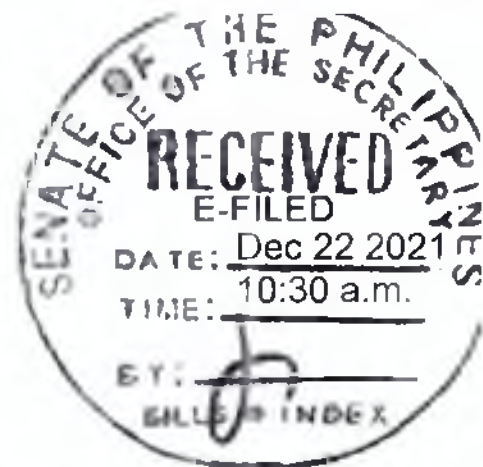


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Third Regular Session

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SENATE

COMMITTEE REPORT No. 437

Submitted jointly by the Committees on Economic Affairs; Local Government; Ways and Means; and Finance on Dec 22 2021

Re: Senate Bill No. 1788

Recommending its approval with amendments

Sponsor: Senator Imee Marcos

MR. PRESIDENT:

The Committees on Economic Affairs; Local Government; Ways and Means; and Finance, to which was referred **Senate Bill No. 1788**, introduced by Senator Imee Marcos, entitled:

"AN ACT

**ESTABLISHING THE SPECIAL ECONOMIC ZONE AND
FREEPORT IN THE PROVINCE OF ILOCOS NORTE, CREATING
FOR THIS PURPOSE THE ILOCOS NORTE SPECIAL ECONOMIC
ZONE AND FREEPORT AUTHORITY, AND APPROPRIATING
FUNDS THEREFOR"**

have considered the same and have the honor to report it back to the Senate with the recommendation that Senate Bill No. 1788 be approved with the following amendments:

1. On page 4, line 2, delete the words "existing laws" and replace it with the following: **"NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED"**
2. On page 8, from lines 14, delete the word "pre-existing" and replace it with the word **"EXISTING"**.
3. On the same page, lines 14 to 23, delete the following phrase

"as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under Executive Order No. 226, as amended, otherwise known as Omnibus Investment Code of 1987, and/or those that may be further granted as the need and necessity arises by appropriate government department, agency, or office: *Provided*, That in the administration, implementation and monitoring of incentives, the INSEZA may impose its own conditions, not otherwise prohibited by this Act: *Provided, further*, That the INSEZA shall not be limited to the conditions provided under Republic Act No. 7916, Republic Act No. 8748 or any other related issuance, rule or regulation"

and in lieu thereof replace with:

"GRANTED UNDER TITLE XIII (TAX INCENTIVES) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED."

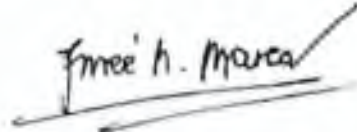
4. On the same page, lines 25 to 39, delete the entire Section 15 "Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned."
5. On the same page, lines 42 to 44, after the word "Ecozone," delete the phrase "the INSEZA shall comply with the provision of Republic Act No. 10708, otherwise known as "The Tax Incentives Management and Transparency Act (TIMTA)" and its implementing rules and regulations for"

And replace with: **"AND ENSURING"**

6. On the same page 8, line 44, after the words "tax incentives" delete the words "under this law" and replace with **"THE INSEZA SHALL COMPLY WITH THE PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED."**
7. On page 9, from lines 6 to 27, delete the entire Sections 17 "Duration of Incentive"; Section 18 "Sequential Availment of Incentives; and Section 19 "Extension of Period of Availment".

Respectfully submitted:

Chairpersons



SENATOR FRANCIS "TOL" N. TOLENTINO

*Committee on Local Government
Member, Committee on Economic
Affairs
Member, Committee on Finance*

SENATOR IMEE MARCOS

*Committee on Economic Affairs
Vice-Chairperson, Local Government
Vice-Chairperson, Committee on
Finance
Member, Committee on Ways and
Means*



SENATOR SONNY ANGARA

*Committee on Finance
Vice-Chairperson, Committee on
Economic Affairs
Vice-Chairperson, Committee on Ways
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SENATOR PIA S. CAYETANO

*Committee on Ways and Means
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Finance
Member, Committee on Economic
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SENATOR WIN GATCHALIAN

*Committee on Economic Affairs
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**SENATOR CHRISTOPHER
LAWRENCE T. GO**

*Committee on Finance
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SEN. GRACE POE
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Members



SENATOR PANFILO M. LACSON
Committee on Finance
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Committee on Local Government



SENATOR MANUEL "LITO" M. LAPID
Committee on Economic Affairs
Committee on Finance
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SENATOR RAMON BONG REVILLA JR.

*Committee on Economic Affairs
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SENATOR MARIA LOURDES NANCY S. BINAY

*Committee on Finance
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SENATOR EMMANUEL "MANNY" D. PACQUIAO

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SENATOR AQUILINO "KOKO" PIMENTEL III

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SENATOR LEILA M. DE LIMA


*Committee on Finance
Committee on Ways and Means*

Ex-Officio Members

SENATOR RALPH G. RECTO
President Pro Tempore

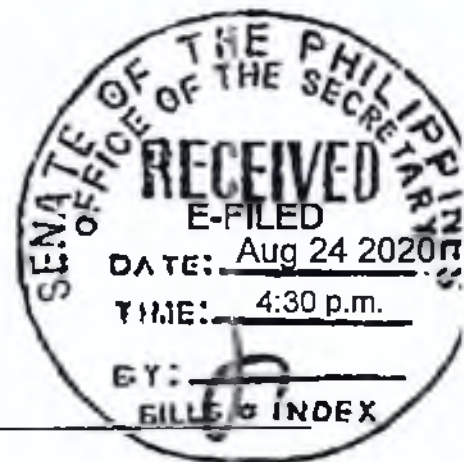


JUAN MIGUEL F. ZUBIRI
Majority Leader



will Interpellate/amend"
SENATOR FRANKLIN M. DRILON
Minority Leader

SENATOR VICENTE SOTTO III
Senate President



SENATE
S.B. No. 1788

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT ESTABLISHING THE SPECIAL ECONOMIC ZONE AND FREEPORT IN
THE PROVINCE OF ILOCOS NORTE, CREATING FOR THIS PURPOSE THE
ILOCOS NORTE SPECIAL ECONOMIC ZONE AND FREEPORT AUTHORITY,
AND APPROPRIATING FUNDS THEREFOR**

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the "*Ilocos Norte Special Economic Zone and Freeport Act*".

SEC. 2. *Declaration of Policy.* – It is declared the policy of the State to encourage, promote, and accelerate the sound and balanced industrial, economic, and social development of the country. The establishment of special economic zones shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II
CREATION OF ECONOMIC ZONE

SEC. 3. *Creation of the Ilocos Norte Special Economic Zone and Freeport.* – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Ilocos Norte affected by the zone, there is hereby established a Special Economic Zone and Freeport, hereinafter referred to as the Ilocos Norte Ecozone. The Ilocos Norte Ecozone shall cover particular areas located in the Municipalities of Badoc, Currimao, Paoay, and Laoag City. The specific metes and bounds of the Ilocos Norte Ecozone shall be more particularly defined in a presidential proclamation that shall be issued for this purpose: *Provided,* That the lands embraced therein shall be public lands and contiguous to one another

SEC. 4. *Creation of the Ilocos Norte Special Economic Zone and Freeport Authority.* – There is hereby created a body corporate to be known as the "Ilocos Norte Special Economic Zone Authority" hereinafter referred to as the INSEZA, which shall manage and operate the Ilocos Norte Ecozone, in accordance with the provisions of this Act. This corporate franchise shall expire in fifty (50) years and counted from the first year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

1 **SEC. 5. *Governing Principles*** - The Ilocos Norte Special Economic Zone and
2 Freeport shall be managed and operated by INSEZA under the following principles:

3 a. Within the framework and limitations of the Constitution and applicable
4 provisions of Republic Act No. 7160, otherwise known as the "Local
5 Government Code of 1991", the Ilocos Norte Ecozone shall be developed
6 into and operated as a decentralized self-reliant and self-sustaining
7 industrial, commercial/trading, agro-industrial, tourist, banking, financial
8 and investment center with suitable residential areas;

9 b. The Ilocos Norte Ecozone shall be provided with transportation,
10 telecommunications, and other facilities needed to attract legitimate and
11 productive investments, generate linkage industries and employment
12 opportunities for the people of Ilocos Norte and its neighboring towns and
13 cities;

14 c. The Ilocos Norte Ecozone may establish mutually beneficial economic
15 relations with other entities or enterprises within the country or, subject to
16 the administrative guidance of the Department of Foreign Affairs (DFA), the
17 Philippine Economic Zone Authority (PEZA), and/or the Department of Trade
18 and Industry (DTI), with foreign entities or enterprises;

19 d. Foreign citizens and companies owned by non-Filipinos, in whatever
20 proportion, may set up enterprise in the Ilocos Norte Zone, either by
21 themselves or in a joint venture with Filipinos in any sector of industry,
22 international trade and commerce within the Ilocos Norte Ecozone;

23 e. The Ilocos Norte Ecozone shall be managed and operated as separate
24 customs territory thereby ensuring the free flow or movement of goods and
25 capital within, into and out of its territory, and shall likewise provide incentives
26 such as tax and duty-free importations of raw materials, capital and
27 equipment to registered enterprises located therein. However, exportation or
28 removal of goods from the territory of the Ilocos Norte Ecozone to the other
29 parts of the Philippine territory shall be subject to customs duties and taxes
30 under Republic Act No. 10863, otherwise known as the "Customs
31 Modernization and Tariff Act" and other relevant tax laws of the Philippines;

- 1 f. The areas comprising the Ilocos Norte Ecozone may be expanded or reduced
2 when necessary. For this purpose, the INSEZA, in consultation with the LGUs,
3 shall have the power to acquire either by purchase, negotiation or
4 condemnation proceedings, any private land within or adjacent to the Ilocos
5 Norte Ecozone for the following purposes: (1) consolidation of lands for zone
6 development; (2) acquisition of right of way to the Ilocos Norte Ecozone; and
7 (3) the protection of watershed areas and natural assets valuable to the
8 property of Ilocos Norte Ecozone;
- 9 g. Goods manufactured by an Ilocos Norte Ecozone enterprise shall be made
10 available for immediate retail sale in the domestic market, subject to the
11 payment of corresponding taxes on raw materials and other regulations that
12 may be formulated by the INSEZA together with the PEZA, the Bureau of
13 Customs (BOC), and the DTI. However, in order to protect domestic industries,
14 a Negative List of industries shall be drawn up and regularly updated by PEZA.
15 Enterprises engaged in industries included in such Negative List shall not be
16 allowed to sell their products locally;
- 17 h. The defense of the Ilocos Norte Ecozone and the security of its perimeter fence
18 shall be the responsibility of the National Government in coordination with
19 INSEZA and the LGUs.

20 **SEC. 6. Capitalization.** -- The INSEZA shall have an authorized capital stock of Two
21 billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (PhP10.00)
22 each, the majority shares of which shall be subscribed and paid for by the National
23 Government and LGUs embracing the Ilocos Norte Special Economic Zone and
24 Freeport. The Board of Directors of INSEZA may, with the written concurrence of the
25 Secretary of Finance may determine. The National Government and the LGUs shall in
26 no case own less than sixty *per centum* (60%) of the total issued and outstanding
27 capital of INSEZA.

28 The amount necessary to subscribe and pay for the shares of the National
29 Government to the capital stock of the INSEZA shall be included in the annual General
30 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
31 allotment and other local funds.

32 **SEC. 7. Principal Office of the INSEZA.** -- The INSEZA shall maintain its principal
33 office at Laoag City, Ilocos Norte, but it may establish branches within the Philippines
34 as may be necessary for the proper conduct of its business.

35 **SEC. 8. Powers and Functions of the INSEZA.** -- The INSEZA shall have the following
36 powers and functions:

- 37 a. To operate, administer, manage and develop the Ilocos Norte Ecozone
38 according to the principles and provisions set forth in this Act;

- 1 b. To register, regulate and supervise the enterprises in the Ilocos Norte Ecozone
2 in an efficient and decentralized manner, subject to existing laws;
- 3 c. To coordinate with LGUs and exercise general supervision over the
4 development plans, activities and operations of the Ilocos Norte Ecozone;
- 5 d. To regulate and undertake the establishment and construction, operation and
6 maintenance of public utilities, other services, and infrastructure in the Ilocos
7 Norte Ecozone such as light and power, shipping, barging, stevedoring, cargo
8 handling, hauling, warehousing, storage and cargo, port services or
9 concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage
10 areas, roads, telecommunications, transport, bridges, terminals, conveyors,
11 water supply and storage, sewage, drainage, airport operations in coordination
12 with the Civil Aviation Authority of the Philippines (CAAP), and such other
13 sendees and concessions or infrastructure necessary or incidental to the
14 accomplishment of the objectives of this Act;
- 15 e. To construct, acquire, own, lease, operate and maintain on its own or through
16 contracts, franchise, licenses, bulk purchase from the private sector or permits
17 under any of the schemes allowed in Republic Act No. 6597, otherwise known
18 as the "Built-Operate-Transfer Law" as amended, or joint venture, adequate
19 facilities and infrastructure required or needed for the operation and
20 development of the Ilocos Norte Ecozone, in coordination with the appropriate
21 national and local government authorities and in conformity with applicable
22 law's thereon;
- 23 f. To approve plans, programs and projects of the Ilocos Norte Ecozone to be
24 submitted to the Regional Development Council for inclusion and inputs to the
25 overall regional development plan;
- 26 g. To operate on its own, either directly or through licenses to others, tourism-
27 related activities, including games, amusements, recreational and sports
28 facilities, subject to the approval and supervision of the Philippine Amusement
29 and Gaming Corporation (PAGCOR);
- 30 h. To raise or borrow, within the limitation provided by law, and subject to the
31 approval or opinion of the Monetary Board of the *Bangka Sentral ng Pilipinas*
32 (BSP), as the case may be, adequate and necessary funds from local or foreign
33 sources, to finance its projects and programs under this Act and for this
34 purpose, to issue bonds, promissory notes and other forms of securities, and
35 to secure the same by a guarantee, pledge, mortgage, deed of trust or an
36 assignment of all or part of its property or assets;

- 1 i. To protect, preserve, maintain and develop the forests, beaches, coral and coral
2 reefs, and maintain ecological balance within the Ilocos Norte Ecozone.
3 Notwithstanding the authority of the INSEZA to create rules for such purpose,
4 the rules and regulations of the Department of Environment and Natural
5 Resources (DENR) and other government agencies involved in the above
6 functions shall be implemented by the INSEZA;
- 7 j. To create, operate and/or contract to operate such functional units or offices
8 of the INSEZA as it may deem necessary;
- 9 k. To adopt, alter and use a corporate seal; contract, lease, buy, acquire, own or
10 otherwise dispose of personal and/or real property of whatever nature; sue and
11 be sued; and otherwise carry out its functions and duties as provided for in this
12 Act;
- 13 l. To issue certificates of origin for products manufactured or processed in the
14 Ilocos Norte Ecozone in accordance with prevailing rules of origin and the
15 pertinent regulations of the PEZA, the DTI, and/or the Department of Finance
16 (DOF);
- 17 m. To establish one-stop shops for the issuance of all necessary permits,
18 clearances, licenses, and other similar certifications to conduct such activities
19 intended to improve the ease of doing business within the Ilocos Norte
20 Ecozone, in coordination with government agencies having jurisdiction over
21 activities therein; *Provided*, That all government agencies are directed to provide
22 and extend utmost and full cooperation to the Ilocos Norte Ecozone in the
23 establishment of such one-stop shops;
- 24 n. To provide internal security to the Ilocos Norte Ecozone in coordination with
25 the National Government and affected LGU. For this purpose, the INSEZA shall
26 provide and establish its own internal security and fire fighting forces or hire
27 others to provide the same. Military forces sent by the National Government for
28 the purpose of defense shall not interfere in the internal affairs of the Ilocos
29 Norte Ecozone and expenditures for these military forces shall be borne by the
30 National Government;
- 31 o. To recommend to the President of the Philippines the issuance of a
32 proclamation to fix and delimit the site of Ilocos Norte Ecozone;
- 33 p. To exercise such powers as may be essential, necessary or incidental to the
34 powers granted to it hereunder, as well as those that shall enable to carry out,
35 implement and accomplish the purposes, objectives and policies of this Act;
36 and
- 37 q. To issue, rules and regulations consistent with the provisions of this Act as may
38 be necessary to accomplish and implement the purposes, objectives and
39 policies provided herein.

1 **SEC. 9. Board of Directors of the INSEZA.** - The powers of the INSEZA shall be
2 vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
3 which shall be composed of the following:

- 4 a. The Chairperson, who shall at the same time be the administrator of the
5 INSEZA;
- 6 b. Governor of the Province of Ilocos Norte or a duly-authorized representative;
- 7 c. One of the mayors of the city and municipalities covered by the ecozone;
- 8 d. One (1) representative from the investor's group; and
- 9 e. One (1) representative from among the workers in the Ilocos Norte Ecozone.

10 The Vice Chairperson shall be selected from among the members of the Board.

11 The representative from the Provincial Government and the one of the mayors of
12 the city and municipalities covered by the ecozone shall serve as *ex-officio* members of
13 the Board, whose terms in the Board correspond to their terms as elected officials.

14 The Chairperson and members of the Board, except *ex-officio* members, shall be
15 appointed by the President of the Philippines to serve for a term of six (6) years unless
16 sooner separated from service due to death, voluntary resignation or removal for
17 cause. In case of death, resignation or removal for cause, their replacements shall
18 serve only the unexpired portion of the respective terms.

19 The Chairperson of the Board must be a Filipino citizen, of good moral character,
20 of proven probity and integrity, and a degree holder in any of the following fields:
21 economics, business, public administration, law, management or
22 their equivalent, and with at least ten (10) years relevant working experience
23 preferably in the field of management or public administration.

24 The members of the Board, except the *ex-officio* members, shall each receive *per*
25 *diem* at rates to be determined by the Department of Budget and Management (DBM)
26 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
27 *diem* collected each month shall not exceed the equivalent *per diem* for four (4)
28 meetings. Unless and until the President of the Philippines has fixed for a higher *per*
29 *diem* for the members of the Board, such *per diem* shall not be more than Ten
30 thousand pesos (PhP10,000.00) for every Board meeting.

31 **SEC. 10. Organization and Personnel.** – The Board of Directors of INSEZA shall
32 provide for its organization and staff. The Board shall appoint and fix the remuneration
33 and other emoluments of its officers and employees in accordance with existing laws
34 on compensation and position classification. The Board shall have exclusive and final
35 authority to promote, transfer, assign, reassign or remove officers of the INSEZA, any
36 provision of existing law to the contrary notwithstanding. The Chairperson-
37 Administrator shall carry out the decisions of the Board.
38
39
40

41 The officers and employees of INSEZA, including all members of the Board,
42 shall not engage directly or indirectly in partisan activities nor take part in any
43 election, except to vote.

44 No officer or employee of the INSEZA, subject to civil service laws and

1 regulations, shall be removed or suspended except for cause, as provided by law.

2 **SEC. 11. Powers and Duties of the Chairperson-Administrator.** – The Chairperson-
3 Administrator shall have the following powers and duties:

- 4 a. To direct and manage the affairs of the INSEZA in accordance with the polices
5 of the Board;
- 6 b. To establish the internal organization of the INSEZA under such conditions
7 that the Board may prescribe;
- 8 c. To submit an annual budget and necessary supplemental budget to the Board
9 for its approval;
- 10 d. To submit within thirty (30) days after the close of each fiscal year and annual
11 report to the Board and such other reports as may be required;
- 12 e. To submit to the Board for its approval, policies, systems, procedures, rules
13 and regulations that are essential to the operation of the Ilocos Norte
14 Ecozone;
- 15 f. To recommend to the Board the remuneration and other emoluments of its
16 officers and employees in accordance with existing laws on compensation and
17 position classification;
- 18 g. To create a mechanism in coordination with relevant agencies for the promotion
19 of industrial peace, the protection of the environment, and the advancement of
20 the quality of life in the Ilocos Norte Ecozone; and
- 21 h. To perform such other duties as may be assigned by the Board or which are
22 necessary or incidental to the office.

23 **SEC. 12. Legal Counsel.** – The INSEZA shall have its own legal counsel under the
24 supervision of the government corporate counsel. When the exigencies of its
25 businesses and operations demand it, the INSEZA may engage the services of an
26 outside counsel either on a case to case or on a fixed retainer basis.

27
28
29 **Chapter III**
30 **INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS**

31 **SEC. 13. Investors Visa.** – Any foreign national who invests an amount of Two
32 hundred thousand US dollars (US\$200,000.00), either in cash and/or equipment, in a
33 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign
34 national has the following qualifications:

- 35 a. Must be at least eighteen (18) years of age;
- 36 b. Must not have been convicted by final judgment of a crime involving moral
37 turpitude;
- 38 c. Must not be afflicted with any loathsome, dangerous or contagious disease;
- 39 d. Must not have been institutionalized for any mental disorder or disability; and

1 e. Must establish financial capability and capacity through verifiable and credible
2 evidence.

3 A foreign national may reside in the Philippines while the investment herein
4 required subsists. To prove this, the foreign national should submit an annual report,
5 in the form duly prescribed for the purpose. Should said investments be withdrawn
6 from the Philippines, then the investor's visa issued to said foreign national shall
7 automatically expire and/or be withdrawn.

8 The authority to issue visas and work permits shall remain with the Bureau of
9 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively;
10 *Provided*, That the BI and the DOLE shall implement measures to expedite the
11 processing of such visas and permits for workers in the Ilocos Norte Ecozone and
12 coordinate with the INSEZA for the purpose of improving ease of doing business.

13 **SEC. 14. Fiscal Incentives.** – Registered enterprises operating within the Ilocos
14 Norte Ecozone may be entitled to the pre-existing pertinent fiscal incentives as
15 provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also
16 known as the Special Economic Zone Act of 1995, or those provided under Executive
17 Order No. 226, as amended, otherwise known as the Omnibus Investment Code of
18 1987, and/or those that may be further granted as the need and necessity arises by
19 appropriate government department, agency, or office: *Provided*, That in the
20 administration, implementation and monitoring of incentives, the INSEZA may impose
21 its own conditions not otherwise prohibited by this Act: *Provided, further*, That the
22 INSEZA shall not be limited to the conditions provided under Republic Act No. 7916,
23 Republic Act No. 8748 or any other related issuance, rule or regulation.
24

25 **SEC. 15. Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned.** –
26 No taxes, local and national, shall be imposed on business establishments operating
27 within the Ilocos Norte Ecozone, including income tax withholding tax, donor's tax,
28 percentage tax, and documentary stamp tax. In lieu thereof and subject to Section
29 17 of this Act, said business establishments shall pay a five percent (5%) final tax
30 on their gross income earned: *Provided*, That the proceeds from such final tax shall
31 be shared by instrumentalities of the government in accordance with the following
32 schedule:

- 33 a. Three *per centum* (3%) to the National Government;
- 34 b. Two *per centum* (2%) shall be directly remitted by the business
35 establishments to the treasurer's office of the municipality or city where the
36 enterprise is located.

37 The INSEZA shall have the authority to grant income tax holiday and net
38 operating loss carry over subject to Section 17 of this Act and conditions as it may
39 have imposed pursuant to Section 14 of this Act.

40 **SEC. 16. Administration Implementation and Monitoring of Incentives.** – In the
41 interest of enhancing transparency in the management and accounting of tax
42 incentives in the Ilocos Norte Ecozone, the INSEZA shall comply with the provisions
43 of Republic Act No. 10708, otherwise known as "The Tax Incentives Management
44 and Transparency Act (TIMTA)" and its implementing rules and regulations for proper
45 administration, management, enforcement, implementation and monitoring of tax
46 incentives under this law.

1 The BOC shall set up and establish a customs-controlled area outside the gate
2 of the Ilocos Norte Ecozone to facilitate payment of taxes on goods entering the
3 Philippine customs territory: *Provided*, That notwithstanding the limitations in this Act,
4 the INSEZA and BOC may coordinate and jointly implement measures on border
5 protection.

6 **SEC. 17. *Duration and Incentives.*** - Fiscal incentives under this Act shall be
7 terminated after a cumulative period of twenty (20) years from date of registration or
8 start of commercial operation, whichever is applicable, except that it could be
9 extended with regard to industries deemed indispensable to national development and
10 interest. The industries exempted from this provision shall be determined by the
11 INSEZA, in consultation with other government agencies.

12 **SEC. 18. *Sequential Availment of Incentives.*** - Registered enterprises may enjoy
13 the income tax holiday (ITH) granted by INSEZA prior to the availment of the five
14 percent (5%) final tax on gross income earned incentive: *Provided*, That in the event
15 a registered enterprise elects to avail of the final tax incentive, such registered
16 enterprise shall be barred from availing the ITH incentive.

17
18 Registered enterprises, if eligible, may register for incentives with other
19 investment promotion agencies: *Provided*, That registered enterprises electing to
20 avail of the incentives of other promotion agencies shall not be able to avail of the
21 incentives of the Ilocos Norte Ecozone until the expiration of the incentives with such
22 other investment promotion agencies.

23
24 **SEC. 19. *Extension of Period of Availment.*** - The INSEZA may extend period of the
25 validity of the incentives extended to a registered enterprise in the event that it suffers,
26 due to *force majeure*, a cessation or suspension of operations that impairs its viability
27 or profitability.

28 **SEC. 20. *Banking Rules and Regulations.*** - Banks and financial institutions to be
29 established in the Ilocos Norte Ecozone shall be under the supervision of the BSP and
30 subject to existing banking laws, rules and regulations.

31 **SEC. 21. *Remittances.*** - In the case of foreign investments, a duly registered
32 entity or enterprise within the Ilocos Norte Ecozone shall have the right to remit
33 earnings from the investment in the currency in which the investment was originally
34 made and at the exchange rate prevailing at the time of remittance, subject to the
35 provisions of Republic Act No. 7653, otherwise known as the "New Central Bank Act".

36 **CHAPTER IV** 37 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

38 **SEC. 22. *Supervision and Control.*** - For purposes of policy direction and
39 coordination, the INSEZA shall be under the direct control and supervision of the Office
40 of the President of the Philippines.

41 **SEC. 23. *Development Goals of the Ilocos Norte Ecozone.*** - The INSfYA shall
42 determine the development goals for the Ilocos Norte Ecozone within the framework
43 of national development plans, policies, and goals. The Chairperson and Administrator
44 shall, upon approval by the Board, submit the Ilocos Norte Ecozone plans, programs
45 and projects to the Regional Development Council for inclusion and inputs to the
46 overall regional development plan.

47

1 **SEC. 24. *Relationship with Local Government Units.*** – Except as herein provided,
2 the LGUs comprising the Ilocos Norte Ecozone shall retain their basic autonomy and
3 identity. The Municipalities of Badoc, Currimao, Paoay, and Laoag City in Ilocos Norte
4 shall operate and function in accordance with the framework of the 1987
5 Constitution, Local Government Code of 1991, and this Act.

6 In case of any conflict among the INSEZA, the LGUs, and the National
7 Government on matters affecting the Ilocos Norte Ecozone, other than national
8 defense and security matters, the decision of the INSEZA shall prevail.
9

10 **SEC. 25. *Audit.*** – The Commission on Audit shall appoint a full-time editor in the
11 INSEZA or may assign such number of personnel as may be necessary' in the
12 performance of their functions.
13

14 **CHAPTER V** 15 **MISCELLANEOUS PROVISIONS**

16 **SEC. 26. *Interpretation/Construction.*** – The powers, authorities and functions that
17 are vested in the INSEZA are intended to establish national self-sufficiency and self-
18 reliance in the advancement of and protection of the national integrity, enhancement
19 of national security, decentralization of government functions and authority, and
20 promote an efficient and effective working relationship among the INSEZA, the
21 National Government and the LGUs. Any interpretation of this Act shall consider such
22 intentions. In the event of conflict of interpretation and provided by the intentions
23 cannot be harmonized, the provisions of this Act shall be construed in favour of an
24 interpretation that would tend to protect national security.

25 **SEC. 27. *Applicability Clause.*** – Insofar as they are inconsistent with the provisions
26 of this Act, the provisions of Section 30 to 41 of Republic Act No. 7916, otherwise
27 known as "The Special Economic Zone Act of 1995", as amended, shall likewise apply
28 to the Ilocos Norte Ecozone.

29 **SEC. 28. *Implementing Rules and Regulations.*** – The National Economic and
30 Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate
31 the implementing rules and regulations of this Act within ninety (90) days after its
32 approval.

33 **SEC. 29. *Separability Clause.*** – If any provision of this Act shall be held
34 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
35 full force and effects

36 **SEC. 30. *Repealing Clause.*** – All laws, executive orders or issuances or any part
37 thereof, which are inconsistent herewith, are hereby repealed or amended
38 accordingly.

39 **SEC. 31. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
40 publication in the Official Gazette or in a newspaper of general circulation.

Approved,