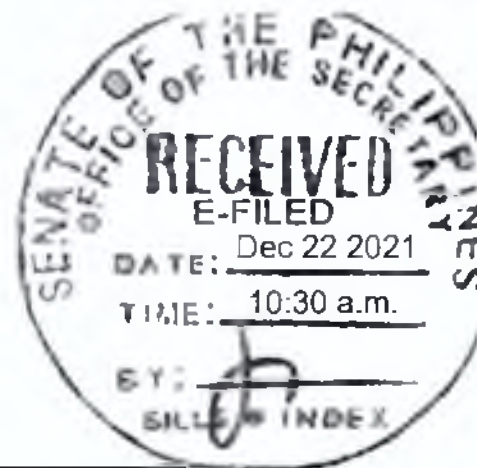


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )



SENATE

COMMITTEE REPORT No. 441

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

RE: Senate Bill No. 1957

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. 1957**, introduced by Senator Emmanuel "Manny" Pacquiao, entitled:

**"AN ACT  
ESTABLISHING THE SPECIAL ECONOMIC ZONE AND  
FREEPORT IN THE PROVINCE OF SARANGANI, CREATING FOR  
THIS PURPOSE THE SARANGANI 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 1957 be approved with the following amendments:

1. On page 4, line 6, after the words "subject to" delete the words "existing laws" and replace with **"THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED."**
2. On page 8, lines 7, delete the words "pre-existing" and replace with the word **"EXISTING"**.
3. On the same page, line 7, after the word "under" remove the entire phrase

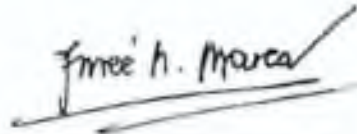
"Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under Executive Order No. 226, as amended, or the Omnibus investment Code of 1987, and/or those that may be further granted the need and the necessity arises by appropriate government department, agency or office: *Provided*, That in the administration, implementation and monitoring of incentives, the SSEZFA may impose its own conditions not otherwise prohibited by this Act: *Provided further*, That the SSEZFA 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 replace it with the phrase **"TITLE XIII (TAX INCENTIVES) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED. "**

4. On page 8, lines 29 to 37 up to page 9, from lines 1 to 2, delete the entire Section 14 "Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned"
5. On page 9, lines 3 to 19, delete the entire Section 16 "Duration and Incentives", Section 17 "Sequential Availment of Incentives and Section 18 "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 and Means*



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

Vice Chairpersons



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

**SENATOR CHRISTOPHER LAWRENCE T. GO**  
*Committee on Finance*  
*Committee on Ways and Means*  
*Member, Committee on Local Government*



**SENATOR JOEL VILLANUEVA**  
*Committee on Finance*  
*Member, Committee on Local*  
*Government*

**SENATOR RICHARD J. GORDON**  
*Committee on Finance*  
*Member, Committee on Ways and*  
*Means*



**SENATOR RONALD "BATO" DELA ROSA**  
*Committee on Finance*  
*Member, Committee on Local*  
*Government*  
*Member, Committee on Ways and*  
*Means*



**SENATOR CYNTHIA A. VILLAR**  
*Committee on Finance*  
*Member, Committee on Local*  
*Government*

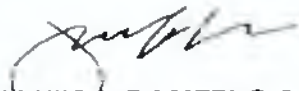


**SEN. GRACE POE**  
*Committee on Finance*  
*Member, Committee on Ways and*  
*Means*



**SENATOR RISA HONTIVEROS**  
*Committee on Finance*  
*Member, Committee on Economic*  
*Affairs*  
*Member, Committee on Local*  
*Government*  
*Member, Committee on Ways and*  
*Means*


Members



**SENATOR PANFILO M. LACSON**  
*Committee on Finance*  
*Committee on Ways and Means*  
*Committee on Local Government*



**SENATOR MANUEL "LITO" M. LAPID**  
*Committee on Economic Affairs*  
*Committee on Finance*  
*Committee on Ways and Means*



**SENATOR RAMON BONG REVILLA JR.**

*Committee on Economic Affairs*  
*Committee on Finance*  
*Committee on Ways and Means*  
*Committee on Local Government*



**SENATOR MARIA LOURDES NANCY S. BINAY**

*Committee on Finance*  
*Committee on Local Government*



**SENATOR EMMANUEL "MANNY" D. PACQUIAO**

*Committee on Finance*  
*Committee on Ways and Means*



**SENATOR AQUILINO "KOKO" PIMENTEL III**

*Committee on Finance*  
*Committee on Local Government*



**SENATOR FRANCIS "KIKO" PANGILINAN**

*Committee on Economic Affairs*  
*Committee on Finance*  
*Committee on Ways and Means*  
*Committee on Local Government*

**SENATOR LEILA M. DE LIMA**

*Committee on Finance*  
*Committee on Ways and Means*

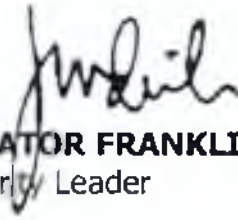
Ex-Officio Members

**SENATOR RALPH G. RECTO**

President Pro Tempore



**SENATOR JUAN MIGUEL "MIGZ" F. ZUBIRI**  
Majority Leader



**SENATOR FRANKLIN M. DRILON**  
Minority Leader

**SENATOR VICENTE SOTTO III**

Senate President

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session*



SENATE

S.B. No. 1957

---

INTRODUCED BY: SENATOR EMMANUEL D. PACQUIAO

---

AN ACT  
ESTABLISHING THE SPECIAL ECONOMIC ZONE AND FREEPORT IN THE  
PROVINCE OF SARANGANI, CREATING FOR THIS PURPOSE THE  
SARANGANI 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:*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

CHAPTER I  
GENERAL PROVISIONS

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

Sec. 2. *Declaration of Policy.* It is hereby declared the policy of the State to actively encourage, promote, induce and accelerate a sound and balanced industrial, economic, and social development of the country in order to provide jobs to the people especially those in rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment, among others, of special economic zones and free ports in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

CHAPTER II  
CREATION OF ECONOMIC ZONE

Sec. 3. *The Sarangani Special Economic Zone and Freeport (SSEZF).* In accordance with the foregoing declared policy, there is hereby established a special economic zone to be known as



1 the Sarangani Special Economic Zone and Freeport, herein referred to as the Sarangani  
2 Ecozone. The Sarangani Ecozone shall particularly cover the municipalities of Alabel and  
3 Glan.  
4

5 **Sec. 4. Creation of the Sarangani Special Economic Zone and Freeport Authority (SSEZFA).**

6 – There is hereby created a body corporate to be known as the “Sarangani Special Economic  
7 Zone and Freeport Authority” hereinafter referred to as the SSEZFA, which shall manage and  
8 operate the Sarangani Ecozone, in accordance with the provisions of this Act. This corporate  
9 franchise shall expire in fifty (50) years and counted from the first year after the effectivity of  
10 this Act, unless otherwise extended by Congress. It shall be organized within one hundred  
11 eighty (180) days after the effectivity of this Act.  
12

13 **Sec. 5. Governing Principles.** - The Sarangani Special Economic Zone and Freeport (SSEZF)  
14 shall be managed and operated by SSEZFA under the following principles:  
15

- 16 (a) Within the framework and limitations of the Constitution and the applicable provisions  
17 of Republic Act No. 7160, or the Local Government Code of 1991, the Sarangani  
18 Ecozone shall be developed into and operated as a self-sustaining industrial,  
19 commercial/trading, financial and investment center, banking, agro-industrial,  
20 tourism/recreational center and free port with suitable retirement/residential areas, in  
21 order to create employment opportunities in and around the Zone, and to effectively  
22 encourage and attract legitimate and productive foreign investments therein;  
23
- 24 (b) The Sarangani Ecozone shall be provided with transportation, telecommunications and  
25 other facilities necessary to attract legitimate and productive investments, generate  
26 linkage industries and employment opportunities for the people of Sarangani and its  
27 neighboring cities and provinces;  
28
- 29 (c) The Sarangani Ecozone may establish mutually beneficial economic relations with  
30 other entities or enterprises within the country or, subject to the administrative guidance  
31 of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority  
32 (PEZA), and/or the Department of Trade and Industry (DTI), with foreign entities or  
33 enterprises;  
34
- 35 (d) Foreign citizens and companies owned by non-Filipinos in whatever proportions may  
36 set up enterprises in the Sarangani Ecozone, either by themselves or in joint venture  
37 with Filipinos or domestic corporations in any sector of industry, or international trade  
38 and commerce within the Sarangani Ecozone;  
39
- 40 (e) The Sarangani Ecozone shall be managed and operated as a separate customs territory  
41 thereby ensuring the free flow or movement of goods and capital within, into and out  
42 of its territory, and shall likewise provide incentives such as tax and duty-free  
43 importations of raw materials, capital and equipment to registered enterprises located  
44 therein. However, exportation or removal of goods from the territory of the Sarangani



1 Ecozone to other parts of the Philippine territory shall be subject to customs duties and  
2 taxes under Republic Act No. 10863 or the Customs Modernization and Tariff Act and  
3 other relevant tax laws of the Philippines;  
4

5 (f) Goods manufactured by a Sarangani Ecozone enterprise shall be made for immediate  
6 retail sale in the domestic market, subject to the payment of corresponding taxes on raw  
7 materials and other regulations that may be formulated by the SSEZFA, together with  
8 the PEZA, Bureau of Customs (BOC), and the DTI. However, in order to protect  
9 domestic industries, a negative list of industries shall be drawn up and regularly updated  
10 by the PEZA. Enterprises engaged in industries included in such negative list shall not  
11 be allowed to sell their products locally;  
12

13 (g) The defense of the Sarangani Ecozone and the security of its perimeter fence shall be  
14 the responsibility of the National Government in coordination with SSEZFA and the  
15 corresponding local government units affected by the territory of the Ecozone;  
16

17 (h) The National Government shall strengthen and maintain its ability to coordinate with  
18 the Sarangani Ecozone and the local government units for the obtainment of the  
19 purposes of this Act.  
20

21 **Sec. 6. Capitalization.** The SSEZFA shall have an authorized capital stock of Two billion  
22 (2,000,000,000.00) without par shares with a minimum issue of Ten pesos (P10.00) each, the  
23 majority shares of which shall be subscribed and paid for by the national government and the  
24 local government units embracing the Sarangani Ecozone. The Board of Directors of the  
25 SSEZFA may, with the written concurrence of the Secretary of Finance, sell shares,  
26 representing not more than forty per centum (40%) of the capital stock of SSEZFA to the  
27 general public under such policy as the Board and the Secretary of Finance may determine.  
28 The national government and the local government units shall, in no case, own less than sixty  
29 per cent (60%) of the total issued and outstanding capital of the SSEZFA.  
30

31 The amount needed to subscribe and pay for the shares of the national government to  
32 the capital stock of the SSEZFA shall be included in the annual General Appropriations Act.  
33 For local government units, the funds shall be taken from their internal revenue allotment and  
34 other local funds.  
35

36 **Sec. 7. Principal Office of the SSEZFA.** – The SSEZFA shall maintain its principal office at  
37 Alabel, the capital of Sarangani province, but it may establish offices within the Philippines as  
38 may be necessary for the proper conduct of its business.  
39

40 **Sec. 8. Powers and Functions of the SSEZFA** – The SSEZFA shall have the following  
41 functions:  
42

43 1. Recommend to the President of the Philippines the issuance of a proclamation to  
44 fix and delimit the site of the Sarangani Ecozone;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44

2. Operate, administer, manage and develop the Sarangani Ecozone according to the principles and provisions set forth in this Act;
3. Register, regulate, and supervise the Sarangani Ecozone in an efficient and decentralized manner, subject to existing laws;
4. Adopt, alter use a corporate seal, contract, lease, buy, sell, acquire, own, and dispose property of whatever nature; to sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act; and to exercise the power of eminent domain for public use and public purpose;
5. Raise or borrow adequate and necessary funds, in accordance with pertinent laws, from local or foreign sources to finance its projects and programs under this Act, and for the purpose to issue bonds, promissory notes, and other forms of securities and to secure the same by a guarantee, pledge, mortgage, deed of trust, or an assignment of all or part of its property or assets;
6. Approve and allow local or foreign businesses, enterprise or investment in the Zone subject to rules and regulations as SSEZFA may promulgate in conformity with the provisions of this Act and the limitations provided in the Constitution;
7. Authorize and regulate the establishment, operation and maintenance of public utilities, services and infrastructure in the Zone such as shipping, barging, stevedoring, cargo handling, hauling, warehousing, and such other services or concessions necessary or incidental to the accomplishment of the objectives of this Act; Provided, however, That the private investors in the Zone shall be given priority in the awarding of contracts, franchises, licenses, or permits for the establishment, operation, and maintenance of utilities, services, and infrastructure in the Zone;
8. Construct, acquire, own, lease, operate, and maintain on its own, or by joint venture as allowed in this Act, by or through contracts, franchise, licenses or permits under any of the schemes allowed in Republic Act No. 6957 or the Build-Operate-Transfer Law, adequate facilities and infrastructure required for the operation and development of the Sarangani Ecozone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;
9. Operate on its own, either directly or through subsidiary entity, or concession or license to other entities, tourism-related activities and sports facilities under priorities and standards set by SSEZFA;
10. Protect, reserve, maintain and develop beaches, forests, and coral reefs within the Zone. For this purpose, the rules and regulations of the Department of Environment

1 and Natural Resources (DENR) and other concerned government agencies shall be  
2 implemented by SSEZFA;

- 3  
4 11. Adopt, implement and enforce reasonable measures and standards to control  
5 pollution within the Zone;  
6  
7 12. Provide security for the Zone in coordination with the national and local  
8 governments. For this purpose, SSEZFA may establish and maintain its own  
9 security force and firefighting capability;  
10  
11 13. Coordinate with local government units and exercise general supervision over the  
12 development plans, activities and operations of the Sarangani Ecozone;  
13  
14 14. Organize, form, establish, and maintain subsidiary corporations as businesses and  
15 operations may require whether under the laws of the Philippines or not;  
16  
17 15. Issue regulations and rules consistent with the provisions of this Act as may be  
18 required to accomplish and implement the purposes, objectives and policies  
19 provided herein; and  
20  
21 16. Exercise such powers as may be necessary or incidental to the powers granted to it  
22 hereunder.

23  
24 **Sec. 9. Board of Directors of SSEZFA.** – The powers of SSEZFA shall be vested in and  
25 exercised by a Board of Directors, hereinafter referred to as the Board, which shall be  
26 composed of the following:

- 27 1. The Chairperson who shall, at the same time, be the administrator of the SSEZFA;  
28 2. Governor of the Province of Sarangani or a duly-authorized representative;  
29 3. Two (2) of the mayors of the city and municipalities covered by the ecozone or their  
30 duly authorized representatives;  
31 4. One (1) representative from the domestic investors group in the Sarangani Ecozone;  
32 5. One (1) representative from the foreign investors group in the Sarangani Ecozone; and  
33 6. One (1) representative from the labor sector chosen from the workers in the Sarangani  
34 Ecozone.

35  
36 The Vice Chairperson shall be selected from among the members of the Board.

37  
38 The Provincial Governor, or his representative as may be proper, and the two mayors, or  
39 their representatives as may be proper, shall all serve as *ex-officio* members of the Board,  
40 whose terms in the Board correspond to the elective terms of said elected officials.

41  
42 The Chairperson and members of the Board, except the *ex-officio* members as specified  
43 above, shall be appointed by the President of the Philippines to serve for a term of six (6) years  
44 unless sooner separated from the service due to death, voluntary resignation or removal for

1 cause. In case of death, resignation or removal for cause, their replacements shall serve only  
2 the unexpired portion of the respective terms.

3  
4 The Chairperson of the Board must be a Filipino citizen, of good moral character, of  
5 proven probity and integrity, and a degree holder in any of the following fields: economics,  
6 business, public administration, law, management or their equivalent, and with at least ten (10)  
7 years relevant working experience preferably in the field of management or public  
8 administration.

9  
10 The members of the Board, except the *ex-officio* members as specified above, shall each  
11 receive *per diem* for each meeting attended at rates to be determined by the Department of  
12 Budget and Management (DBM) in accordance with the existing rules and regulations:  
13 *Provided, however,* That the total *per diem* collected by each of them for any particular month  
14 shall not exceed the equivalent *per diem* for four (4) meetings regardless of the number of  
15 actual meetings held by the Board and attended by each of them. Unless and until the President  
16 of the Philippines has fixed for a higher *per diem* for the members of the Board, such *per diem*  
17 shall not be more than Ten Thousand Pesos (Php10,000) for every Board meeting actually  
18 attended.

19  
20 **Sec. 10. Organization and Personnel.** - The Board of Directors of SSEZFA shall provide for  
21 its organization and staff. The Board shall appoint and fix the remuneration and other  
22 emoluments of its officers and employees in accordance with existing laws on compensation  
23 and position classification. The Board shall have exclusive and final authority to promote,  
24 transfer, assign, reassign, or remove officers and employees of the SSEZFA, any provision of  
25 existing laws to the contrary notwithstanding.

26  
27 The officers and employees of SSEZFA, including the members of the Board, shall not  
28 engage directly or indirectly in partisan national, local or special election activities nor take  
29 part in any election campaigns or other electioneering activities, except to vote.

30  
31 No officer or employee of the SSEZFA, subject to civil service laws and regulations,  
32 shall be removed or suspended except for cause, as provided by law.

33  
34 **Sec. 11. Powers and Duties of Chairperson-Administrator.** - The chairman-administrator shall  
35 have the following powers and duties:

36  
37 (a) To direct and manage the affairs of the SSEZFA in accordance with the policies  
38 of the Board;

39  
40 (b) To establish the internal organization of the SSEZFA under such conditions that  
41 the Board may prescribe;

42  
43 (c) To submit an annual budget and necessary supplemental budget to the Board for  
44 its approval;



1  
2 (d) To submit within thirty (30) days after the close of each fiscal year an annual  
3 report to the Board and such other reports as may be required;  
4

5 (e) To submit to the Board for its approval, policies, systems, procedures, rules and  
6 regulations that are essential to the operation of the Sarangani Ecozone and Freeport;  
7

8 (f) To recommend to the Board the remuneration and other emoluments of its officers  
9 and employees in accordance with existing laws on compensation and position  
10 classification;  
11

12 (g) To create a mechanism in coordination with relevant agencies for the promotion of  
13 industrial peace, the protection of the environment, and the advancement of the  
14 quality of life in the Sarangani Ecozone; and  
15

16 (h) To perform such other duties as may be assigned to him by the Board or which are  
17 necessary or incidental to the office.  
18

19  
20 **CHAPTER III**  
21 **SARANGANI ECOZONE INVESTORS/ENTERPRISES INCENTIVES**  
22

23 **Sec. 12. Investors Visa.** - Any foreign national who invests an amount of Two Hundred  
24 Thousand US Dollars (US\$200,000.00), either in cash and/or equipment, in a registered  
25 enterprise within the Sarangani Ecozone shall be entitled to an investor's visa: *Provided*, That  
26 the foreign national has the following qualifications:

27 (1) Must be at least eighteen (18) years of age;

28 (2) Must not have been convicted of a crime involving moral turpitude;

29 (3) Must not be afflicted with any loathsome, dangerous or contagious disease;

30 (4) Must not have been institutionalized for any mental disorder or disability; and

31 (5) Must establish financial capability and capacity through verifiable and credible  
32 evidence.

33 The foreign national may reside in the Philippines while the investment subsists. For  
34 this purpose, he should submit an annual report, in the form duly prescribed for the purpose, to  
35 prove that he has maintained his investment in the country. Should said investments be  
36 withdrawn from the Philippines, or should he fail to maintain the qualifications required under  
37 Subparagraphs (2), (3), (4) or (5) above, then the investor's visa issued to him shall  
38 automatically expire and/or be withdrawn.

1 The authority to issue visas and work permits shall remain with the Bureau of  
2 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively;  
3 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing of  
4 such visas and permits for workers in the Sarangani Ecozone and Freeport and coordinate with  
5 SSEZFA for the purpose of improving ease of doing business.

6 **Sec. 13. *Fiscal Incentives.*** – Registered enterprises operating within the Sarangani Ecozone  
7 may be entitled to the pre-existing pertinent fiscal incentives as provided for under Republic  
8 Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic  
9 Zone Act of 1995, or those provided under Executive Order No. 226, as amended, or the  
10 Omnibus Investment Code of 1987, and/or those that may be further granted as the need and  
11 necessity arises by appropriate government department, agency or office: *Provided*, That in the  
12 administration, implementation and monitoring of incentives, the SSEZFA may impose its own  
13 conditions not otherwise prohibited by this Act: *Provided, further*, That the SSEZFA shall not  
14 be limited to the conditions provided under Republic Act No. 7916, Republic Act No. 8748 or  
15 any other related issuance, rule or regulation.

16 **Sec. 14. *Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned.*** - Except for  
17 real property tax on land, no local and national taxes as prescribed under Republic Act No.  
18 8424, also known as - The National Internal Revenue Code of 1997, as Amended - such as  
19 income tax, withholding tax, donor's tax, percentage tax, documentary stamp tax, excise tax  
20 and franchise taxes, shall be imposed on registered enterprises operating within the Sarangani  
21 Ecozone and Freeport. In lieu thereof, five percent (5%) of the gross income earned shall be  
22 paid as follows:

23 (a) Three percent (3%) to the national government; and

24 (b) Two percent (2%) shall be remitted by the business establishments to the treasurer's  
25 office of the municipality or city where the enterprise is located.

26 The SSEZFA shall have the authority to grant income tax holiday and net operating  
27 loss carry over subject to Section 16 of this Act and conditions as it may have imposed pursuant  
28 to Section 13 of this Act.

29 **Sec. 15. *Administration Implementation and Monitoring of Incentives.*** – The SSEZFA shall  
30 comply with the provisions of Republic Act No. 10708, or "The Tax Incentives Management  
31 and Transparency Act (TIMTA)" and its implementing rules and regulations for proper  
32 administration, management, enforcement, implementation and monitoring of tax incentives  
33 under this law.

34  
35 For proper monitoring, the Bureau of Customs (BOC) shall set up and establish a  
36 customs-controlled area outside the gate of the Sarangani Ecozone and Freeport to facilitate  
37 payment of taxes on goods entering the Philippine customs territory: *Provided*, That



1 notwithstanding the limitations in this Act, the SSEZFA and BOC may coordinate and jointly  
2 implement measures on border protection.

3 **Sec. 16. *Duration and Incentives.*** Fiscal incentives under this Act shall be terminated after a  
4 cumulative period of twenty (20) years from the date of registration or start of commercial  
5 operation, whichever is applicable, except that it could be extended with regard to industries  
6 deemed indispensable to national development and interest. The industries exempted from this  
7 provision shall be determined by the SSEZFA, in consultation with other government agencies.

8 **SEC. 17. *Sequential Availment of Incentives.*** – Registered enterprises may enjoy the income  
9 tax holiday (ITH) granted by SSEZFA prior to the availment of the five percent (5%) final tax  
10 on gross income earned incentive: *Provided*, That in the event a registered enterprise elects to  
11 avail of the final tax incentive, such registered enterprise shall be barred from availing the ITH  
12 incentive.

13 Registered enterprises, if eligible, may register for incentives with other investment  
14 promotion agencies: *Provided*, That registered enterprises electing to avail of the incentives of  
15 other promotion agencies shall not be able to avail of the incentives of the Sarangani Ecozone  
16 until the expiration of the incentives with such other investment promotion agencies.

17 **Sec. 18. *Extension of Period of Availment.*** – The SSEZFA may extend the period of the validity  
18 of incentives granted to a registered enterprise in the event that it suffers, due to *force majeure*,  
19 a cessation or suspension of operations that impairs its viability or profitability.

20 **Sec. 19. *Banking Rules and Regulations.*** – Banks and financial institutions to be established in  
21 Sarangani Ecozone shall be under the supervision of the BSP and subject to existing laws, rules  
22 and regulations.

23  
24 **Sec. 20. *Remittances.*** - In the case of foreign investments, a registered enterprise in the ASEZA  
25 shall have the right to remit earnings from the investment in the currency in which the  
26 investment was originally made and at the exchange rate prevailing at the time of remittance,  
27 subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank  
28 Act.”

29  
30 **CHAPTER IV**  
31 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

32  
33 **Sec. 21. *Supervision and Control.*** – The SSEZFA shall be under the direct control and  
34 supervision of the Philippine Economic Zone Authority (PEZA) for purposes of policy  
35 direction and coordination.

36  
37 **Sec. 22. *Relationship with the Regional Development Council.*** - The SSEZFA shall determine  
38 the development goals for the Sarangani Ecozone within the framework of national  
39 development plans, policies and goals. The Chairperson and Administrator shall, upon

1 approval by the Board, submit the Sarangani Ecozone plans, programs and projects to the  
2 Regional Development Council for inclusion and inputs to the overall regional development  
3 plan.  
4

5 **Sec. 23. *Relationship with the Local Government Units.*** - Except as herein provided, the local  
6 government units comprising the Sarangani Special Economic Zone and Freeport shall retain  
7 their basic autonomy and identity. In case of any conflict between the SSEZFA and the  
8 Province of Sarangani on matters affecting the Sarangani Ecozone other than defense and  
9 security matters, the decision of the SSEZFA shall prevail.  
10

11 **Sec. 24. *Audit.*** - The Commission on Audit shall appoint a representative who shall be a full  
12 time auditor of the SSEZFA and assign such number of personnel as may be necessary to assist  
13 said representative in the performance of his or her duties. The salaries and emoluments of the  
14 assigned auditor and personnel shall be in accordance with pertinent laws, rules and  
15 regulations.  
16

## 17 **CHAPTER V** 18 **Miscellaneous Provisions** 19

20 **Sec. 25. *Interpretation/Construction.*** - The powers, authorities and functions that are vested in  
21 the SSEZFA are intended to promote national self-sufficiency and self-reliance in the  
22 advancement of and protection of the national integrity, enhancement of national security,  
23 decentralization of government functions and authority, as well as promote an efficient and  
24 effective working relationship among the SSEZFA, the national government, and the local  
25 government units.  
26

27 Any interpretation of this Act shall consider such intentions. In the event of conflict of  
28 interpretation and provided that the intentions cannot be harmonized, the provisions of this Act  
29 shall be construed in favor of an interpretation that would tend to protect national security.  
30

31 **Sec. 26. *Applicability Clause.*** - Insofar as they are not inconsistent with the provisions of this  
32 Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known as "The  
33 Special Economic Zone Act of 1995," as amended, shall likewise apply to the Sarangani  
34 Ecozone.  
35

36 **Sec. 27. *Implementing Rules and Regulations.*** - The National Economic and Development  
37 Authority (NEDA), in coordination with the DTI and DOF, and in consultation with the  
38 Provincial Government of Sarangani and the local governments of Alabel and Glan, shall  
39 formulate the implementing rules and regulations of this Act within ninety (90) days after its  
40 approval.  
41

42 **Sec. 28. *Separability Clause.*** - If any provision of this Act shall be held unconstitutional  
43 or invalid, the other provisions not otherwise affected shall remain in full force and effect.  
44

1 **Sec. 29. *Repealing Clause.*** — All laws, executive orders or issuance, or any parts thereof  
2 which are inconsistent herewith, are hereby repealed or amended accordingly.

3

4 **Sec. 30. *Effectivity Clause.*** — This Act shall take effect fifteen (15) days after its  
5 publication in the Official Gazette or in a newspaper of general circulation.

6

7

8 *Approved*

9