

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
OFFICE OF THE SECRETARY

6 JUN 5 2006

SENATE

RECEIVED

COMMITTEE REPORT NO. 77

Submitted by the Committee on Ways & Means and the Committee on Government Corporations and Public Enterprises on 05 JUN 2006.

Re: S.B. No. 2260

Recommending its approval in substitution of H.B. No. 5064

Sponsors: Senators Recto and Gordon

MR. PRESIDENT:

The Committee on Ways and Means and the Committee on Government Corporations and Public Enterprises to which was referred House Bill No. 5064, introduced by Representatives Lapus, Uy (E.), Teves, De Venecia, Sy-Alvarado, *et al.*, entitled:

**“AN ACT
AMENDING REPUBLIC ACT NO. 7227, AS AMENDED, OTHERWISE KNOWN AS
THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992”**

have considered the same and have the honor to report the said bill back to the Senate with the recommendation that the attached SB No. 2260, prepared by the Committees, entitled:

**“AN ACT
AMENDING REPUBLIC ACT NO. 7227, AS AMENDED, OTHERWISE KNOWN AS
THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992, AND FOR OTHER
PURPOSES”**

be approved in substitution of H.B. No. 5064, with Senators Recto and Gordon as authors thereof.

Respectfully submitted:

RICHARD J. GORDON

Chairman

Committee on Government Corporations
and Public Enterprises
Member, Committee on Ways & Means

RALPH G. RECTO

Chairman

Committee on Ways and Means
Member, Committee on Gov't. Corporations
and Public Enterprises

JOKER P. ARROYO

Vice-Chairman, Committee on Ways & Means
Member, Committee on Gov't. Corporations
& Public Enterprises

M A R ROXAS

Vice-Chairman, Committee on Government
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Member, Committee on Ways & Means

Members:

JUAN PONCE ENRILE
Member, Committee on Ways & Means
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EDGARDO J. ANGARA
Member, Committee on Ways & Means
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Member, Committee on Ways & Means

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Member, Committee on Ways & Means

RAMON "Bong" REVILLA, JR.
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SERGIO R. OSMEÑA III
Member, Committee on Ways & Means
Member, Committee on Government
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With Reservation and Amendment

ALFREDO S. LIM
Member, Committee on Ways & Means
Member, Committee on Government
Corporations & Public Enterprises


PANFILO M. LACSON
Member, Committee on Ways & Means

JINGGOY E. ESTRADA
Member, Committee on Ways & Means

Ex-Officio Members:


JUAN M. FLAVIER
Pro-Tempore President

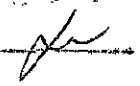

FRANCIS M. DANGILINAN
Majority Floor Leader


AQUILINO Q. PIMENTEL, JR.
Minority Floor Leader

HON. FRANKLIN M. DRILON
Senate President
Pasay City

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

6 JUN -5 2016

SENATE RECEIVED BY: 

SB NO. 2260

(In substitution of HB No. 5064)

Prepared by the Committees on Ways and Means and on Government Corporations and
Public Enterprises with Senators Recto and Gordon as authors thereof

AN ACT
AMENDING REPUBLIC ACT NO. 7227, AS AMENDED, OTHERWISE KNOWN
AS THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992, AND FOR
OTHER PURPOSES

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

1 SECTION 1. Section 12 of Republic Act No. 7227, as amended, otherwise
2 known as the Bases Conversion and Development Act of 1992, is hereby amended, to
3 read as follows:

4 "SEC. 12. Subic Special Economic Zone. - x x x.

5 "(a) x x x.

6 "(b) The Subic Special Economic Zone shall be operated and
7 managed as a separate customs territory ensuring free flow or
8 movement of goods and capital within, into and exported out of the
9 Subic Special Economic Zone, as well as provide incentives such
10 as tax and duty-free importations of raw materials AND capital
11 [and] equipment. However, exportation or removal of goods from
12 the territory of the Subic Special Economic Zone to the other parts
13 of the Philippine territory shall be subject to customs duties and
14 taxes under the [Customs and] Tariff AND CUSTOMS Code OF
15 THE PHILIPPINES, AS AMENDED, THE NATIONAL
16 INTERNAL REVENUE CODE OF 1997, AS AMENDED, and
17 other relevant tax laws of the Philippines;"

1 “(c) The provision of existing laws, rules and regulations to
2 the contrary notwithstanding, no taxes, local and national, shall be
3 imposed within the Subic Special Economic Zone. In lieu of
4 SAID [paying] taxes, A FIVE PERCENT (5%) TAX ON [three
5 percent (3%) of the] gross income earned SHALL BE PAID by all
6 business[ses and] enterprises within the Subic Special Economic
7 Zone AND shall be remitted AS FOLLOWS: THREE PERCENT
8 (3%) to the National Government, [one percent (1%)] AND TWO
9 PERCENT (2%) [each] to THE local government units affected by
10 the declaration of AND CONTIGUOUS TO the zone, NAMELY:
11 THE CITY OF OLONGAPO AND THE MUNICIPALITIES OF
12 SUBIC, SAN ANTONIO, SAN MARCELINO AND
13 CASTILLEJOS OF THE PROVINCE OF ZAMBALES; AND
14 THE MUNICIPALITIES OF MORONG, HERMOSA AND
15 DINALUPIHAN OF THE PROVINCE OF BATAAN, in
16 proportion to their population, area and other factors. [In addition,
17 there is hereby established a development fund of one percent
18 (1%) of the gross income earned by all businesses and enterprises
19 within the Subic Special Economic Zone to be utilized for the
20 development of municipalities outside the City of Olongapo and
21 the Municipality of Subic, and other municipalities contiguous to
22 the base areas].

23 “x x x.”

24 SEC. 2. Section 15 of Republic Act No. 7227, as amended, is hereby amended, to
25 read as follows:

26 “Sec. 15. *Clark and Other Special Economic Zones.* – Subject
27 to the concurrence by resolution of the local government units
28 directly affected, the President is hereby authorized to create by
29 executive proclamation a Special Economic Zone covering the lands

1 occupied by the Clark military reservations and its contiguous
2 extensions as embraced, covered and defined by the 1947 Military
3 Bases Agreement between the Philippines and the United States of
4 America, as amended, located within the territorial jurisdiction of
5 Angeles City, Municipalities of Mabalacat and Porac, Province of
6 Pampanga, and the [municipality] MUNICIPALITIES of Capas
7 AND BAMBAN, Province of Tarlac, in accordance with the
8 provision as herein provided insofar as applied to the Clark military
9 reservations.

10 "REGISTERED BUSINESS ENTERPRISES ENGAGED IN
11 EXPORT-ORIENTED AND TOURISM-RELATED ACTIVITIES
12 REGISTERED WITH THE CLARK SPECIAL ECONOMIC ZONE
13 CREATED UNDER EXECUTIVE ORDER NO. 80, SERIES OF
14 1993; PORO POINT SPECIAL ECONOMIC AND FREEPORT
15 ZONE CREATED UNDER PROCLAMATION NO. 216, SERIES
16 OF 1993; JOHN HAY SPECIAL ECONOMIC ZONE CREATED
17 UNDER PROCLAMATION NO. 420, SERIES OF 1994; AND
18 MORONG SPECIAL ECONOMIC ZONE CREATED UNDER
19 PROCLAMATION NO. 984, SERIES OF 1997 SHALL HAVE
20 THE FOLLOWING INCENTIVES:

21 (A) A FIVE PERCENT (5%) TAX ON GROSS INCOME
22 IN LIEU OF ALL NATIONAL AND LOCAL TAXES SHALL
23 BE PAID BY THE REGISTERED BUSINESS ENTERPRISES
24 ENGAGED IN EXPORT-ORIENTED AND TOURISM-
25 RELATED ACTIVITIES WITHIN THE ZONE. HOWEVER,
26 EXPORTATION OR REMOVAL OF GOODS FROM THE
27 TERRITORY OF THE CLARK AND OTHER SPECIAL
28 ECONOMIC ZONES TO THE OTHER PARTS OF THE
29 PHILIPPINE TERRITORY SHALL BE SUBJECT TO

1 CUSTOMS DUTIES AND TAXES UNDER THE TARIFF AND
2 CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED,
3 THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
4 AMENDED, AND OTHER RELEVANT TAX LAWS OF THE
5 PHILIPPINES.

6 "THE FIVE PERCENT (5%) TAX ON GROSS INCOME
7 SHALL BE SHARED, DISTRIBUTED AND REMITTED AS
8 FOLLOWS:

9 (1) THREE PERCENT (3%) TO THE NATIONAL
10 GOVERNMENT;

11 (2) TWO PERCENT (2%) WHICH SHALL BE DIRECTLY
12 REMITTED BY THE BUSINESS ENTERPRISES TO
13 THE TREASURER'S OFFICE OF THE MUNICIPALITY
14 OR CITY WHERE THE ENTERPRISE IS LOCATED."

15 "x x x."

16 SEC. 3 . *Implementing Rules and Regulations.* – The Department of Finance, in
17 coordination with the Bureau of Internal Revenue and the Bureau of Customs, and in
18 consultation with the Bases Conversion and Development Authority, the Subic Bay
19 Metropolitan Authority, the Clark Development Corporation, the John Hay Management
20 Corporation, the Poro Point Management Corporation, and the Bataan Technology Park,
21 Inc., shall promulgate and publish the necessary rules and regulations for the effective
22 implementation of this Act within two (2) months from the date of effectivity of this Act.

23 SEC. 4. *Separability Clause.* – If any portion or provision of the Act is declared
24 unconstitutional, the remainder of this Act or any provision not affected thereby shall
25 remain in force and effect.

26 SEC. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
27 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
28 repealed or modified accordingly.

1 SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its
2 publication in the Official Gazette or in any two (2) newspapers of general circulation,
3 whichever comes earlier.

Approved,



HOUSE OF REPRESENTATIVES

H. No. 5064

BY REPRESENTATIVES LAPUS, UY (E.), TEVES, DE VENECIA, SY-ALVARADO,
PANCHO, SILVERIO, NICOLAS, JOSON, VIOLAGO, ANTONINO,
NEPOMUCENO, MACAPAGAL-ARROYO, AQUINO (R.), ROQUERO,
TEODORO, MAGSAYSAY (M.), SINGSON, CUA (J.), DUMPIT, DOMOGAN,
DOMINGUEZ, CHUNGALAO, OLAÑO AND CHAVEZ, PER COMMITTEE
REPORT NO. 1343

AN ACT AMENDING REPUBLIC ACT NO. 7227, AS AMENDED,
OTHERWISE KNOWN AS THE BASES CONVERSION AND
DEVELOPMENT ACT OF 1992

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

1 SECTION 1. Sec. 12(b) of Republic Act No. 7227, as amended,
2 otherwise known as the Bases Conversion and Development Act of 1992 is
3 hereby amended to read as follows:

4 “SEC. 12. *Subic Special Economic Zone.* — x x x

5 “(b) The Subic Special Economic Zone shall be
6 operated and managed as a separate customs territory ensuring
7 free flow or movement of goods and capital within, into and

1 exported out of the Subic Special Economic Zone, as well as
2 provide incentives TO DULY REGISTERED BUSINESS
3 ENTERPRISES OPERATING WITHIN THE SUBIC SPECIAL
4 ECONOMIC ZONE AS PROVIDED FOR UNDER REPUBLIC ACT
5 NO. 7916 OR THE SPECIAL ECONOMIC ZONE ACT OF 1995, AS
6 AMENDED, such as tax and duty-free importations of raw
7 materials AND capital [and] equipment. However, exportation or
8 removal of goods from the territory of the Subic Special
9 Economic Zone to the other parts of the Philippine territory shall
10 be subject to customs duties and taxes under the [Customs and
11 Tariff Code] TARIFF AND CUSTOMS CODE OF THE
12 PHILIPPINES, AS AMENDED, THE NATIONAL INTERNAL
13 REVENUE CODE OF 1997, AS AMENDED, and other relevant tax
14 laws of the Philippines”;

15 SEC. 2. Sec. 15 of Republic Act No. 7227, as amended, otherwise
16 known as the Bases Conversion and Development Act of 1992 is hereby
17 amended to read as follows:

18 “SEC. 15. *Clark and Other Special Economic Zones.* –
19 Subject to the concurrence by resolution of the local government
20 units directly affected, the President is hereby authorized to
21 create by executive proclamation a Special Economic Zone AS

1 **DEFINED UNDER SECTION 4(A) OF REPUBLIC ACT NO. 7916**
2 **AS AMENDED**, covering the lands occupied by the Clark military
3 reservations and its contiguous extensions as embraced, covered
4 and defined by the 1947 Military Bases Agreement between the
5 Philippines and the United States of America, as amended,
6 located within the territorial jurisdiction of Angeles City,
7 Municipalities of Mabalacat and Porac, Province of Pampanga,
8 and the [municipality] **MUNICIPALITIES OF Capas AND**
9 **BAMBAN**, Province of Tarlac, in accordance with the policies as
10 herein provided insofar as applicable to the Clark military
11 reservations.

12 "x x x

13 ["Upon recommendation of the Conversion Authority, the
14 President is likewise authorized to create Special Economic
15 Zones covering the Municipalities of Morong, Hermosa,
16 Dinalupihan, Castillejos and San Marcelino.]

17 **“UPON RECOMMENDATION OF THE CONVERSION**
18 **AUTHORITY, THE PRESIDENT IS LIKEWISE AUTHORIZED TO**
19 **CREATE SPECIAL ECONOMIC ZONES COVERING THE CITY OF**
20 **BALANGA AND THE MUNICIPALITIES OF LIMAY, MARIVELES,**

1 MORONG, HERMOSA AND DINALUPIHAN, PROVINCE OF
2 BATAAN”.

3 “UPON RECOMMENDATION OF THE CONVERSION
4 AUTHORITY, THE PRESIDENT IS FURTHER AUTHORIZED TO
5 CREATE SPECIAL ECONOMIC ZONES COVERING THE
6 MUNICIPALITIES OF CASTILLEJOS, SAN MARCELINO AND SAN
7 ANTONIO, PROVINCE OF ZAMBALES”.

8 “DULY REGISTERED BUSINESS ENTERPRISES OPERATING
9 WITHIN THE CLARK SPECIAL ECONOMIC ZONE, JOHN HAY
10 SPECIAL ECONOMIC ZONE, PORO POINT SPECIAL ECONOMIC
11 ZONE, MORONG SPECIAL ECONOMIC ZONE, AND ALL OTHER
12 SPECIAL ECONOMIC ZONES CREATED UNDER THIS SECTION,
13 AND WHICH ARE REGISTERED OR TO BE REGISTERED AS SUCH
14 WITH THE RESPECTIVE ZONE AUTHORITIES, SHALL BE
15 ENTITLED TO THE SAME TAX INCENTIVES AS PROVIDED FOR
16 UNDER REPUBLIC ACT NO. 7916, OR THE SPECIAL ECONOMIC
17 ZONE ACT OF 1995, AS AMENDED”.

18 “EXCEPT FOR REAL PROPERTY TAXES ON LAND OWNED
19 BY DEVELOPERS, NO TAXES, LOCAL AND NATIONAL, SHALL BE
20 IMPOSED ON BUSINESS ESTABLISHMENTS OPERATING WITHIN
21 THE ECOZONE. IN LIEU THEREOF FIVE PERCENT (5%) OF THE
22 GROSS INCOME EARNED BY ALL BUSINESS ENTERPRISES

1 WITHIN THE ECOZONE SHALL BE PAID AND REMITTED AS
2 FOLLOWS:

3 (A) THREE PERCENT (3%) TO THE NATIONAL
4 GOVERNMENT;

5 (B) TWO PERCENT (2%) WHICH SHALL BE DIRECTLY
6 REMITTED BY THE ESTABLISHMENTS TO THE HOST LOCAL
7 GOVERNMENT UNIT/S AFFECTED BY THE DECLARATION OF THE
8 ZONE IN PROPORTION TO THEIR POPULATION, LAND AREA AND
9 OTHER FACTORS".

10 SEC. 3. *Repealing Clause.* – All laws, decrees, orders, rules and
11 regulations or other issuances or parts thereof inconsistent with the provisions
12 of this Act, including Section 50 of Republic Act No. 7916, as amended,
13 otherwise known as The Special Economic Zone Act of 1995, are hereby
14 repealed or modified accordingly.

15 SEC. 4. *Separability Clause.* – If any provision of this Act is
16 subsequently declared unconstitutional, the validity of the remaining provisions
17 hereof shall remain in full force and effect.

18 SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after
19 its publication in the *Official Gazette* or in any two newspapers of general
20 circulation, whichever comes earlier.

 Approved,