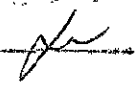


THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

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,