for the Purpose the Aurora  
5   Special Economic Zone Authority, Appropriating Funds  
6   Therefor and for Other Purposes", as amended by Republic  
7   Act No. 10083;

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

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

18          (11) Sections 86(a), (c),(d),(e),(f), and 88 of Republic  
19   Act No. 9593, entitled: "An Act Declaring a National Policy

1 for Tourism as an Engine of Investment, Employment,  
2 Growth and National Development, and Strengthening the  
3 Department of Tourism and its Attached Agencies to  
4 Effectively and Efficiently Implement That Policy, and  
5 Appropriating Funds Therefor"; and

6 (12) Section 1(a) and (e) of Presidential Decree No.  
7 1955, entitled: "Withdrawing, Subject to Certain  
8 Conditions, the Duty and Tax Privileges Granted to  
9 Private Business Enterprises and/or Persons Engaged in  
10 Any Economic Activity and for Other Purposes".

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

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

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

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

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

14           (d) The provisions of the following laws on the  
15 Investment Priorities Plan that are inconsistent with the  
16 provisions of this Act are hereby repealed:

17           (1) Articles 7(1), 22, 26, 27, 28, 29, 30, 31 and 32 of  
18 Executive Order No. 226, series of 1987 entitled: the  
19 "Omnibus Investments Code of 1987", as amended; and

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

7           (e) Sections 4, 5, 6, and 7 of Republic Act No. 10708,  
8 entitled: "An Act Enhancing Transparency in the  
9 Management and Accounting of Tax Incentives  
10 Administered by Investment Promotion Agencies", are also  
11 repealed for being inconsistent with this Act.

12           (f) Article 7(11) of Executive Order No. 226, series of  
13 1987 entitled: the "Omnibus Investments Code of 1987".

14           SEC. 16. *Amendatory Clause.* -

15           (a) To transfer to the Fiscal Incentives Review Board  
16 the power of the Investment Promotion Agency Board to  
17 review, approve, or disapprove fiscal incentives and to  
18 mandate the Investment Promotion Agency Board to  
19 recommend to the Fiscal Incentives Review Board after a

1 thorough review of the application, the approval or  
2 disapproval of the same, the following provisions are  
3 hereby amended:

4 (1) Articles 7(3) and (8), 34, 35, and 36 of Executive  
5 Order No. 226, series of 1987, entitled: the "Omnibus  
6 Investments Code of 1987";

7 (2) Section 1(A), (B), (D), and (E) of Executive Order  
8 No. 458, series of 1991, entitled: "Devolving the Powers  
9 and Functions of the Board of Investments Over  
10 Investments Within the Autonomous Region in Muslim  
11 Mindanao to the Autonomous Regional Government and  
12 for Other Purposes";

13 (3) Section 7(a) and (c) of Republic Act No. 7903,  
14 entitled: "An Act Creating Special Economic Zone and  
15 Freeport in the City of Zamboanga and Establishing for  
16 this Purpose the Zamboanga City Special Economic Zone  
17 Authority, Appropriating Funds Therefor, and for Other  
18 Purposes";

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

9           (5) Sections 5(l), 12(b), and 13(b)(11) of Republic Act  
10   No. 7227, entitled: "An Act Accelerating the Conversion of  
11   Military Reservations into Other Productive Uses,  
12   Creating the Bases Conversion and Development  
13   Authority for the Purpose, Providing Funds Therefor and  
14   for Other Purposes", as amended by Republic Act No. 9400;

15           (6) Section 69(n) of Subchapter IV-B of Republic Act  
16   No. 9593, entitled: "An Act Declaring a National Policy for  
17   Tourism as an Engine of Investment, Employment, Growth  
18   and National Development and Strengthening the  
19   Department of Tourism and its Attached Agencies to

1 Effectively Implement that Policy, and Appropriating  
2 Funds Therefor", as amended by Republic Act No. 11262;

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

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

16 (9) Sections 4(a) and (q), and 6 of Presidential Decree  
17 No. 538, entitled: "Creating and Establishing the  
18 PHIVIDEC Industrial Authority and Making it a  
19 Subsidiary Agency of the Philippines Veterans Investment



1 Development Corporation, Defining its Powers, Functions  
2 and Responsibilities, and for Other Purposes"; and

3 (10) Sections 12 (a) and (b) and 13(a), (b) and (i), and  
4 15 of Republic Act No. 7916,"<sup>2</sup> entitled: "An Act Providing for  
5 the Legal Framework and Mechanisms for the Creation,  
6 Operation, Administration and Coordination of Special  
7 Economic Zones in the Philippines, Creating for this  
8 Purpose, the Philippine Economic Zone Authority and for  
9 Other Purposes, as amended by Republic Act No. 8748.

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

13 (1) Articles 69, 77, and 78 of Executive Order No. 226,  
14 series of 1987, entitled: the "Omnibus Investments Code of  
15 1987", as amended;

16 (2) Sections 24 and 35 of Republic Act No. 7916,  
17 entitled: "An Act Providing for the Legal Framework and  
18 Mechanisms for the Creation, Operation, Administration,  
19 and Coordination of Special Economic Zones in the

1 Philippines, Creating for the Purpose the Philippine  
2 Economic Zone Authority (PEZA), and for Other Purposes”  
3 as amended by Republic Act No. 8748”;

4 (3) Sections 12(c), 15, 15-A, 15-B, 15-C of Republic Act  
5 No. 7227, entitled: “An Act Accelerating the Conversion of  
6 Military Reservations into other Productive Uses, Creating  
7 the Bases Conversion and Development Authority for this  
8 Purpose, Providing Funds therefor and for Other Purposes”  
9 as amended by Republic Act No. 9400, and further  
10 amended by Executive Order No. 619, series of 2007”;

11 (4) Section 6 of Republic Act 9400, entitled: “An Act  
12 Amending Republic Act No. 7227, as amended, Otherwise  
13 Known as the Bases Conversion and Development Act of  
14 1992, and for Other Purposes”;

15 (5) Section 5(c) of Republic Act No. 9490, entitled: “An  
16 Act Establishing the Aurora Special Economic Zone in the  
17 Province of Aurora, Creating for the Purpose the Aurora  
18 Special Economic Zone Authority, Appropriating Funds  
19 Therefor and for Other Purposes”, as amended by Republic

1 Act No. 10083, entitled: "An Act Amending Republic Act  
2 No. 9490, Otherwise Known as the "Aurora Special  
3 Economic Zone Act of 2007";

4 (6) Section 4(f) of Republic Act No. 7903, entitled: "An  
5 Act Creating Special Economic Zone and Freeport in the  
6 City of Zamboanga and Establishing for this Purpose the  
7 Zamboanga City Special Economic Zone Authority,  
8 Appropriating Funds Therefor, and for Other Purposes";

9 (7) Section 4(c) of Republic Act No. 7922, entitled: "An  
10 Act Establishing a Special Economic Zone and Free Port in  
11 the Municipality of Santa Ana and the Neighboring Islands  
12 of Cagayan, Providing Funds Therefor, and for Other  
13 Purposes";

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

1           (9) Sections 6(k), 14(e), 39, 76, 85(c) and 86(b) of  
2   Republic Act No. 9593, entitled: "An Act Declaring a  
3   National Policy for Tourism as an Engine of Investment,  
4   Employment, Growth and National Development, and  
5   Strengthening the Department of Tourism and its  
6   Attached Agencies to Effectively and Efficiently Implement  
7   That Policy, and Appropriating Funds Therefor";

8           (10) Section 8 of Presidential Decree No. 538, entitled:  
9   "Creating and Establishing the PHIVIDEC Industrial  
10   Authority and Making it a Subsidiary Agency of the  
11   Philippine Veterans Development Corporation, defining its  
12   Powers, Functions and Responsibilities, and for Other  
13   Purposes", as amended by Presidential Decree No. 1491;  
14   and

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

1           (c) To expand the powers and functions of the Fiscal  
2 Incentives Review Board, the provisions of the following  
3 laws that are inconsistent with this Act are hereby  
4 amended:

5           (1) Section 13 of Republic Act No. 7903, entitled: "An  
6 Act Creating a Special Economic Zone and Freeport in the  
7 City of Zamboanga City Special Economic Zone Authority,  
8 Appropriating Funds Therefor, and for Other Purposes";

9           (2) Section 10 of Republic Act No. 7922, entitled: "An  
10 Act Establishing a Special Economic Zone and Free Port in  
11 the Municipality of Santa Ana and the Neighboring Islands  
12 of Cagayan, Providing Funds Therefor, and for Other  
13 Purposes";

14           (3) Section 17 of Republic Act No. 7227, entitled: "An  
15 Act Accelerating the Conversion of Military Reservations  
16 into other Productive Uses, Creating the Bases Conversion  
17 and Development Authority for this Purpose, Providing  
18 Funds therefor and for other Purposes";

1           (4) Section 20 of Republic Act No. 9490, entitled: "An  
2 Act Establishing the Aurora Special Economic Zone in the  
3 Province of Aurora, Creating for the Purpose the Aurora  
4 Special Economic Zone Authority, Appropriating Funds  
5 Therefor and for Other Purposes"; and

6           (5) Section 22 of Republic Act No. 9728, entitled "An  
7 Act Converting the Bataan Economic Zone located in the  
8 Municipality of Mariveles, Province of Bataan, into the  
9 Freeport Area of Bataan, Creating for this Purpose the  
10 Authority of the Freeport Area of Bataan (AFAB),  
11 Appropriating Funds Therefor and for Other Purposes";

12           (d) The provisions of the following laws on the  
13 Investment Priorities Plan, including all other laws,  
14 decrees, executive orders, rules and regulations, or parts  
15 thereof which provide for the mandatory inclusion in the  
16 Investment Priorities Plan that are inconsistent with the  
17 provisions of this Act are hereby amended:

18           (1) Sections 4(d) and 13(i) of Republic Act No. 9728,  
19 entitled: "An Act Converting the Bataan Economic Zone

1 located in the Municipality of Mariveles, Province of  
2 Bataan, into the Freeport Area of Bataan, Creating for this  
3 Purpose the Authority of the Freeport Area of Bataan  
4 (AFAB), Appropriating Funds Therefor and for Other  
5 Purposes”, as amended by Republic Act No. 11453;

6 (2) Section 12(f) of Republic Act No. 9490, as  
7 amended, entitled: “An Act Establishing the Aurora  
8 Special Economic Zone in the Province of Aurora, Creating  
9 for the Purpose the Aurora Special Economic Zone  
10 Authority, Appropriating Funds Therefor and for Other  
11 Purposes”;

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

17 (4) Section 21 of Republic Act No. 7916, as amended,  
18 entitled: “An Act Providing for the Legal Framework and  
19 Mechanisms for the Creation, Operation, Administration

1 and Coordination of Special Economic Zones in the  
2 Philippines, Creating for this Purpose, the Philippine  
3 Economic Zone Authority and for Other Purposes;

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

11 (6) Sections 4(b) and 13(b)(7) of Republic Act No.  
12 7227, entitled: "An Act Accelerating the Conversion of  
13 Military Reservations into Other Productive Uses,  
14 Creating the Bases Conversion and Development  
15 Authority for this Purpose, Providing Funds Therefor and  
16 for Other Purposes"; and

17 (7) Section 1(F) of Executive Order No. 458, series of  
18 1991, entitled: "Devolving the Powers and Functions of the  
19 Board of Investments Over Investments Within the



1 Autonomous Region in Muslim Mindanao to the  
2 Autonomous Regional Government and for Other  
3 Purposes”.

4       SEC. 17. *Separability Clause.* – If any provision or part of  
5 this Act is declared invalid or unconstitutional, such  
6 declaration shall be confined in its operation to the clause,  
7 sentence, paragraph, or part thereof directly involved in  
8 the case, whereas the parts or provisions not affected  
9 thereby shall remain in full force and effect.

10       SEC. 18. *Appropriation.* – The National Tax Research  
11 Center, as the secretariat of the Fiscal Incentives Review  
12 Board, shall be provided with an initial appropriation of  
13 One hundred million pesos (P100,000,000.00) to be drawn  
14 from the available funds from the National Treasury not  
15 otherwise appropriated. Appropriations for the succeeding  
16 years shall be included in the annual General  
17 Appropriations Act.

18       SEC. 19. *Implementing Rules and Regulations.* – Within  
19 ninety (90) days from the effectivity of this Act, the

1 Secretary of Finance upon the recommendation of the  
2 Commissioner of Internal Revenue, shall promulgate the  
3 necessary rules and regulations for its effective  
4 implementation: *Provided*, That for the provisions under  
5 Title XIII, the Secretary of Finance and the Secretary of  
6 Trade and Industry shall jointly promulgate the necessary  
7 rules and regulations thereof within the same period, after  
8 due consultations with the Commissioner of Internal  
9 Revenue, the Board of Investments, and other Investment  
10 Promotion Agencies, for its effective implementation.  
11 Failure to promulgate the rules and regulations shall not  
12 prevent the implementation of this Act upon its effectivity.

13       SEC. 20. *Effectivity*. – This Act shall take effect fifteen  
14 (15) days after its complete publication in the *Official*  
15 *Gazette* or in a newspaper of general circulation.

Approved,