



SENATE

S. No. 2826

(taking into consideration House Bill No. 8937)

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PREPARED AND SUBMITTED BY THE COMMITTEE ON WAYS  
AND MEANS (UPON RECOMMENDATION OF ITS  
SUBCOMMITTEE ON THE RATIONALIZATION OF THE  
MINING FISCAL REGIME) WITH SENATOR EJERCITO AS  
AUTHOR THEREOF

---

AN ACT ENHANCING THE FISCAL REGIME FOR THE  
LARGE-SCALE METALLIC MINING INDUSTRY  
AMENDING FOR THE PURPOSE SECTIONS 34(B),  
287, AND THE SUBJECTS OF TITLE VI AND  
CHAPTER VII THEREOF, AND CREATING NEW  
SECTIONS 151-A, 151-B, 151-C, 151-D, AND 287-A,  
ALL UNDER REPUBLIC ACT NO. 8424,  
OTHERWISE KNOWN AS THE NATIONAL  
INTERNAL REVENUE CODE OF 1997, AS  
AMENDED, APPROPRIATING FUNDS THEREFOR,  
AND FOR OTHER PURPOSES

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

1           SECTION 1. *Title.* – This Act shall be known as the  
2   “Enhanced Fiscal Regime for Large-Scale Metallic Mining  
3   Act”.

1           SEC. 2. *Declaration of Policy.* – All mineral resources  
2   within the territory and exclusive economic zone of the  
3   Republic of the Philippines are owned by the State. Thus,  
4   the State shall exercise full control and supervision over  
5   the exploration, development, and utilization of these  
6   resources, and shall receive its fair share in the incomes  
7   therefrom.

8           In harnessing mineral resources to contribute to the  
9   country's economic growth and general welfare, the State  
10   recognizes the indispensable roles of the private sector and  
11   civil society and shall encourage participation through  
12   transparency and public accountability.

13          In recognizing the indispensable role of the private  
14   sector, the State likewise encourages private enterprise  
15   and investments. Thus, the State guarantees the legal  
16   stability of agreements entered into by the government  
17   with metallic mining investors as contractors of the State,  
18   including the continued applicability of the tax regime in

force at the time of the execution of these contracts for the duration of their validity.

SEC. 3. *Scope of Application.* – This Act shall apply to all large-scale metallic mining operations in the Philippines, as defined herein.

SEC. 4. Section 34(B) of Republic Act No. 8424 or the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 34. Deductions from Gross Income. – xxx

(A) Expenses. –

x x x

(B) Interest. –

(1) General. – x x x

(2) Exceptions. – No deduction shall be allowed in respect of interest under the succeeding subparagraphs:

(a) x x x

(b) x x x; ~~[or]~~

(c) x x x; OR

1           (D) INTEREST INCURRED ON RELATED  
2 PARTY DEBTS OF METALLIC MINING  
3 CONTRACTORS OR OPERATORS, IN EXCESS  
4 OF THE ALLOWABLE INTEREST BASED ON A  
5 QUARTERLY RELATED-PARTY DEBT-TO-  
6 EQUITY RATIO OF TWO (2) TO ONE (1) AT ANY  
7 TIME DURING A TAXABLE YEAR.

8           FOR PURPOSES OF THIS SUBSECTION,  
9 THE TERM:

10          (I) *DEBT* SHALL MEAN THE GREATEST  
11 AMOUNT, AT ANY TIME DURING A TAXABLE  
12 YEAR, OF THE RELATED-PARTY DEBT  
13 OBLIGATIONS OF THE METALLIC MINING  
14 CONTRACTOR OR OPERATOR, ON WHICH  
15 INTEREST IS PAYABLE AS DETERMINED  
16 ACCORDING TO INTERNATIONAL FINANCIAL  
17 REPORTING STANDARDS;

18          (II) *EQUITY* SHALL MEAN THE GREATEST  
19 AMOUNT, AT ANY TIME DURING A TAXABLE

1 YEAR, OF THE EQUITY OF THE METALLIC  
2 MINING CONTRACTOR OR OPERATOR, IN  
3 ACCORDANCE WITH INTERNATIONAL  
4 FINANCIAL REPORTING STANDARDS,  
5 INCLUDING AN OBLIGATION TO MAKE A  
6 REPAYMENT OF MONEY WITHOUT INTEREST  
7 PAYABLE;

8 (III) *METALLIC MINING CONTRACTOR*  
9 SHALL MEAN A QUALIFIED PERSON, ACTING  
10 ALONE OR IN A CONSORTIUM, WHO IS A  
11 PARTY TO MINERAL OR FINANCIAL OR  
12 TECHNICAL ASSISTANCE AGREEMENT ON  
13 METALLIC MINERAL PRODUCTION AS  
14 DEFINED UNDER REPUBLIC ACT NO. 7942 OR  
15 'THE PHILIPPINE MINING ACT OF 1995'; AND

16 (IV) *METALLIC MINING OPERATOR*  
17 SHALL MEAN AN ENTITY COMMISSIONED BY  
18 THE METALLIC MINING CONTRACTOR TO  
19 CONDUCT MINING OPERATIONS DULY

1       APPROVED     BY     THE     MINES     AND  
2       GEOSCIENCES BUREAU WITHIN THE AREA  
3       COVERED BY THE MINERAL OR FINANCIAL  
4       OR TECHNICAL ASSISTANCE AGREEMENT BY  
5       VIRTUE     OF     A     VALIDLY     EXECUTED  
6       OPERATING AGREEMENT, MEMORANDUM OF  
7       AGREEMENT, OR OTHER SIMILAR FORMS OF  
8       AGREEMENT.

9           (3) Optional Treatment of Interest Expense. —

10       x x x

11       x x x”.

12       SEC. 5. The subjects of Title VI and Chapter VII  
13       thereof of the National Internal Revenue Code of 1997, as  
14       amended, are hereby amended to read as follows:

15                           “TITLE VI

16           EXCISE TAXES AND OTHER IMPOSITIONS ON  
17                           CERTAIN GOODS AND SERVICES

18       x x x

## CHAPTER VII

EXCISE TAX AND OTHER IMPOSITIONS ON  
MINERALS AND MINERAL PRODUCTS”

SEC. 6. A new section designated as Section 151-A under Chapter VII, Title VI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

“SEC. 151-A. *ROYALTY*. –

(A) *ROYALTY RATE FOR LARGE-SCALE METALLIC MINING OPERATIONS*. –

ROYALTIES SHALL BE LEVIED ON LARGE-SCALE METALLIC MINING OPERATIONS, OR THE EXPLORATION, DEVELOPMENT, AND UTILIZATION OF METALLIC MINERALS UNDER A MINERAL AGREEMENT OR FINANCIAL OR TECHNICAL ASSISTANCE AGREEMENT, AS DEFINED UNDER REPUBLIC ACT NO. 7942 OR THE PHILIPPINE MINING

1        ACT OF 1995, BASED ON THE FOLLOWING  
2        RATES:

3        (1)   *OPERATIONS        WITHIN        MINERAL*  
4        *RESERVATIONS.* – LARGE-SCALE METALLIC  
5        MINING OPERATIONS WITHIN MINERAL  
6        RESERVATIONS, AS DEFINED IN REPUBLIC  
7        ACT NO. 7942 SHALL BE SUBJECT TO A  
8        ROYALTY OF FIVE PERCENT (5%) OF THE  
9        GROSS OUTPUT OF THE MINERALS OR  
10       MINERAL PRODUCTS EXTRACTED OR  
11       PRODUCED.

12       (2)   *OPERATIONS        OUTSIDE        MINERAL*  
13       *RESERVATIONS.* – LARGE-SCALE METALLIC  
14       MINING OPERATIONS OUTSIDE MINERAL  
15       RESERVATIONS SHALL BE SUBJECT TO A  
16       MARGIN-BASED ROYALTY ON INCOME FROM  
17       METALLIC MINING OPERATIONS, BASED ON  
18       THE FOLLOWING RATES:



1	MARGIN	RATE
2	OVER 0% BUT NOT OVER 15%	1.0%
3	OVER 15% BUT NOT OVER 30%	2.0%
4	OVER 30% BUT NOT OVER 45%	3.0%
5	OVER 45% BUT NOT OVER 60%	4.0%
6	OVER 60%	5.0%

7        *PROVIDED*, THAT IF THE MARGIN OF  
8        LARGE-SCALE        METALLIC        MINING  
9        OPERATIONS        OUTSIDE        MINERAL  
10       RESERVATIONS IS LESS THAN OR EQUAL TO  
11       ZERO PERCENT (0%), A MINIMUM ROYALTY  
12       OF ONE-TENTH (1/10) OF ONE PERCENT (1%)  
13       OF THE GROSS OUTPUT OF THE MINERALS  
14       OR MINERAL PRODUCTS EXTRACTED OR  
15       PRODUCED SHALL BE IMPOSED.

16        (B) FOR PURPOSES OF THIS SECTION,  
17        THE TERM:

1           (1) *GROSS OUTPUT* SHALL MEAN THE  
2 GROSS OUTPUT AS DEFINED IN SECTION  
3 151(B)(1) OF THIS CODE;

4           (2) *INCOME FROM METALLIC MINING*  
5 *OPERATIONS* SHALL MEAN THE GROSS  
6 OUTPUT LESS DEDUCTIONS DIRECTLY  
7 ATTRIBUTABLE TO MINING OPERATIONS  
8 WHICH INCLUDE:

9           (A) MINING, MILLING, TRANSPORTING,  
10 AND HANDLING EXPENSES TOGETHER WITH  
11 SMELTING AND REFINING COSTS INCURRED;

12           (B) GENERAL AND ADMINISTRATIVE  
13 EXPENSES ACTUALLY INCURRED BY THE  
14 METALLIC MINING CONTRACTOR OR  
15 OPERATOR;

16           (C) ENVIRONMENTAL EXPENSES OF  
17 THE METALLIC MINING CONTRACTOR OR  
18 OPERATOR, INCLUDING SUCH EXPENSES  
19 NECESSARY TO FULLY COMPLY WITH ITS

1 ENVIRONMENTAL OBLIGATIONS AS  
2 STIPULATED IN THE ENVIRONMENTAL  
3 PROTECTION PROVISION OF THE MINERAL  
4 AGREEMENT OR FINANCIAL OR TECHNICAL  
5 ASSISTANCE AGREEMENT AND IN THE  
6 APPLICABLE IMPLEMENTING RULES AND  
7 REGULATIONS;

8 (D) EXPENSES FOR THE DEVELOPMENT  
9 OF HOST AND NEIGHBORING COMMUNITIES  
10 AND OF GEOSCIENCES AND MINING  
11 TECHNOLOGY, INCLUDING TRAINING COSTS  
12 AND EXPENSES, AS STIPULATED IN THE  
13 MINERAL AGREEMENT OR FINANCIAL OR  
14 TECHNICAL ASSISTANCE AGREEMENT AND  
15 IN THE APPLICABLE IMPLEMENTING RULES  
16 AND REGULATIONS;

17 (E) LEASE AND ROYALTY PAYMENTS TO  
18 CLAIM OWNERS OR SURFACE LANDOWNERS

1 RELATING TO THE CONTRACT AREA DURING  
2 THE OPERATING PERIOD, IF ANY;

3 (F) CONTINUING EXPLORATION AND  
4 DEVELOPMENT EXPENSES WITHIN THE  
5 CONTRACT AREA AFTER THE PRE-  
6 OPERATING PERIOD;

7 (G) INTEREST EXPENSES CHARGED ON  
8 LOANS, SUBJECT TO SECTION 34(B)(2)(D) OF  
9 THIS CODE, OR SUCH OTHER FINANCING-  
10 RELATED EXPENSES INCURRED BY THE  
11 METALLIC MINING CONTRACTOR OR  
12 OPERATOR SUBJECT TO FINANCING  
13 REQUIREMENTS IN THE RELEVANT  
14 MINERAL AGREEMENT OR FINANCIAL OR  
15 TECHNICAL ASSISTANCE AGREEMENT,  
16 WHICH SHALL NOT BE MORE THAN WHAT IS  
17 APPLICABLE FOR ARM'S LENGTH  
18 TRANSACTIONS AT THE TIME THE  
19 FINANCING WAS ARRANGED, AND WHERE

1       SUCH LOANS ARE NECESSARY FOR ITS  
2       OPERATIONS;

3               (H) DEPRECIATION, DEPLETION, OR  
4       AMORTIZATION; AND

5               (I) DUTIES, FEES, CHARGES, AND  
6       TAXES, EXCLUDING ROYALTY, AS PROVIDED  
7       IN THIS SECTION, AND WINDFALL PROFITS  
8       TAX, AS PROVIDED IN SECTION 151-B AND  
9       SUBJECT TO THE LIMITATIONS UNDER  
10      SECTION 34(C) OF THIS CODE.

11              (3) *MARGIN* SHALL MEAN THE RATIO  
12      OF INCOME FROM METALLIC MINING  
13      OPERATIONS TO GROSS OUTPUT.

14              (C) *QUARTERLY RETURNS, PAYMENT,*  
15      *BOND; FINAL ADJUSTMENT.* –

16              (1) FOR LOCALLY PRODUCED OR  
17      EXTRACTED METALLIC MINERAL OR  
18      MINERAL PRODUCTS FROM INSIDE AND  
19      OUTSIDE MINERAL RESERVATIONS, THE

1 MINING CONTRACTOR OR OPERATOR SHALL  
2 FILE A RETURN AND PAY THE ROYALTY  
3 WITHIN SIXTY (60) DAYS AFTER THE END OF  
4 THE CALENDAR QUARTER WHEN SUCH  
5 PRODUCTS WERE REMOVED, SUBJECT TO  
6 SUCH CONDITIONS AS MAY BE PRESCRIBED  
7 BY RULES AND REGULATIONS TO BE  
8 PROMULGATED BY THE SECRETARY OF  
9 FINANCE, UPON RECOMMENDATION OF THE  
10 COMMISSIONER. FOR THIS PURPOSE, THE  
11 MINING CONTRACTOR OR OPERATOR SHALL  
12 FILE A BOND IN AN AMOUNT THAT  
13 APPROXIMATES THE AMOUNT OF ROYALTY  
14 DUE ON THE REMOVALS FOR THE SAID  
15 QUARTER, SUBJECT TO THE FILING OF A  
16 FINAL ROYALTY ADJUSTMENT RETURN  
17 COVERING THE TOTAL ROYALTY DUE FOR  
18 THE PRECEDING CALENDAR OR FISCAL  
19 YEAR. IF THE SUM OF THE QUARTERLY

1 ROYALTY PAYMENTS MADE DURING THE  
2 SAID TAXABLE YEAR IS NOT EQUAL TO THE  
3 TOTAL ROYALTY DUE FOR THE ENTIRE  
4 YEAR, THE MINING CONTRACTOR OR  
5 OPERATOR SHALL EITHER:

6 (A) PAY THE BALANCE OF ROYALTY  
7 STILL DUE; OR

8 (B) CARRY OVER THE EXCESS CREDIT.

9 (2) THE ROYALTY TAX RETURN SHALL  
10 BE EITHER ELECTRONICALLY OR  
11 MANUALLY FILED WITH AND THE TAX PAID  
12 TO THE BUREAU OF INTERNAL REVENUE  
13 THROUGH ANY REVENUE DISTRICT OFFICE  
14 THROUGH THE REVENUE COLLECTION  
15 OFFICER, AUTHORIZED AGENT BANK, OR  
16 AUTHORIZED TAX SOFTWARE PROVIDER,  
17 EXCEPT AS THE COMMISSIONER  
18 OTHERWISE PERMITS.

1           (D) *NON-REFUNDABILITY AND NON-*  
2           *CREDITABILITY OF ROYALTY.* – LIKE THE  
3           EXCISE TAX ON MINERAL PRODUCTS UNDER  
4           SECTION 151 OF THIS CODE, ROYALTY ON  
5           MINERAL PRODUCTS SHALL NOT BE  
6           CREDITABLE OR REFUNDABLE EVEN IF THE  
7           MINERAL PRODUCTS DULY PAID UNDER  
8           THIS SECTION ARE ACTUALLY EXPORTED.

9           (E) *COLLECTION OF ROYALTIES FROM*  
10          *MINING OPERATIONS.* – ANY PROVISION OF  
11          LAW TO THE CONTRARY  
12          NOTWITHSTANDING, PAYMENT OF THE  
13          ROYALTY DUE FROM MINING OPERATIONS  
14          UNDER THIS SECTION AND OTHER  
15          ROYALTIES SUBJECT TO THE SHARE  
16          ACCRUING TO THE MINES AND  
17          GEOSCIENCES BUREAU UNDER SECTION 5  
18          OF REPUBLIC ACT NO. 7942 SHALL BE



1 COLLECTED BY THE BUREAU OF INTERNAL  
2 REVENUE.”

3 SEC. 7. A new section designated as Section 151-B  
4 under Chapter VII, Title VI of the National Internal  
5 Revenue Code of 1997, as amended, is hereby inserted to  
6 read as follows:

7 “SEC. 151-B. *WINDFALL PROFITS TAX.* –

8 (A) WINDFALL PROFITS TAX RATES FOR  
9 LARGE-SCALE METALLIC MINING  
10 OPERATIONS. – LARGE-SCALE METALLIC  
11 MINING OPERATIONS SUBJECT OF ANY  
12 MINERAL AGREEMENT OR FINANCIAL OR  
13 TECHNICAL ASSISTANCE AGREEMENT, AS  
14 DEFINED UNDER REPUBLIC ACT NO. 7942 OR  
15 ‘THE PHILIPPINE MINING ACT OF 1995’,  
16 SHALL PAY IN ADDITION TO THE TAXES  
17 IMPOSED UNDER THIS CODE, A WINDFALL  
18 PROFITS TAX ON NET INCOME FROM

METALLIC MINING OPERATIONS BASED ON  
THE FOLLOWING RATES:

MARGIN	RATE
EQUAL TO 30% BUT NOT OVER 40%	1.0%
OVER 40% BUT NOT OVER 55%	3.0%
OVER 55% BUT NOT OVER 65%	5.0%
OVER 65% BUT NOT OVER 75%	7.0%
OVER 75%	10.00%

*PROVIDED*, THAT THIS WINDFALL  
PROFITS TAX SHALL NOT BE DEDUCTIBLE  
FROM TAXABLE INCOME AS DEFINED IN  
SECTION 31 OF THIS CODE: *PROVIDED*,  
*FURTHER*, THAT, FOR PURPOSES OF THIS  
SECTION, 'WINDFALL' OR 'MARGIN' MEANS  
THE RATIO OF 'NET INCOME FROM  
METALLIC MINING OPERATIONS' TO GROSS  
OUTPUT, WHERE THE DEFINITION OF  
'GROSS OUTPUT' IS AS PROVIDED UNDER  
SECTION 151(B)(1) OF THIS CODE AND 'NET

1 INCOME FROM METALLIC MINING  
2 OPERATIONS' IS AS PROVIDED UNDER  
3 SECTION 151-A(B)(2), EXCEPT THAT  
4 ALLOWABLE TAX DEDUCTIONS SHALL  
5 INCLUDE CORPORATE INCOME TAX AND  
6 ROYALTY UNDER SECTION 151-A: *PROVIDED,*  
7 *FINALLY,* THAT FOR THE PURPOSE OF  
8 COMPUTING THE WINDFALL OR MARGIN,  
9 THE OPTIONAL STANDARD DEDUCTION  
10 UNDER SECTION 34(L) OF THIS CODE SHALL  
11 NOT BE USED.

12 (B) *ANNUAL RETURNS AND PAYMENT.* –  
13 THE MINING CONTRACTOR OR OPERATOR  
14 SHALL FILE A WINDFALL PROFITS TAX  
15 RETURN AND PAY THE TAX DUE THEREON,  
16 IF ANY, WITHIN SIXTY (60) DAYS AFTER THE  
17 END OF THE CALENDAR OR FISCAL YEAR,  
18 SUBJECT TO RULES AND REGULATIONS TO  
19 BE PROMULGATED BY THE SECRETARY OF

1 FINANCE, UPON RECOMMENDATION OF THE  
2 COMMISSIONER.

3 THE WINDFALL PROFITS TAX RETURN  
4 SHALL BE EITHER ELECTRONICALLY OR  
5 MANUALLY FILED WITH AND THE TAX PAID  
6 TO THE BUREAU OF INTERNAL REVENUE  
7 THROUGH ANY REVENUE DISTRICT OFFICE  
8 THROUGH THE REVENUE COLLECTION  
9 OFFICER, AUTHORIZED AGENT BANK, OR  
10 DULY AUTHORIZED TAX SOFTWARE  
11 PROVIDER, EXCEPT AS THE COMMISSIONER  
12 OTHERWISE PERMITS.

13 SEC. 8. A new section designated as Section 151-C  
14 under Chapter VII, Title VI of the National Internal  
15 Revenue Code of 1997, as amended, is hereby inserted, to  
16 read as follows:

17 "SEC. 151-C. *RING-FENCING OF LARGE-*  
18 *SCALE METALLIC MINING OPERATIONS.* –  
19 FOR PURPOSES OF REPORTING AND PAYING

1 THE TAXES UNDER SECTIONS 151-A AND  
2 151-B OF THIS CODE, A METALLIC MINING  
3 CONTRACTOR SHALL BE TREATED AS A  
4 SEPARATE TAXABLE ENTITY WITH RESPECT  
5 TO EACH MINERAL AGREEMENT OR  
6 FINANCIAL OR TECHNICAL ASSISTANCE  
7 AGREEMENT IT HOLDS AND/OR OPERATES:  
8 *PROVIDED*, THAT WHERE A CONTRACTOR  
9 HAS A VALID AND EFFECTIVE OPERATING  
10 AGREEMENT, THE MINING OPERATOR  
11 SHALL BE CONSIDERED AS A SEPARATE  
12 TAXABLE ENTITY FOR PURPOSES OF THIS  
13 SECTION: *PROVIDED, FURTHER*, THAT  
14 WHERE THERE IS MORE THAN ONE (1) VALID  
15 MINING OPERATOR UNDER THE SAME  
16 MINERAL AGREEMENT OR FINANCIAL  
17 TECHNICAL ASSISTANCE AGREEMENT,  
18 EACH MINING OPERATOR SHALL BE  
19 DEEMED A SEPARATE TAXABLE ENTITY FOR

1       ITS RESPECTIVE MINING OPERATIONS  
2       UNDER THE AGREEMENT: *PROVIDED,*  
3       *FINALLY,* THAT WHERE A MINING OPERATOR  
4       CONDUCTS MINING OPERATIONS BY VIRTUE  
5       OF A VALID OPERATING AGREEMENT WITH  
6       THE MINING CONTRACTOR, IT IS  
7       UNDERSTOOD THAT THE MINING OPERATOR  
8       IS THE ONE LIABLE TO PAY THE PERTINENT  
9       TAXES IMPOSED UNDER THIS CHAPTER.

10       AS A SEPARATE TAXABLE ENTITY, EACH  
11       METALLIC MINING CONTRACTOR OR  
12       OPERATOR SHALL BE RESPONSIBLE FOR  
13       COMPLIANCE WITH THE CORRESPONDING  
14       REPORTORIAL AND OTHER REQUIREMENTS  
15       OF THE APPLICABLE LAWS, RULES AND  
16       REGULATIONS.”

17       SEC. 9. A new section designated as Section 151-D  
18       under Chapter VII, Title VI of the National Internal

Revenue Code of 1997, as amended, is hereby inserted, to  
read as follows:

“SEC. 151-D. *MONITORING AND AUDIT OF  
SALES AND EXPORTATION OF MINERALS,  
MINERAL PRODUCTS, AND RAW ORES.* – THE  
BUREAU OF INTERNAL REVENUE AND THE  
BUREAU OF CUSTOMS ARE HEREBY  
AUTHORIZED TO EXAMINE AND AUDIT, FOR  
TAX PURPOSES, ALL SALES AND  
EXPORTATION OF MINERALS, MINERAL  
PRODUCTS, AND RAW ORES. FOR THIS  
PURPOSE, THE BOOKS OF ACCOUNTS AND  
RECORDS OF METALLIC MINING  
CONTRACTORS AND/OR OPERATORS,  
INCLUDING ASSAY REPORTS AND SALES  
AND MARKETING AGREEMENTS ENTERED  
INTO BY THEM, SHALL BE OPEN FOR  
INSPECTION BY THE SAID BUREAUS:  
*PROVIDED*, THAT THE SAID BUREAUS SHALL

1 BE FURNISHED BY THE MINES AND  
2 GEOSCIENCES BUREAU WITH A COPY OF  
3 SUCH ASSAY REPORTS AND SALES AND  
4 MARKETING AGREEMENTS AS WELL AS THE  
5 INTEGRATED ANNUAL REPORTS OF  
6 METALLIC MINING CONTRACTORS AND/OR  
7 OPERATORS: *PROVIDED, FURTHER*, THAT  
8 METALLIC MINING CONTRACTORS AND/OR  
9 OPERATORS SHALL COMPLY WITH  
10 DISCLOSURE AND REPORTORIAL  
11 REQUIREMENTS PURSUANT TO A  
12 TRANSPARENCY MECHANISM TO BE  
13 INSTITUTIONALIZED UNDER SECTION 14 OF  
14 THE 'ENHANCED FISCAL REGIME FOR  
15 LARGE-SCALE METALLIC MINING ACT':  
16 *PROVIDED, FINALLY*, THAT FIVE (5) YEARS  
17 AFTER THE EFFECTIVITY OF THIS ACT, THE  
18 EXPORT OF LOCALLY EXTRACTED MINERALS



1       IN     THEIR     RAW     FORM     SHALL     BE  
2       PROHIBITED.”

3       SEC. 10. Section 287(A) of the National Internal  
4     Revenue Code of 1997, as amended, is hereby further  
5     amended to read as follows:

6           “SEC. 287. *Shares of Local Government Units*  
7       *in the Proceeds from the Development and*  
8       *Utilization of the National Wealth.* – x x x

9           (A) *Amount of Share of Local Government*  
10       *Units.* – Local government units shall, in addition  
11       to the internal revenue allotment, have a share of  
12       forty percent (40%) of the gross collection derived  
13       by the national government from the preceding  
14       fiscal year from excise taxes on mineral products,  
15       royalties, and such other taxes, fees, or charges,  
16       including related surcharges, interests, or fines,  
17       and from its share in any co-production, joint  
18       venture or production sharing agreement in the

1 utilization and development of the national wealth  
2 within their territorial jurisdiction.

3 FOR PURPOSES OF THIS SUBSECTION,  
4 THE SHARE OF EACH LOCAL GOVERNMENT  
5 UNIT SHALL BE RELEASED DIRECTLY AND  
6 IMMEDIATELY TO THE PROVINCIAL, CITY,  
7 MUNICIPAL, OR BARANGAY TREASURER, AS  
8 THE CASE MAY BE, WITHOUT NEED FOR  
9 FURTHER ACTION AND WITHOUT BEING  
10 SUBJECT TO ANY LIEN OR HOLDBACK THAT  
11 MAY BE IMPOSED BY THE NATIONAL  
12 GOVERNMENT. THE DEPARTMENT OF  
13 FINANCE, DEPARTMENT OF BUDGET AND  
14 MANAGEMENT, AND DEPARTMENT OF THE  
15 INTERIOR AND LOCAL GOVERNMENT SHALL  
16 JOINTLY ISSUE THE NECESSARY RULES AND  
17 REGULATIONS FOR A STREAMLINED  
18 DISBURSEMENT SCHEME TO ENSURE THE  
19 SPEEDY AND TIMELY RELEASE OF LOCAL

1 GOVERNMENT SHARES IN THE NATIONAL  
2 WEALTH: *PROVIDED*, THAT THIS SHALL BE  
3 OVER AND ABOVE THE BUSINESS TAX THAT  
4 THE LOCAL GOVERNMENT MAY IMPOSE ON  
5 MINING CONTRACTORS, WHICH SHALL NOT  
6 EXCEED FIFTY PERCENT (50%) OF ONE  
7 PERCENT (1%) OF THE TOTAL GROSS  
8 OUTPUT.

9 x x x”.

10 SEC. 11. A new section designated as Section 287-A  
11 under Chapter II, Title XI of the National Internal  
12 Revenue Code of 1997, as amended, is hereby inserted, to  
13 read as follows:

14 “SEC. 287-A. *SHARE OF THE MINES AND*  
15 *GEOSCIENCES BUREAU AND THE METALS*  
16 *INDUSTRY RESEARCH AND DEVELOPMENT*  
17 *CENTER IN THE ROYALTY PROCEEDS FROM*  
18 *MINERAL RESERVATIONS.* – A TEN PERCENT  
19 (10%) SHARE OF THE ROYALTY DERIVED

1 FROM MINING OPERATIONS WITHIN  
2 MINERAL RESERVATIONS UNDER SECTIONS  
3 151-A(A)(1) AND 151-A(E) OF THIS CODE  
4 SHALL ACCRUE TO THE MINES AND  
5 GEOSCIENCES BUREAU, TO BE ALLOTTED  
6 FOR SPECIAL PROJECTS AND OTHER  
7 ADMINISTRATIVE EXPENSES RELATED TO  
8 THE EXPLORATION AND DEVELOPMENT OF  
9 OTHER MINERAL RESERVATIONS, AS  
10 PROVIDED IN SECTION 5 OF REPUBLIC ACT  
11 NO. 7942 OR THE PHILIPPINE MINING ACT OF  
12 1995: AND TO THE METALS INDUSTRY  
13 RESEARCH AND DEVELOPMENT CENTER  
14 FOR THE DEVELOPMENT OF VALUE-ADDING  
15 ACTIVITIES AND DOWNSTREAM INDUSTRIES  
16 FOR STRATEGIC METALLIC ORES AS  
17 PROVIDED IN SECTION 8 OF EXECUTIVE  
18 ORDER NO. 79, SERIES OF 2012,  
19 INSTITUTIONALIZING AND IMPLEMENTING

1 REFORMS IN THE PHILIPPINE MINING  
2 SECTOR, PROVIDING POLICIES AND  
3 GUIDELINES TO ENSURE ENVIRONMENTAL  
4 PROTECTION AND RESPONSIBLE MINING IN  
5 THE UTILIZATION OF MINERAL  
6 RESOURCES.”

7 SEC. 12. *Incorporation of Fiscal Regime in Mineral*  
8 *Agreements.* – The fiscal regime and revenue-sharing  
9 arrangement provided in this Act shall accordingly be  
10 embodied, as appropriate, in the mineral agreements and  
11 financial or technical assistance agreements on metallic  
12 mineral production entered into by the government. This  
13 fiscal regime and revenue-sharing arrangement shall  
14 continue to be in force and effect for the entire duration of  
15 the contracts so entered and executed after the enactment  
16 of this Act: *Provided,* That this guarantee shall also apply  
17 to contracts entered into prior to this act but subsequently  
18 renewed after the enactment of this Act.

1           SEC. 13. *Vested Rights*. – Save for the implementation  
2 of the new Section 151-A(E) of the National Internal  
3 Revenue Code of 1997, as amended, valid mineral  
4 agreements and financial or technical assistance  
5 agreements existing prior to the effectivity of this Act shall  
6 continue to be governed by their respective terms and  
7 conditions until the expiration of their periods, except if  
8 said agreements provide that terms and conditions  
9 resulting from the repeal or amendment of existing laws or  
10 regulations or from the enactment of new law or regulation  
11 shall be considered written into and part of said mineral  
12 agreements and financial or technical assistance  
13 agreements.

14           SEC. 14. *Transparency and Accountability*. – The  
15 Government, through the Department of Finance (DOF), in  
16 coordination with other relevant agencies, shall  
17 institutionalize an inclusive and participatory mechanism  
18 for data collection, verification, public disclosure, and  
19 scrutiny of all extractive industry-related data including,

1 but not limited to, tax, non-tax, beneficial ownership,  
2 natural capital accounting data under Republic Act No.  
3 11995 or “The Philippine Ecosystem and Natural Capital  
4 Accounting System (PENCAS) Act”, and revenue and  
5 expenditure data in the extractives value-chain pursuant  
6 to the best practices in the open, accountable, and good  
7 governance of mineral resources: *Provided*, That the  
8 disclosure shall include the General Information Sheet and  
9 other reportorial requirements regularly submitted to the  
10 Securities and Exchange Commission (SEC): *Provided*,  
11 *further*, That the disclosure shall be made in both  
12 electronic and non-electronic forms: *Provided*, *finally*, that  
13 a multi-stakeholder group (MSG) with relevant  
14 representatives from government, industry, and civil  
15 society organizations shall be established as part of the  
16 transparency and accountability mechanism.

17 Any provision of law to the contrary notwithstanding,  
18 all businesses and activities engaged in the exploration,  
19 development, and utilization of minerals and other natural

resources, being vested with public interest, shall be exempt from the application of confidentiality clauses in the National Internal Revenue Code of 1997, as amended, including Section 270 in relation to Section 71, on disposition of income tax returns and publication of lists of taxpayers and filers, and in Republic Act No. 11232 or the “Revised Corporation Code of the Philippines”, including Section 177 thereof on reportorial requirements of corporations.

SEC. 15. *Appropriations.* – The amounts necessary to carry out the provisions of this Act, particularly for the establishment of facilities and acquisition of tools, including access to metal or mineral commodity pricing databases, establishment of a laboratory and other facilities and tools necessary for the valuation of the minerals covered by this Act, shall be taken from the one percent (1%) retained by the Bureau of Internal Revenue under Section 3 of Republic Act No. 5447. Funding for the implementation of this Act, including the hiring of



1 specialists and other requisite personnel, shall be included  
2 in the annual General Appropriations Act.

3 SEC. 16. *Implementing Rules and Regulations.* – The  
4 Department of Finance shall, upon the recommendation of  
5 the Bureau of Internal Revenue, and in consultation with  
6 the Department of Environment and Natural Resources,  
7 issue rules and regulations to implement this Act, within  
8 ninety (90) days from its effectivity. Failure to promulgate  
9 the said rules and regulations shall not prevent the  
10 implementation of this Act upon its effectivity.

11 SEC. 17. *Transitory Clause.* – Large-scale metallic  
12 mining contractors and/or operators shall immediately be  
13 subject to the fiscal regime provided herein after one  
14 hundred and fifty (150) days from the effectivity of this  
15 Act.

16 SEC. 18. *Separability Clause.* – If any provision of  
17 this Act is declared invalid, the other provisions not  
18 affected thereby shall remain in full force and effect.

1           SEC. 19. *Repealing Clause.* – All other laws, acts,  
2   decrees, executive orders, rules, and regulations, or parts  
3   thereof which are contrary to or inconsistent with this Act  
4   are hereby repealed or modified accordingly. If the  
5   contrary or inconsistent laws, acts, decrees, executive  
6   orders, and rules and regulations cover subjects or matters  
7   besides large-scale metallic mining, they shall be repealed  
8   or modified by operation of this section, only to the extent  
9   that they are applicable to large-scale metallic mining, and  
10   shall, as appropriate, continue to be effective insofar as  
11   they apply to the other matters within their coverage.

12           Section 3 of Republic Act No. 5447, insofar as the  
13   utilization of the one percent (1%) retained by the Bureau  
14   of Internal Revenue is concerned, is hereby amended  
15   accordingly.

16           SEC. 20. *Effectivity.* – This Act shall take effect after  
17   fifteen (15) days following the completion of its publication  
18   in the *Official Gazette* or in a newspaper of general  
19   circulation.

Approved,