

**FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES**
First Regular Session

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10 JUL -5 PM '83

S E N A T E
S. No. 120

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Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Several decades ago, Mindanao with its abundant resource and rich blend of ethnic culture used to be known as the Land of Promise. Today, the promise of Mindanao has been reduced to cliché, squandered on the ethnic conflict between Muslims and Christians and the pervasive poverty and deprivation that haunt its vast hinterlands. Amid the litter of missed opportunities and wasted resources, the government must finally own up to its gross neglect of Mindanao's development requirements that lies at the root of the past and present failures of governance in Mindanao.

This bill seeks to address the massive infrastructure and investments required for the development of Mindanao through the creation of the Mindanao Incentives Development Authority (MIDA). Enterprises registered with the MIDA may pay only 3% of gross income in lieu of national and local taxes except real property tax. Other privileges include:

- liberal tax incentives on acquisitions of merchandise and raw materials.
- special tax incentives and simplified public bidding for infrastructure and development projects.
- Financial assistance through government financial institutions;
- Exemptions from certain provisions of the Comprehensive Agrarian Reform Law (CARL);
- the services of a Labor Center for the amicable settlement of labor disputes; and
- liberal entry provisions for foreign personnel and their families.

The poverty and plight of Filipinos in Mindanao pose a challenge to our national leadership to respond with compassion and magnanimity that will lead to a burgeoning of opportunities in the region, strengthen the bonds of brotherhood between Muslim and Christian citizens – Filipinos alike, and heal the wounds of division among us.

In view of the foregoing, early passage of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

OFFICE OF THE CLERK
16 JUL -5 P 11:13

SENATE
S. No. 120

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AN ACT
PROVIDING FOR AGRO-INDUSTRIAL INVESTMENT INCENTIVES TO
ACCELERATE DEVELOPMENT IN MINDANAO, CREATING THE MINDANAO
INCENTIVES DEVELOPMENT AUTHORITY FOR THIS PURPOSE, AND FOR
OTHER PURPOSES

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

1 SECTION 1. **Short Title.** – This Act shall be known as the “Mindanao
2 **Development Incentives Act.**”

3 SEC. 2. **Declaration of Policies** – The State recognizes the need to
4 promote and accelerate the economic growth and development of the Mindanao
5 Region, hereinafter referred to as the Region, in order to make it, at least, at par
6 with the level of development of other regions of the country. The State takes
7 not of the centuries-old conflict between the government and Muslim Mindanao,
8 and of the need to find a lasting solution rooted in the social, economic and
9 cultural realities. The State further recognizes the vast potential of the Region,
10 including its immense natural resources, which remain largely untapped, and the
11 need for public and private investment in infrastructure and spending to ensure
12 the development of the Region.

13 Pursuant thereto, and in order to address effectively the conflict between
14 government and Muslim Mindanao, it is the declared policy of government to
15 actively encourage, promote and accelerate a sound and balanced agricultural,

1 industrial, economic and social development in the Region in order to alleviate
2 poverty therein, create jobs for the people, especially those in the rural areas,
3 increase their productivity and their individual and family income and thereby
4 improve the level and quality of their living condition and hence secure peace
5 and stability in the Region through the provision of economic and fiscal
6 incentives and through measures that shall effectively attract legitimate and
7 productive local and foreign investments. The government shall furthermore
8 undertake efforts to promote the development of the Region into the hub of
9 trade and commerce in the East Asian region through private capital.

10 **SEC. 3. *Creation of the Mindanao Incentives Development Authority.***

11 – There is hereby created a body corporate to be known as the Mindanao
12 Incentives Development Authority, hereinafter referred to as the MIDA. The
13 MIDA shall hold office within Mindanao.

14 The MIDA shall have a Director-General with the rank of a department
15 undersecretary who shall be appointed by the President. The Director-General
16 shall be at least forty (40) years of age, of proven probity and integrity, and have
17 a degree in agriculture, finance, economics, business, public administration, or
18 management.

19 The Director-General shall be assisted by three (3) Deputy Directors-
20 General for policy and planning, administration and operations, who shall be
21 appointed by the MIDA Board, upon the recommendation of the Director-
22 General. The Deputy Directors shall be at least thirty-five (35) years old, with
23 proven probity and integrity and with a degree in agriculture, economics,
24 business, public administration, management or finance.

25 The Board shall be composed of the secretary of Agriculture who shall
26 serve as ex-officio chairman, the Director-General who shall serve as Vice
27 Chairman, with four(4) members as follows: the Secretaries of the Department
28 of Environment and Natural Resources, Department of Finance, Department of
29 Trade and Industry, National Economic and Development Authority; one (1)

1 representative from the investors/business sector in Mindanao; and the five (5)
2 chairmen of the Regional Development Councils and the governor of the
3 Autonomous Region of Muslim Mindanao.

4 Members of the Board shall receive a per diem of not more than Two
5 Thousand Pesos (P2,000.00) for every board meeting: *Provided, however,* That
6 the per diem collected per month does not exceed the equivalent of four (4)
7 meetings. *Provided, further,* That the amount per diem for every board meeting
8 may be increased by the President but such amount shall not be increased
9 within two (2) years after its last increase.

10 **SEC. 4. *Functions and Powers of the Board.*** – The Board shall have
11 the following function and powers:

12 (a) Set the general policies and rules for the regulation and promotion of
13 investments in the Mindanao Region and implement the provisions of
14 this Act insofar as its powers and functions are concerned;

15 (b) Process and approve applications for registration of enterprises with
16 the MIDA, imposing such terms and conditions as it may deem
17 necessary to promote the objectives of this Act, including the refund
18 of incentives when appropriate, requiring performance bonds and
19 other guarantees and payment of application, registration,
20 publications and other necessary fees;

21 (c) Provide assistance to registered enterprises to ensure that sufficient
22 agro-industrial activities within the Region are undertaken, including
23 agro-industrial processing, high-end technology production of high
24 value crops, high technology aquaculture farming, direct agriculture
25 and biotech industries, in coordination with the Department of
26 Agriculture. The MIDA, in coordination with the Department of
27 Agriculture and the Department of Trade and Industry, and the
28 National Economic Development Authority shall periodically furnish a

1 list of agro-industrial activities which may be undertaken within the
2 Region.

3 (d) Approve the annual budget of MIDA and its development plans;

4 (e) Exercise its powers and functions as provided for in this Act, and

5 (f) Render annual reports to the President and Congress.

6 **SEC. 5. *General Powers and Functions of the MIDA.*** – The MIDA shall
7 have the following powers and functions:

8 (a) To administer and supervise the incentive schemes of the Region in
9 coordination with the Board of Investments and the National
10 Economic Development Authority and according to the principles set
11 forth in this Act.

12 (b) To register the enterprises in the Region in an efficient and
13 expeditious manner;

14 (c) To coordinate with regional development councils and other
15 development bodies in the identification and preparation of
16 development programs and projects in the Region;

17 (d) To recommend to the President and Congress such other incentives,
18 concessions or preference necessary to fully implement this Act.

19 (e) To adopt, alter and use a corporate seal; make contracts, lease, own
20 or otherwise dispose of personal or real property, sue and be sued;
21 and otherwise carry out its duties and functions as provided for in this
22 Act;

23 (f) To consult on a regular basis with the local government units, private
24 sector and civil society on plans and policies to be formulated and
25 promulgated;

26 (g) To monitor and evaluate the development and requirements of
27 entities within the Region and recommend to the local government
28 units or other appropriate authorities the location, incentives, basic

1 services, utilities and infrastructure required or to be made available
2 for said entities; and

3 (h) Periodically check and verify compliance by registered enterprises
4 with the relevant provisions of this Act, with the rules and regulations
5 promulgated under this Act and with the terms and conditions of
6 registration;

7 (i) After due notice, cancel the registration or suspend the enjoyment of
8 incentives benefits of any registered enterprise and/or require refund
9 and incentives enjoyed by such enterprise including interests and
10 monetary penalties, for (a) failure to maintain the qualifications
11 required by this Act for registration with the Board or (b) for violation
12 of any provisions of this Act, of the rules and regulations issued under
13 this Act, of the terms and conditions of registration or of the laws for
14 the protection of labor or of the consuming public: *Provided*, That the
15 registration of an enterprise whose project timetable, as set by the
16 Board, is delayed by one (1) year, shall be considered automatically
17 cancelled unless other wise reinstated as a registered enterprise by
18 the Board.

19 (j) Extend the period of availment of incentives by any registered
20 enterprise, *Provided*, That the total period of availment shall not
21 exceed ten (10) years, subject to any of the following criteria:

22 (1) The registered enterprise has suffered operational force majeure
23 that has impaired its viability;

24 (2) The registered enterprise has not fully enjoyed the incentives
25 granted to it for reasons beyond its control;

26 (3) The project of the registered enterprise has a gestation period
27 which goes beyond the period of availment of needed incentives;

28 and

1 (4) The operation of the registered enterprise has been subject to
2 unforeseen changes in government policies, particularly
3 protectionism policies of importing countries, and such other
4 supervening factors which would affect the competitiveness of the
5 registered firm;

6 (k) Within thirty (30) days from its constitution, the MIDA shall
7 promulgate a priority investment plan over the Region in order to
8 accomplish the intent of this Act.

9 **SEC. 6. Powers and Functions of the Director General.** – The Director
10 General shall provide overall supervision over the operations of the MIDA. He
11 shall recommend to the Board the structure and the staffing pattern and
12 personnel complement of the MIDA and establish regional offices, when
13 necessary, subject to the approval of the MIDA Board.

14 In addition, he shall have the following specific powers and
15 responsibilities:

16 (a) To safeguard all the land, buildings, records, monies, credits and
17 other properties and rights of the MIDA;

18 (b) To ensure that all revenues of the MIDA are collected and applied in
19 accordance with its budget;

20 (c) To ensure that the employees of the MIDA are properly discharging
21 their respective duties;

22 (d) To give such information and recommend such measures to the
23 Board, as he shall deem advantageous to the Region;

24 (e) To submit to the Board, the ongoing and proposed projects, work ad
25 financial program, annual budget or receipts, and expenditures of
26 MIDA;

27 (f) To represent the MIDA in all its business matters and sign on its
28 behalf after approval of the Board, all its contracts, agreements and
29 obligations made in accordance with this Act.

1 (g) To perform such other duties and exercise such powers as maybe
2 prescribed by the Board, and to implement the policies, rules and
3 regulations set by the MIDA.

4 **SEC. 7. *Autonomy of Local Government Units.*** – Except as herein
5 provided, the local government units comprising the Region shall retain their
6 basic autonomy and identify. The cities shall be governed by their respective
7 charters and the municipalities shall operate and function in accordance with the
8 Local Government Code.

9 **SEC. 8. *Qualification of a Registered Enterprise.*** – to be entitled to
10 registration under this Act, an applicant must satisfy to the Board that he/she:

11 (a) is a citizen of the Philippines, if an individual, or in case of corporation,
12 partnership, or association, it is organized under Philippine laws and
13 that at least sixty percent (60%) of the capital stock outstanding and
14 entitled to vote is owned and held by Philippine nationals as defined in
15 Republic Act No. 7042. If it does not possess the required degree of
16 ownership as mentioned above, it will engage in an activity that is not
17 within the activities reserved by the Constitution to Philippine citizens
18 or corporation owned and controlled by Philippine citizens

19 (b) shall make an initial investment in the Region in an amount not less
20 than the equivalent of Two Hundred Fifty Thousand Dollar
21 (US\$250,000) United State currency, unless a higher amount f
22 investment is required under existing laws;

23 (c) will engage in an activity which will necessitate the employment of at
24 least (50) local employees;

25 (d) is capable of operating on a sound and efficient basis and of
26 contributing to the development of the Region in particular and of the
27 national economy in general; and

28 (e) if engaged in undertakings or activities outside the Region, he/she
29 has installed or undertakes to install an accounting system adequate

1 to identify the investments, revenues, costs, and profits or losses of
2 the project to be undertaken in the Region from the aggregate
3 investment, revenues, costs and profits or losses of the whole
4 enterprise or to establish a separate corporation for the project to be
5 undertaken in the Region if the Board so requires.

6 **SEC. 9. *Application.*** – Applications shall be filed with the MIDA,
7 recorded in a registration book and the date appearing therein and stamped on
8 the application shall be considered the date of official acceptance.

9 Whenever necessary, the MIDA, through the People's Economic
10 Councils, shall consult the communities affected on the acceptability of locating
11 the registered enterprise within their community.

12 **SEC. 10. *Approval and registration procedure.*** – The MIDA is
13 authorized to adopt rules and regulations to facilitate action on applications filed
14 with it; prescribe criteria for the evaluation of several applications filed on one
15 preferred area; devise standard forms for use of applicants and delegate to the
16 regional offices of the department of agriculture the authority to receive and
17 process applications for enterprises to be located in their respective regions.

18 Applications filed shall be considered automatically approved if not acted
19 upon by the MIDA within twenty (20) working days from official acceptance
20 thereof.

21 **SEC. 11. *Administrative Relief.*** – Any order or decision of the MIDA
22 shall be final and executory after thirty (30) days from its promulgation. Within
23 the said period of thirty (30) days, said order or decision may be appealed to the
24 office of the president. Where an appeal has been filed, said order or decision
25 shall be final and executory ninety (90) days from receipt of the decision or order
26 of the office of the President.

27 **SEC. 12. *Certificate of Registration.*** – A registered enterprise under
28 This Act shall be issued a certificate of registration under the seal of the MIDA
29 and the signature of its Chairman and/or such other officer or employee of the

1 MIDA as the Board may empower and designate for the purpose. The certificate
2 shall be in such form and style as the Board may determine and shall state,
3 among the other matters:

- 4 a) the name of the registered enterprise;
- 5 b) the area of investment in which the registered enterprise is proposing
6 to engage;
- 7 c) the nature of the activity it is undertaking or proposing to undertake;
8 and
- 9 d) the other terms and conditions to be observed by the registered
10 enterprise by virtue of the registration.

11 SEC. 13. **Basic Rights and Guarantee.** – All investors and registered
12 enterprises are entitled to the basic rights and guarantees provided in the
13 Constitution. Among the other rights recognized by the Government of the
14 Philippines are the following:

- 15 (a) *Repatriation of Investment.* In the case of foreign investments, the
16 right to repatriate the entire proceeds of the liquidation of the
17 investment in the currency in which the investment was originally
18 made and at the exchange rate prevailing at the time of repatriation;
- 19 (b) *Remittance of Earnings.* In the case of foreign investments, the right
20 to remit earnings from the investment in the currency in which the
21 investment was originally made and at the exchange rate prevailing at
22 the time of remittance; and
- 23 (c) *Foreign Loans and Contracts.* The right to remit at the exchange rate
24 prevailing at the time of remittance such sums as may be necessary
25 to meet the payments of interest and principal on foreign loans and
26 foreign obligations arising from technological assistance contracts.

27 SEC. 14. **Incentives.** – Registered enterprises shall be granted any of
28 the following incentives as may be deemed necessary by the MIDA in the
29 context of the development objectives of the region.

1 (a) Within ten (10) years from the effectivity of this Act, importations of
2 raw materials, supplies, equipment, machinery, spare parts,
3 agricultural and fisheries inputs brought into the Region by a
4 registered enterprise shall not be subject to customs and internal
5 revenue laws and regulations of the Philippines, including value
6 added tax, nor to local tax ordinances; *Provided, however,* That such
7 importation shall comply with the following conditions:

- 8 1. they are not manufactured domestically in sufficient quantity, of
9 comparable quality, and at reasonable prices;
- 10 2. they are reasonably needed and will be used exclusively by the
11 registered enterprise in the manufacture of its products, unless
12 prior approval of the Board is secured for the part-time
13 utilization of said equipment in a non-registered activity to
14 maximize usage thereof or the proportionate taxes and duties
15 are paid on the specific equipment and machinery being
16 permanently used for non-registered activities;
- 17 3. the approval of the board was obtained by the registered
18 enterprise for such importation; and
- 19 4. if the registered enterprise sells, transfers or disposes of the
20 goods without prior approval of the Board within five (5) years
21 from date of acquisition, the registered enterprise and the
22 vendee, transferee or assignee shall be solidarily liable to pay
23 twice the amount of the tax exemption given it.

24 (b) The provision of existing laws, rules and regulations to the contrary
25 notwithstanding, no taxes, national an local except real property tax,
26 shall be imposed upon registered enterprises located within the
27 Region. In lieu of paying taxes, three percent (3%) of the gross
28 income earned by all registered enterprises within the Region shall be
29 remitted to the National Government, one percent (1%) to the local

1 government unit having jurisdiction over the particular registered
2 enterprise and to be distributed in accordance with Section 150 of
3 Republic Act No. 7160, otherwise known as the Local Government
4 code. In addition, there is hereby established a development fund of
5 one percent (1%) of the gross income earned by all registered
6 enterprises within the Region to be utilized for the development of the
7 Region.

8 (c) Registered enterprises establishing their production, processing or
9 manufacturing plants in an area within the Region which the Board
10 designates as necessary for the proper dispersal of the industry or in
11 an area which the Board finds deficient in infrastructure, public
12 utilities, and other facilities, such as irrigation, drainage and other
13 similar waterworks infrastructure may apply in payment of taxes, due
14 from it to the government an amount equivalent to 100% of the
15 necessary and major infrastructure works it may have undertaken with
16 the prior approval of the Board under such terms and conditions as
17 the Board may determine and in consultation with other government
18 agencies concerned, *Provided, That:*

19 (i) the title to all such infrastructure works shall, upon
20 completion, be transferred to the Philippine Government;
21 and

22 (ii) should the registered enterprise undertake necessary and
23 major maintenance work on such infrastructure works with
24 the prior approval of the Board, a similar incentive shall be
25 given to it in an amount equivalent to the cost of such
26 necessary maintenance.

27 *Provided, That* in cases where the Board certifies that
28 infrastructure or the rehabilitation thereof is urgently needed in
29 specified areas, the registered enterprise undertaking the construction

1 of infrastructure or rehabilitation thereof may apply in payment of
2 taxes due from it to the government an amount equivalent to 200% of
3 the necessary and major infrastructure works it may have undertaken
4 with the prior approval of the Board.

5 *Provided, further,* That a registered enterprise shall be encouraged
6 to undertake infrastructure and development projects, including but
7 not limited to, power plants, highways, ports, airports, canals, dams,
8 hydropower projects, water supply, irrigation, telecommunications,
9 railroads and railways, transport systems, land reclamation projects,
10 markets, slaughterhouses, warehouses, solid waste management,
11 information technology networks and database infrastructure,
12 education and development projects as may be authorized by the
13 appropriate agency pursuant to this Act. Such project shall be
14 undertaken through contractual arrangements as defined hereunder
15 and under Republic Act No. 6957, as amended, and such other
16 variations as may be approved by the President of the Philippines.

17 For the construction stage of these infrastructure projects, the
18 project proponents may obtain financing from foreign and/or domestic
19 sources and/or engage the services of a foreign and/or Filipino
20 contractor: *Provided,* That in case an infrastructure or a development
21 facility's operation require a public utility franchise, the facility operator
22 must be Filipino or if a corporation, it must be duly registered with the
23 Securities and Exchange Commission and owned up to at least sixty
24 percent (60%) by Filipinos: *Provided, further,* That in the case of
25 foreign contractors, Filipino labor shall be employed or hired in the
26 different phases of the construction where Filipino skills are available:
27 *Provided, finally,* That projects which would have difficulty in sourcing
28 funds may be financed partly from direct government appropriations
29 and/or from Official Development Assistance (ODA) of foreign

1 governments or institutions not exceeding fifty percent (50%) of the
2 project cost, and the balance to be provided by the project proponent.

3 All government infrastructure agencies, including government-
4 owned and controlled corporations and local government units are
5 hereby authorized to enter into contracts with any duly prequalified
6 project proponent for the financing, construction, operation and
7 maintenance of any financially viable infrastructure or development
8 facility through any of the projects authorized in this Act and other
9 laws. Said agencies, when entering into such contracts, are enjoined
10 to solicit the expertise of individuals, groups, or corporations in the
11 private sector who have extensive experience in undertaking
12 infrastructure or development projects.

13 (d) For the first ten (10) years from registration, a registered enterprise
14 may deduct from taxable income an amount equivalent to one
15 hundred percent (100%) of total expenses over and above the
16 allowable ordinary and necessary business deductions FOR the labor
17 training expenses incurred for upgrading the productivity and
18 efficiency of unskilled labor and of apprentices, under the national
19 internal revenue code, as amended provided that:

- 20 1. the training program is duly approved by the Board;
- 21 2. the deduction shall not exceed twenty percent (20%) of direct
22 labor wage; and
- 23 3. the apprentices shall be paid the minimum wage.

24 *Provided,* That in case at least ten percent (10%) of the trainees or
25 apprentices shall be Muslim or belong to other ethnic minorities, a
26 registered enterprise may apply in payment of taxes due from it to the
27 government an amount equivalent to three hundred percent (300%) of
28 the value of the labor training expenses incurred for upgrading the

1 productivity and efficiency of the unskilled labor and apprentices
2 belonging to the Muslim or other ethnic minorities.

3 (e) For the first ten (10) years from registration, expenses incurred for
4 research and development relating to the business shall entitle the
5 registered enterprise to a special deduction from taxable income
6 equivalent to one hundred percent (100%) of the total expenses over
7 and above the allowable ordinary and necessary business deductions
8 for said expenses under the national internal revenue code, as
9 amended. The incentive shall be availed of by registered firms for a
10 period of ten (10) years from the start of commercial operation but
11 should be claimed within five (5) years from the date when the
12 expenditure was made. After the tenth year; the expenditure can be
13 claimed as a deductible item as provided for under Republic Act No.
14 8424.

15 For purposes of this act "research and development cost" means
16 research and experimental expenditures such as costs incident to the
17 development or improvement of a product, including pilot model
18 process, formula, invention, technique, patent or similar property.

19 (f) For the first ten (10) years from registration, a registered enterprise
20 shall be entitled to reimbursement for expenses incurred in
21 undertaking feasibility studies of projects deemed by the Board to be
22 critical to development objectives. Such reimbursement shall be given
23 by the Department with authority over the specific project.

24 (g) For the first ten (10) years from registration, a registered enterprise
25 may carry over its net operating loss as a deduction from its gross
26 income earned for the next three (3) consecutive years immediately
27 following the years of such loss.

28 (h) Private agricultural lands that have not been distributed and upon
29 which no Certificate of Land Ownership Award have been issued shall

1 be exempt from the coverage of Republic Act No. 6657, known as the
2 Comprehensive Agrarian Reform Law (CARL); *Provided*, that such
3 lands shall be directly and exclusively used by registered enterprises
4 within the Region.

5 In cases where the lands have been subjected to the CARL, by voluntary
6 offer to sell, or commercial farms deferment or notices of compulsory
7 acquisition, a simple and absolute majority of the actual regular workers or
8 tenants must consent to the exemption within one (1) year from the effectivity of
9 this Act. Should the workers or tenants not agree to this exemption, the lands
10 shall be distributed collectively to the worker-beneficiaries or tenants who shall
11 form a cooperative or association to manage the same.

12 The provision of Republic Act No. 6657 to the contrary notwithstanding,
13 land subjected to CARL may be mortgaged, leased, sold or otherwise disposed
14 of in favor of a registered enterprise.

15 In cases where the land have not been subjected to the CARL, the
16 consent of the farm workers shall no longer be necessary. However, the
17 provision of Section 32-A of Republic Act No. 7881 on incentives shall apply.

18 **SEC. 15. *Labor Relations.*** – The Region shall uphold industrial peace.
19 Harmony and productivity to establish a sound and peaceful investment climate
20 and simultaneously promotes and enhance the lives and dignity of all workers.

21 Unless otherwise provided by law, all Philippine law and social security
22 laws shall apply within the Region pursuant to the above-stated policy, all laws
23 on strikes and lockouts will be strictly enforced.

24 MIDA shall establish a Labor Center which shall be responsible for
25 studying and amicably settling professional and labor relations and disputes,
26 interpretation of employment contracts and monitoring work, hygiene and safety
27 standards within the Region.

28 Subject to existing labor laws, as may be specified in employment
29 contracts or collective bargaining agreements, all labor disputes must be

1 brought before the Labor Center which will attempt to amicably settle the case.
2 In case the Labor Center cannot settle the dispute amicably, it will certify the
3 dispute for mediation or arbitration before the proper office of the Department of
4 Labor and Employment or the Secretary of Labor and Employment for
5 compulsory arbitration or assumption of jurisdiction.

6 **SEC. 16. Government Assistance.** – Upon the recommendation of the
7 MIDA Board and subject to the qualifications under its relevant charters, the
8 Development Bank of the Philippines, Land Bank of the Philippines and similar
9 government financial institutions are mandated to render financial assistance to
10 registered enterprises in the Region which may be secured by an undertaking
11 from the Government, through the Department of Finance to issue a guarantee
12 in favor of the aforementioned registered enterprise whenever warranted by the
13 circumstances.

14 Depending on the nature of the registered enterprise, line departments
15 shall be required to extend interest assistance to the extent determined by the
16 appropriate Secretary for loans availed of by the registered enterprise pursuant
17 to this Act.

18 **SEC. 17. Other Incentives.** – The expatriates employed by the
19 registered enterprises shall be entitled to the following incentives:

20 (a) Upon submission of all necessary document, the Bureau of
21 Immigration shall issue the multiple entry special visa to foreign
22 personnel of registered enterprises, their respective spouses and
23 unmarried children under 21 years of age, if accompanying them or if
24 following to join them after their admission into the Philippines as non-
25 immigrant within seventy-two (72) hours upon submission of all
26 required documents. This is without prejudice to the authority of the
27 Department of Foreign Affairs to issue visas.

28 The visa shall be valid for a period of five (5) years to enter the
29 Philippines. The admission and stay shall be co-terminus with the

1 validity of the multiple entry visa. The stay, however, is extendible to
2 five (5) years upon submission to the Bureau of Immigration of a
3 sworn certification by a responsible officer of the registered enterprise
4 that it is licensed to operate or that the registration remains valid and
5 subsisting and that the registered enterprise has withheld tax due on
6 compensation and the same has been paid to the Bureau of Internal
7 Revenue.

8 Non-immigrants who have been admitted under the multiple entry
9 special visa, as well as their respective spouses and dependents,
10 shall be exempted from the payment of all fees due under immigration
11 and alien registration laws, securing alien certificates of registration;
12 and obtaining immigration clearance certificates, except reasonable
13 and administrative costs. They are also exempted from all types of
14 clearances required by any government department or agency, except
15 that upon final departure from the Philippines the employer of the said
16 non-immigrants shall so advise the Bureau of Immigration in writing at
17 least five (5) working days prior to the immigrant's departure and the
18 final departing non-immigrant employee shall be required to submit to
19 the said office a tax clearance from the Bureau of Internal Revenue.

20 (b) Alien executives occupying managerial and technical positions
21 employed by the registered enterprise shall be subject for each
22 taxable year to a final tax equal to fifteen percent (15%) of gross
23 income received as salaries, wages, annuities, compensations,
24 remuneration and emoluments.

25 The same tax treatment is applicable to Filipinos employed and
26 occupying the same positions as those aliens employed by registered
27 enterprises, regardless of whether or not there is an alien executive
28 occupying the same position. Qualified Filipino employees shall have
29 the option to be taxed at either 15% of gross income or at the regular

1 tax rate on their taxable income in accordance with the National
2 Internal Revenue Code of 1997.

3 (c) An alien executive of the registered enterprise shall enjoy tax and duty
4 free importation of personal and household effects as provided to
5 under Section 105(h) of the Tariff and Customs Code as amended,
6 and Section 109 (l) of the National Internal Revenue Code, as
7 amended; *Provided, That the personal and household effects shall*
8 *arrive in the Philippines within ninety (90) days before or after*
9 *conversion of the alien executive's admission category to multiple*
10 *entry visa issued under this Act.*

11 (d) Foreign personnel of registered enterprises and the dependents of
12 such foreign personnel if joining them during the period of their
13 assignment in the Philippines shall be exempted from the payment of
14 travel tax imposed under Section 1 of Presidential Decree No. 1183,
15 as amended.

16 SEC. 18. ***Simplified Public Bidding.*** – As a general rule, contracts for
17 infrastructure development, construction, repair, rehabilitation, improvement or
18 maintenance should be conducted through public bidding pursuant to Republic
19 Act No. 6957, as amended. However, in the exigency of public service and
20 national interest as may be determined by the President, and in order to achieve
21 the objective of this Act, simplified bidding through sealed canvass of at least
22 three (3) pre-qualified investors may be resorted to. The process of selecting the
23 prospective lessees and private investors shall be transparent, where
24 procedures and selection process adapted are made public through newspaper
25 advertisements and similar other means.

26 SEC. 19. ***Authority to Declare Economic Zones.*** – The President is
27 authorized to declare certain areas within the Region as economic, free trade,
28 agro-industrial agricultural, agri-tourism or industrial zones qualified and eligible
29 for all incentives provided for under this Act and other existing laws. The

1 President is further authorized to declare areas within the Region as
2 underdeveloped and therefore entitled to incentives and support over and above
3 those provided in this Act.

4 **SEC. 20. *Applicability to Existing Enterprises in the Region.*** – The
5 basic rights and incentives granted under this Act. May be availed of by existing
6 business enterprises within the Region provided that these enterprises possess
7 the minimum qualifications as set forth in Section 8 and they register with the
8 MIDA within six (6) months from the effectivity of the rules implementing this Act.

9 **SEC. 21. *Coordination with Various Government Organizations.*** –
10 The Board shall consult and coordinate with existing government organizations
11 including Autonomous Region of Muslim Mindanao, Mindanao Economic
12 Development Council, Southern Mindanao Development Authority, Special Zone
13 of Peace and Development in formulating policies and programs.

14 **SEC. 22. *Implementing Rules and Regulations.*** – To implement the
15 provisions of this Act, the Department of Agriculture, the Department of Trade
16 and Industry and the Department of Finance shall formulate the implementing
17 rules and regulations of this Act within thirty (30) days after its approval. Such
18 rules and regulations shall take effect fifteen (15) days after their publication in a
19 newspaper of general circulation in the Philippines.

20 **SEC. 23. *Separability Clause.*** – If any part or section of this Act is
21 declared unconstitutional for any reason or whatsoever, such parts not so
22 declared shall remain in full force or effect.

23 **SEC. 24. *Repealing Clause.*** – All laws, decrees, orders, rules and
24 regulations or issuances or parts thereof inconsistent with the provisions of this
25 Act are hereby repealed or modified accordingly.

26 **SEC. 25. *Effectivity.*** -- This Act shall take effect fifteen (15) days after its
27 publication in two (2) leading newspapers of national circulation.

28 Approved,