

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

OFFICE OF THE SECRETARY

9 APR 22 P 6 :42

SENATE
S. No. 3182

RECEIVED BY. 

Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

This bill seeks to create the Maasim-Kiamba-Maitum Industrial Triangle (MAKIMA-IT) Special Economic Zone in Sarangani Province. Sarangani is the southernmost province in mainland Mindanao, cut midway by the city of General Santos and surrounded by the Celebes Sea, Sarangani Bay, and the provinces of South Cotabato, Sultan Kudarat and Davao del Sur. It is composed of seven municipalities: Alabel, Malapatan, Glan, Malungon, Maasim, Kiamba and Maitum.

The creation of the MAKIMA-IT Special Economic Zone will bring huge benefits to the province in terms of increased economic activity not only in the member municipalities but also province-wide and within the region, where raw materials for production and support services shall come from resulting in increased incomes and gross domestic product. Furthermore, the MAKIMA-IT Special Economic Zone shall result in the creation of jobs in the region, through the attraction of foreign direct investment. Linkages among the member towns shall be enhanced, and Sarangani, regional and national government agencies and private business enterprises shall be able to develop better relations towards the overall progress of this area in Mindanao.

The bill proposes that locators to the special economic zone be granted an income tax holiday for six up to 20 years and allowed to enjoy tax-free importation of capital equipment, machineries, parts, supplies and breeding stocks, among others.

The national policy of encouraging the creation of ecozones has seen its surge in the past decades, with the need to cope with the increasingly competitive environment of the global market. First, they are to provide a country with foreign exchange earnings by promoting nontraditional exports. Second, they are to create jobs, provide for a standard quality of management and facilities, and thus generate income. Lastly, they are to attract foreign direct investment, engendering technology transfer/knowledge spillover, demonstration effects, and backward linkages.

Given the aforementioned reasons and in light of the need to stimulate the national economy, the passage of this measure is earnestly sought.


RICHARD J. GORDON

9 APR 22 P6:42

SENATE
S. No. 3182

RECEIVED BY: PH

Introduced by **Senator Richard J. Gordon**

AN ACT ESTABLISHING THE MAASIM-KIAMBA-MAITUM INDUSTRIAL TRIANGLE SPECIAL ECONOMIC ZONE IN THE PROVINCE OF SARANGANI, CREATING FOR THE PURPOSE OF MAASIM-KIAMBA-MAITUM INDUSTRIAL TRIANGLE (MAKIMA-IT) SPECIAL ECONOMIC AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** – Short Title. – This act shall be known as the “Maasim-
2 Kiamba-Maitum Industrial Triangle Special Economic Zone Act”.

3
4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
5 actively encourage, promote, induce and accelerate the sound and balanced industrial,
6 economic and social development of the country in order to provide jobs to the people
7 especially those in the rural areas, increase their productivity and their individual and family
8 income, and thereby improve the level and quality of their living conditions through the
9 establishment, among others, of special economic zones in suitable and strategic locations
10 in the country and through measures that shall effectively attract legitimate and productive
11 foreign investments.

12
13 **SEC. 3. Creation of the Maasim-Kiamba-Maitum Industrial Special Economic**
14 **Zone.** – In pursuit of the foregoing declared policy and subject to the concurrence of the
15 concerned local government units (LGUs) of Sarangani Province affected by the zone, there
16 is hereby established a special economic zone, hereinafter referred to as MAKIMA-IT
17 Ecozone. The MAKIMA-IT Ecozone shall cover the entire area embraced by: Sitio Seguil,
18 Barangay Tinoto and Barangay Kamanga, Malbang and Colon in the Municipality of
19 Kiamba; and, Barangays Kalaong, Mabay and Old Poblacion in the Municipality of Maitum.

1 The specific metes and bounds of the MAKIMA-IT Ecozone shall be more particularly
2 described and defined as follows:

3
4 **(A) IN THE MUNICIPALITY OF MAASIM**

5 Sitio Seguil, Barangay Tinoto with a land area of 573.9409 hectares – its perimeter
6 at a point marked "1" on the mouth of Tapat creek (125.15,5.55) following its course
7 upstream to point 2 with a distance of 1,398.1924 meters. Thence 2,598.9690 meters on a
8 course downstream to point 4 at the mouth of Seguil River. Thence 4,558.4607 meters
9 following the coastal line southward to the point of beginning.

10 Portions of Barangays Kamanga, Malbang and Colon with an aggregate land
11 area of 1,637.8349 hectares – its perimeter beginning at a point marked "1"
12 9125.05,5.416666) 336.1009 meters due north to point 2. Thence N76-00W
13 3,409.0859 meters to point 3. Thence 647.7688 meters due north to point 4. Thence
14 4,684.8956 meters due east to point 5. Thence N65-00E 3,281.8566 meters to point
15 6. Thence S65-00E 2,148.52 meters to point 7. Thence 3,433.6432 meters following
16 the coastal line westward to point 8. Thence 383,8778 meters due north to point 9.
17 Thence 1,129.2888 meters due west to point 10. Thence 430.3896 meters following
18 Kamanga River downstream to point 11. Thence 2,864.7673 meters following the
19 coastal line westward to the point of beginning.

20
21 **(B) IN THE MUNICIPALITY OF KIAMBA:**

22 Kling Plantation, Barangay Kling, with a land area of 458.6395 hectares – its
23 perimeter beginning at a point marked "1" thence S22-50W 2,380.06 meters to point
24 2. Thence N69-40E 592.87 meters to point 3. Thence S23-09E 571.11 meters to
25 point 4. Thence N39-53W 848.33 meters to point 5. Thence S27-06W 1,401.22
26 meters to point 6. Thence S89-58W 417.78 meters to point 7. Thence S57-55W
27 300.86 meters point to 8. Thence S45-02E 269.33 meters to point 9. Thence S59-
28 31W 666.45 meters to point 10. Thence S85-19W 416.08 meters to point 11. Thence
29 S63-52E 390.16 meters to point 12.

30 Thence S04-57W 354.57 meters to point 13. Thence N88-04W 448.77 meters to
31 point 14. Thence S76-37E 754.78 meters to point 15. Thence S59-39W 480.49
32 meters to point 16. Thence S26-22W 428.59 meters to point 17. Thence S10-55E
33 325.30 meters to point 18. Thence S73-00E 986.32 meters to point 19. Thence N61-

1 22W 1,204.25 meters to point 20. Thence N61-29W 1,272.89 meters to point 21.
2 Thence N17-46E 522.61 meters to point 22. Thence N49-48E 524.77 meters to point
3 23. Thence N27-14E 1,261.13 meters to point 24. Thence S80-55W 292.41 meters
4 to point 25. Thence N57-30W 834.24 meters to point 26. Thence N59-39W 1,135.82
5 meters to point 27. Thence N31-11E 373.53 meters to point 28. Thence N52-47E
6 320.08 meters to point 29. Thence N08-33E 226.76 meters to point 30. Thence N44-
7 35E 314.95 meters to point 31. Thence N87-34W 716.37 meters to point 32. Thence
8 N10-20E 359.07 meters to point 33. Thence N19-46E 373.12 meters to point 34.
9 Thence N79-32E 356.06 meters to point 37. Thence S67-03E 417.05 meters to point
10 38. Thence N70-41E 781.05 meters to point 39. Thence S48-50E 195.91 meters to
11 point 40. Thence S73-02E 1,355.47 meters to point 41. Thence N81-51E 1,129.46
12 meters to the point of beginning.

13
14 *Portions of Barangay Nalus with an aggregate land area of 249.1030 hectares – its*
15 *perimeter beginning at a point marked “1” thence N33-35W 361.33 meters to point 2.*
16 *Thence S89-23E 3,435.03 meters to point 3. Thence S84-32E 806.26 meters to*
17 *point 4. Thence S00-51E 2,478.97 meters to point 5. Thence S73-03W 379.35*
18 *meters to point 6. Thence N62-12W 1,317.44 meters to the point of beginning.*

19
20 *Portions of Barangay Tambilil with an aggregate land area of 503.7911 hectares – its*
21 *perimeter beginning at a point marked “1” thence S76-36E 1,641.96 meters to point*
22 *2. Thence S33-23E 603.15 meters to point 3. Thence S00-42W 1,477.55 meters to*
23 *point 4. Thence S60-35E 2,468.84 meters to point 5. Thence S05-44W 1,379.94*
24 *meters to point 6. Thence N81-32W 2,332.38 meters to point 7. Thence N47-54W*
25 *517.59 meters to point 8. Thence N89-53W 1,425.27 meters to point 9. Thence N71-*
26 *29W 550.76 meters to point 10. Thence N60-01W 1,702.29 meters to point 11.*
27 *Thence N34-08E 3,900.98 meters to the point of beginning.*

28
29 (C) IN THE MUNICIPALITY OF MAITUM:

30
31 *Portions of Kalong with an aggregate land area of 151.5394 hectares – its perimeter*
32 *beginning at a point marked “1” thence N11-19E 1,381.30 meters to point 2. Thence*
33 *S80-16E 564.58 meters to point 3. Thence N59-27E 839.24 meters to point 4.*

1 Thence N48-38E 524.90 meters to point 5. Thence S34-38E 1,400.29 meters to
2 point 6. Thence N78-16W 494.26 meters to point 7. Thence S19-28E 700.50 meters
3 to point 8. Thence S32-40W 587.22 meters to point 9. Thence S83-32W 597.25
4 meters to point 10. Thence S05-03W 666.02 meters to point 11. Thence S01-31E
5 801.96 meters to point 12. Thence N76-26W 262.49 meters to point 13. Thence
6 N46-30W 910.83 meters to point 14. Thence N11-31W 783.73 meters to point 15.
7 Thence N79-34W 578.30 meters to the point of beginning.

8
9 Portions of Barangay Mabay with an aggregate land area of 168.7388 hectares – its
10 perimeter beginning at a point marked “1” thence S02-45E 507.39 meters to point 2.
11 Thence N31-40E 328.29 meters to point 3. Thence N86-15E 560.80 meters to point
12 4. Thence N70-58W 744.74 meters to point 5. Thence N54-04E 1,940.88 meters to
13 point 6. Thence N19-00E 321.55 meters to point 7. Thence N88-54W 162.98 meters
14 to point 8. Thence S72-49E 395.78 meters to point 9. Thence S73-23E 1,150.48
15 meters to point 10. Thence S33-22W 1,603.10 meters to point 11. Thence N86-37W
16 1,102.62 meters to point 12. Thence S18-57W 464.35 meters to point 13. Thence
17 N26-01W 567.47 meters to point 14. Thence N35-09W 101.43 meters to point 15.
18 Thence N83-37W 609.47 meters to the point of beginning.

19
20 Portions of Barangay Old Poblacion with an aggregate land area of 164.9358
21 hectares – its perimeter beginning at a point marked “1” thence S52-24E 1,296.72
22 meters to point 2. Thence S34-47W 792.71 meters to point 3. Thence S74-20W
23 386.33 meters to point 4. Thence N89-59W 212.16 meters to point 5. Thence S34-
24 33W 2,050.56 meters to point 6. Thence N62-28E 784.01 meters to point 7. Thence
25 N17-03W 282.76 meters to point 8. Thence N77-41W 2,394.85 meters to point 9.
26 Thence N31-21E 981.65 meters to point 10. Thence S23-58E 121.02 meters to point
27 11. Thence N77-14E 416.209 meters to point 12. Thence N62-42E 1,218.16 meters
28 to point 13. Thence N05-26E 1,366.79 meters to the point of beginning.

29
30 **SEC. 4. Governing Principles.** – The MAKIMA-IT Ecozone shall be managed by
31 the MAKIMA-IT Special Economic Zone Authority, hereinafter referred to as the MITSEZA,
32 created under Section 10 of this Act under the following principles:
33

- 1 (A) *Within the framework and limitations of the Constitution and applicable provisions*
2 *of the Local Government Code of 1991, the MAKIMA-IT Ecozone shall be*
3 *developed into and operated as a decentralized, self-reliant and self-sustaining*
4 *industrial, commercial/trading, tourist, banking, financial and investment center*
5 *with residential areas.*
- 6 (B) *The MAKIMA-IT Ecozone shall be provide with transportation, communications*
7 *and other facilities needed to attract legitimate and productive investments,*
8 *generate linkage industries and employment opportunities for the people of the*
9 *province of Sarangani and its neighboring town and cities.*
- 10 (C) *The MAKIMA-IT Ecozone may establish mutually beneficial economic relations*
11 *with other entities or enterprises within the country or, subject to the*
12 *administrative guidance of the Department of Foreign Affairs (DFA), the*
13 *Philippine Economic Zone Authority (PEZA) and/or the Department of Trade and*
14 *Industry (DTI), with foreign entities or enterprises.*
- 15 (D) *Foreign citizens and companies owned by non-Filipinos in whatever proportions*
16 *may set up enterprises in the MAKIMA-IT Ecozone, either by themselves or in*
17 *joint venture with Filipinos in any sector of industry, international trade and*
18 *commerce within the MAKIMA-IT Ecozone.*
- 19 (E) *The areas comprising the MAKIMA-IT Ecozone may be expanded or reduced*
20 *when necessary. For this purpose, the MITSEZA, in consultation with the LGUs,*
21 *shall have the power to acquire either by purchase, negotiation or condemnation*
22 *proceedings, any private land within or adjacent to the MAKIMA-IT Ecozone*
23 *development; (2) acquisition of right of way to the MAKIMA-IT Ecozone; and (3)*
24 *the protection of watershed areas and natural assets valuable to the prosperity of*
25 *the MAKIMA-IT Ecozone.*
- 26 (F) *Goods manufactured by a MAKIMA-IT Ecozone enterprise shall be made for*
27 *immediate retail sale in the domestic market, subject to the payment of*
28 *corresponding taxes on raw materials and other regulations that maybe*
29 *formulated by the MITSEZA, together with the PEZA, Bureau of Customs (BOC)*
30 *and the DTI. However, in order to protect domestic industries, a negative list of*
31 *industries shall be dawn up and regularly updated by the PEZA. Enterprises*
32 *engaged in industries include in such negative list shall not be allowed to sell*
33 *their products locally.*

1 (G) The national government shall maintain its ability to coordinate with MAKIMA-IT
2 Ecozone and the local government units.

3
4 **SEC. 5. Incentives to Registered Enterprises.** – The MITSEZA may administer the
5 following incentives to the registered enterprises located therein to the extent of the
6 activity/project:

7 (A) Income Tax Holiday (ITH). – Registered enterprises shall be entitled to income tax
8 holiday from the start of their commercial operations to the extent of their activity
9 under the following categories:

10 Category A – Registered domestic enterprise located in highly developed areas,
11 as determined by the Board of Investments (BOI) shall be entitled to a four-year
12 income tax holiday.

13 Category B – Registered domestic enterprise on the following shall be entitled to
14 a six-year income tax holiday:

15 (1) Located in less developed areas as defined by the BOI; or

16 (2) Producing/Rendering new products/services or having strong backward or
17 forward linkages.

18 Category C – Registered export enterprise shall be entitled to a six-year income
19 tax holiday: Provided, however, That if the export enterprise complies with the
20 following: (1) large capital investments or sizeable employment generation, or (2)
21 use high level of technology; or (3) located outside Metro Manila, it shall be entitled
22 to an eight-year income tax holiday.

23 Registered enterprises embarking on new investments that are listed in the current
24 Investment Priority Plan (IPP) shall be entitled to incentives provide herein pertaining to the
25 new investments and subject to such terms and conditions as the BOI may determine.

26 For this purpose, a registered enterprise shall be defined as any person, natural or
27 juridical, licensed to do business in the Philippines and registered with the MITSEZA to
28 transact business within the MAKIMA-IT Ecozone. A registered export enterprise engage
29 directly or indirectly in the production, manufacture or trade of products or services which
30 earns at least seventy percent (70%) of its normal operating revenues from the sale of its
31 products or services abroad for foreign currency. A registered domestic enterprise,
32 meanwhile, shall be defined as any registered enterprise not falling under the definition of a
33 registered export enterprise.

1 Additional investments in the project shall be entitled to the income tax holidays
2 corresponding to such investments as may be determined by the BOI. Additional income tax
3 holiday may be granted for as long as the investment is made on the same project:
4 Provided, that the project is listed in the IPP at the same time the additional investments in
5 the project is made: Provided, further, that the entitlement period for additional investments
6 shall not exceed three times the period provided under this subsection: Provided, however,
7 that the total ITH period for an export enterprise availing of an eight-year income tax holiday
8 shall not exceed 20 years. Any unused incentives shall therefore be deemed forfeited if not
9 used during the incentive period.

10 Enterprises registered with the MITSEZA are required to share in the special
11 development fund of the BOI for investment promotion projects of the government
12 equivalent to one percent (1%) of the ITH granted for every application.

13 The Bureau of Internal Revenue (BIR) shall require a registered enterprise availing of
14 ITH or Net Operating Loss Carryover (NOLCO) to secure a certificate of eligibility from the
15 MITSEZA before submitting its income tax return (ITR) with the MITSEZA for validation.

16 Failure to secure certification and/or file the ITH or NOLCO availment for validation by
17 the MITSEZA within forty-five (45) days from the last day of the statutory filing date for ITR
18 shall cause the forfeiture of the availment for the taxable period.

19
20 (B) Net Operating Loss Carryover (NOLCO). – Net operating loss of the business or
21 enterprise during the first three years from the start of commercial operation which
22 have not been previously offset as deduction from gross income shall be carried over
23 as a deduction from gross income for the next five consecutive years immediately
24 following the year of such loss: Provided, however, that the operating loss resulting
25 from availment of incentives provided in this Act shall not be entitled to NOLCO.

26 A registered enterprise availing of the ITH as herein provided shall not be
27 entitled to avail of the NOLCO.

28
29 (C) Imposition of a tax rate of five percent (5%) on Gross Income Earned (GIE) – Except
30 for real property tax on land, no local and national taxes as prescribed under
31 Republic Act No. 8424, also known as “The National Revenue Code of 1997, as
32 Amended “such as income tax, excise tax and franchise taxes, shall be imposed on

1 registered enterprises operating within the MAKIMA-IT Ecozone. In lieu thereof, five
2 percent (5%) of the gross income shall be paid as follows:

3 (a) Three percent (3%) to the National Government; and,

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

6 All persons and services establishments in the MAKIMA-IT Ecozone shall be
7 subject to national and local taxes under the National Internal Code of 1997, as
8 amended, and the Local Government Code.

9
10 (D) Accelerated Depreciation. – Accelerated depreciation of plant, machinery and
11 equipment that are reasonably needed and actually used for the production and
12 transport of goods and services may be allowed using a rate not exceeding twice the
13 rate which would have used had the annual allowance been computed in
14 accordance with rules and regulations prescribed by the Secretary of Finance and
15 the provisions of the National Internal Revenue Code of 1997, as amended.

16
17 (E) Capital Equipment Incentives. – Importations of capital equipment, spare parts, tools
18 and dye, or those required for the pollution abatement and control, cleaner
19 production and waste reduction including consignment thereof by registered
20 enterprises upon effectivity of this law, shall be exempted to the extent of one
21 hundred percent (100%) of the taxes and customs duties: Provided, that the
22 imported items thereof shall be used exclusively by the registered enterprise in its
23 registered activity: Provided, further, that the importation of machinery and
24 equipment and accompanying parts shall comply with the following conditions:

25 (1) They are not manufactured domestically in sufficient quantity, of comparable
26 quality and at reasonable prices;

27 (2) They are reasonably needed and will be used exclusively by the registered
28 enterprise in the manufacture of its products, unless prior approval of the
29 MITSEZA is secured for the part time utilization of said equipment in a non-
30 registered activity to maximize usage thereof or the proportionate taxes and
31 duties are paid on a specific equipment and machinery being permanently
32 used for non-registered activities; and,

1 (3) Approval of the MITSEZA was obtained by the registered enterprise for the
2 importation of such machinery, equipment and spare parts.

3
4 Approval of the MITSEZA must be secured before any sale, transfer or
5 disposition of the imported capital equipment, machinery or spare parts is made:
6 Provided, that if such sale, transfer or disposition is made within the first five years
7 from the date of importation, any of the following condition must be present:

8 (1) The sale, transfer or disposition is made to another enterprise enjoying tax
9 and duty exemption on capital equipment;

10 (2) The sale, transfer or disposition is made to another enterprise, upon the
11 payment of any taxes and duties on the net book value of the capital
12 equipment to be sold;

13 (3) The exportation of the capital; equipment, machinery, spare parts or source
14 documents or those required for pollution abatement and control; or

15 (4) Proven technical obsolescence of the said equipment, machinery or spare
16 parts.

17 When the aforementioned sale, transfer or disposition is made under any of the
18 conditions provided for in the foregoing paragraphs (2) herein, the registered firm shall not
19 pay taxes and duties waived on such items: Provided, further, that if the registered
20 enterprise shall sell, transfer or dispose the aforementioned imported items without prior
21 approval within five years from the date of importation, the registered enterprise and the
22 vendee, transferee or assignee shall be solidarily liable to pay twice the amount of taxes
23 and duties based on the net book value of the capital equipment, machinery or spare parts if
24 any of the registration terms and conditions has been violated. Otherwise, they shall no
25 longer be subjected to the payment of the taxes and duties waived thereon.

26 The purchase of machinery, capital equipment, raw materials, supplies, parts and
27 semi-finished products to be used in the fabrication of machinery and capital equipment by
28 a registered export oriented enterprise from a domestic manufacturer shall be subject to
29 zero percent (0%) value-added tax.

30 The registered export-oriented enterprise shall be granted a tax credit equivalent to
31 the amount of duties that would have been waived on the machinery, capital equipment, raw
32 materials, supplies, parts and semi-finished products are used in the fabrication of
33 machinery and capital equipment, had these items been imported, upon submission to the

1 Department of Finance (DOF) of the bill of materials evidencing the transaction value of
2 such and other documents, for verification and proper endorsement.

3
4 The avallment by a registered export enterprise of the incentive stated under the
5 immediately preceding two paragraphs shall be subject to the following conditions: (a) that
6 said capital equipment, machinery and spare parts will be used exclusively by the registered
7 enterprise in its registered activity; (b) that the capital equipment or machinery where the
8 raw materials, supplies, parts and semi-finished products were used would have qualified
9 for tax and duty-free importation; and, (c) that the approval of the MITSEZA is obtained by
10 the registered enterprise. If the registered enterprise sells, transfers or disposes of these
11 machineries, capital equipment and spare parts, the provision in the preceding paragraphs
12 for such disposition shall apply.

13
14 (F) The importation of source documents of source, documents by information
15 technology related registered enterprises shall be eligible for tax and duty-free
16 importation.

17
18 (G) Raw Material Incentives.- Every registered export-oriented enterprise shall enjoy a
19 tax credit equivalent to the internal revenue taxes and customs duties paid on the
20 supplies, raw materials and semi-manufactured products provide the same are not
21 sufficient in quantity, quality or are not competitively priced in the Philippines and
22 which are used in the manufacture, processing or production of its export forming
23 part thereof, exported directly and indirectly by the registered export-oriented
24 enterprise, based on the actual taxes and duties paid for such
25 materials/supplies/semi-manufactured products by the registered enterprise.

26 This incentive shall be deemed waived if application for tax credit under this
27 subsection was not filed within one year from the date of exportation of the final
28 product.

29 Incentives on Breeding Stocks and Genetic Materials.- Importation of breeding
30 stocks and genetics materials within ten (10) years from the date of registration of
31 commercial operation of the enterprise shall be exempt from all taxes and duties:
32 Provide, that such breeding stocks and genetics materials are reasonably needed in
33 the registered activity, and approved by the MITSEZA.

1 The availment of the incentives by the registered enterprise shall be subject to the
2 following: (a) that said breeding stocks and genetic materials would have been
3 qualified for tax and duty-free importation under the preceding paragraph; (b) that the
4 breeding stocks and genetic materials are reasonably needed in the registered
5 activity; (c) that the approval of MITSEZA has been obtained by the registered
6 enterprise; and, (d) that the purchase is made within 10 years from the date of
7 registration of commercial operation of the registered enterprise.

8 The incentive shall be deemed waived if application for tax credit under this
9 subsection is not filed within one year from the date of delivery.

10
11 (H) Exemption from Wharfage Dues. – The provision of law to the contrary
12 notwithstanding, exports by a registered enterprise shall be exempted from wharfage
13 dues.

14
15 (I) Deferred Imposition of the Minimum Corporate Income Tax. - The Minimum
16 Corporate Income Tax (MCIT) of two percent (2%) of the gross income at the end of
17 the taxable year shall be imposed when the MCIT is greater than the income tax
18 computed under the NIRC of 1997, as amended, for taxable year; Provided,
19 however, that said MCIT shall be imposed only after the enterprise's entitlement
20 period to the income tax-based incentives has expired.

21
22 (J) Tax Treatment of Merchandise in the MAKIMA-IT Ecozone. –

23 (1) *Domestic merchandise sent from the MAKIMA-IT Ecozone to areas outside*
24 *the said ecozone shall, whether or not combined with or made part of other*
25 *articles likewise of local origin of manufactured in the Philippines while in the*
26 *export processing zone, be subject to internal revenue laws of the Philippines*
27 *as domestic goods sold, transferred or disposed of for local consumption.*

28 (2) Merchandise sent from MAKIMA-IT Ecozone to areas outside the said
29 ecozone shall, whether or not combined with or made part of other articles
30 while in the zone, be subject to rules and regulations governing imported
31 merchandise. The duties and taxes shall be based on the value of said
32 imported materials (except when the final product is exempt).

1 (3) Articles produced or manufactured in the MAKIMA-It Ecozone and exported
2 therefrom shall, on subsequent importation into the customs territory, be
3 subject to the import laws applicable to like articles manufactured taken out of
4 the MAKIMA-IT Ecozone shall be considered for tax purposes to have sent to
5 customs territory.
6

7 (K) Tax Treatment of Raw Materials and Capital Equipment in the MAKIMA-IT Ecozone.

8 – Importations of raw materials and capital equipment shall be treated as in the
9 Omnibus Investment Code.
10

11 (L) Importations of raw materials and capital equipment shall be treated as in the
12 Omnibus Investment Code. Registered export-oriented enterprises shall have
13 access to the utilization of the bonded warehousing system in accordance with the
14 rules and regulations of the BOC.
15

16 (M) Employment of Foreign Nationals. – Subject to the provisions of Section 29 of
17 Commonwealth Act No. 613, as amended, a registered enterprise may employ
18 foreign nationals in supervisory or technical positions for a period not extending ten
19 (10) years from its registration: Provided, That when the majority of the capital stock
20 of the registered enterprise is owned by foreign investors, the position of the
21 president, treasurer and general manager or their equivalents may be trained by
22 foreign nationals beyond the period set forth herein and such officer is the owner or
23 stockholder owning at least ten percent (10%) of the outstanding capital stock of the
24 registered enterprise and he remains the owner or maintains his stockholdings
25 herein.

26 Foreign nationals under employment contract within the purview of this
27 incentive, their spouses and unmarried children under twenty-one (21) years of age,
28 who are not excluded by Sec. 29 of Commonwealth Act. No. 613, as amended, shall
29 be permitted to enter and reside in the Philippines during the period of employment
30 of such foreign nationals. They shall be entitled to a multiple entry visa, valid for a
31 period of three years, and shall be allowed to leave and enter the Philippines without
32 further documentary requirements other than valid passports or other travel

1 documents in the nature of passports. The validity of the multiple entry visa shall be
2 extendible yearly.

3
4 **SEC. 6. Incentive to Investors.**- Any foreign national covered under subsection (M)
5 of Section of this Act who invests an amount of US \$ 150,000.00 either in cash and/or
6 equipment, in a registered enterprises shall be entitled to an investor's visa; Provided, That,

- 7 1. He is at least eighteen (18) years of age;
- 8 2. He has not yet been convicted of a crime involving moral turpitude;
- 9 3. He is not afflicted with any loathsome, dangerous or contagious disease; and,
- 10 4. He has not been institutionalized for any mental disorder or disability: Provided,
11 further, That in securing the investor's visa, the alien applicant shall be entitled to
12 the same privileges provided for under subsection (M), Section 5 hereof.

13 As a holder of investor's visa, an alien shall be entitled to reside in the Philippines
14 while his investments subsists. For this purpose, he should submit an annual report, in the
15 form duly prescribed for the purpose, to prove that he has maintained his investment in the
16 country. Should the alien withdraw his investments from the Philippines, the investor's visa
17 issued to him shall automatically expire.

18
19 **SEC. 7. Administration, Implementation, and Monitoring of Incentives.**- The
20 MITSEZA shall be responsible for the administration and implementation of incentives
21 granted to its respective registered enterprises: Provided, That any incentive administration
22 policy adopted by the BOI for registered enterprises shall be uniformly applied by the
23 MITSEZA.

24 The following are the duties and responsibilities of the MITSEZA in the administration of
25 incentives:

- 26 (A) To adopt consistent procedures of administering incentives in accordance with the
27 guidelines established by the BOI;
- 28 (B) To adopt and implement systems and procedures affecting trade and customs
29 policies in accordance with the requirements established by the DOF and the BOI;
- 30 (C) To submit information on registered enterprises to the DOF and the BOI as required
31 by any of these agencies to as certain consistency of investment policies and
32 incentives, including their implementation as provided in paragraph (A) herein, and to

1 ensure proper implementation of systems and procedures affecting trade and
2 customs policies as provided in paragraph (B) herein.

3 (D) To perform all other duties and responsibilities as may be required by the President
4 of the Philippines.

5 For proper monitoring, the BOI shall create a single database of all incentives
6 provided by all incentives granting agencies including the MITSEZA, and all the information
7 thereto. Double entry accounting shall be done by the BOI in recording all incentives
8 granted by the government for transparency purposes.

9
10 **SEC. 8. Extension of Period Availment.** – The availment period of the incentives
11 provided herein maybe extended by the MITSEZA, in the event that the registered
12 enterprise suffers operational *force majeure* or any event equivalent thereto, impairing its
13 viability: Provided, That the availment period shall not exceed the duration of the said force
14 majeure or equivalent event.

15
16 **SEC 9. Duration of Incentives-** Enterprises registered with the MITSEZA may enjoy
17 ITH or NOLCO granted by the latter prior to the availment of the five percent (5%) GIE.

18 Fiscal incentives under this act shall be terminated after the cumulative period of 20
19 years from the date of registration or start of commercial operation, whichever is applicable,
20 except that it could be extended with regard to industries deemed indispensable to national
21 development.

22 The industries exempted from this provision shall be recommended by the BOI, with
23 the concurrence of the Secretaries of the DOF and DTI.

24
25 **SEC. 10. Creation of MAKIMA-IT Special Economic Zone Authority.-** There is
26 hereby created a body corporate to be known as the MAKIMA-IT Special Economic Zone
27 Authority, hereinafter referred to as the MITSEZA, which shall manage and operate, in
28 accordance with the provisions of this Act, the MAKIMA-IT Ecozone. This corporate
29 franchise shall expire 50 years counted from the first day of the fifth calendar year after the
30 effectivity of this Act, unless otherwise extended by Congress. It shall be organized within
31 180 days from the effectivity of this Act.

1 **SEC. 11. Principal Office of the MITSEZA-** The MITSEZA shall maintain its
2 principal office in the Municipality of Kiamba, but it may establish branches within the
3 Philippines as may be necessary for the proper conduct of its business.

4
5 **SEC.12. Powers and Functions of the MITSEZA.** – The MITSEZA shall have the
6 following powers and functions:

7 (A) To operate, administer, manage and develop the MAKIMA-IT
8 Ecozone according to the Principles and provisions set forth in this
9 Act;

10 (B) To register, regulate and supervise the enterprises in the MAKIMA-
11 IT Ecozone in an efficient and decentralized manner, *subject to*
12 existing laws;

13 (C) To coordinate with local government units and exercise general
14 *supervision over the development plans, activities and operations*
15 of the MAKIMA-IT Ecozone;

16 (D) To regulate and undertake the establishment, operation and
17 maintenance of utilities, other services and infrastructure in the
18 MAKIMA-IT Ecozone such as but not limited to heat, light and
19 power, water supply, telecommunications, *transport, toll roads and*
20 bridges, port services, etc., and to fix just, reasonable and
21 uncompetitive rates and fares, charges and prices thereof;

22 (E) To construct, acquire, own, lease, operate and maintain on its own
23 or through contracts, franchises, licenses, bulk purchases from the
24 private sector or permits under any of the schemes allowed in the
25 Republic Act No. 6957 (the Build-Operate-Transfer law, as
26 amended by R.A. No. 7718), or joint venture, adequate facilities
27 and infrastructures required or needed for the operation and
28 development of the MAKIMA-IT Ecozone, in coordination with the
29 appropriate national and local government authorities and in
30 conformity, with applicable laws thereon;

31 (F) To operate on its own, either directly or through a license to other
32 tourism-related activities, including games, amusements,
33 recreation and sports facilities;

- 1 (G) Subject to the approval of the President of the Republic of the
2 Philippines and the Monetary Board of the Bangko Sentral ng
3 Pilipinas (BSP) and upon the recommendation of the Department
4 of Finance, to raise and borrow necessary funds from local or
5 foreign sources, to finance its projects and programs under this
6 Act, and for that purpose to issue bonds, promissory notes and
7 other forms of securities, and to secure the same by a guarantee,
8 pledge, mortgage, deed of trust, or an assignment of all or part of
9 its property or assets;
- 10 (H) To protect, preserve, maintain and develop the virgin forests,
11 beaches, coral and coral reefs and maintain ecological balance
12 within the MAKIMA-IT Ecozone;
- 13 (I) To create, operate and/or contract to operate such functional
14 units and offices of the MITSEZA as it may deem necessary;
- 15 (J) To adapt, alter, and use a corporate seal; make contracts, leases,
16 own or otherwise dispose of personal or real property; sue and be
17 sued; and other carry out its functions and duties as provided for in
18 this Act;
- 19 (K) To issue certificates of origin for products, manufactured or
20 processed in the MAKIMA-IT Ecozone in accordance with
21 prevailing rules of origin, and the pertinent regulations of the PEZA,
22 the DTI and/or the DOF;
- 23 (L) To issue working visas renewable every two years to foreign
24 executives and foreign technicians with highly specialized skills
25 which no Filipino possesses, as certified by the Department of
26 Labor and Employment
- 27 (M) To report to the BOI the names of the foreigners who have been
28 granted resident status and working visas within 30 days after
29 issuance of such grant;
- 30 (N) To exercise such powers as may be essential, necessary or
31 incidental to the powers granted to it here under as well as those
32 that shall enable it to carry out, implement and accomplish the
33 purposes, objectives and policies of this Act; and,

1 (O) To issue rules and regulations consistent with to the provisions of
2 this Act as may be necessary to accomplish and implement the
3 purposes, objectives and policies herein.
4

5 **SEC 13. *Banking Rules and Regulations.*** – Existing laws and rules/regulations of the
6 BSP shall apply to banks and financial institutions to be established in the MAKIMA-IT
7 Ecozone, such as those governing foreign exchange and other concurrent account
8 transactions (trade and non-trade), local and foreign borrowings, foreign investments,
9 establishment and operation of local and foreign banks, foreign currency and deposit units,
10 offshore banking units, and other financial institution under the supervision of the BSP.
11

12 **SEC 14. *Remittance of Earnings.***- In the case of foreign investments, a registered
13 enterprise in the MITSEZA shall have the right to remit earnings from the investment in the
14 currency in which the investment was originally made and at the exchange rate prevailing at
15 the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265, as
16 amended.
17

18 **SEC. 15. *Board of Directors of the MITSEZA.*** – The powers of the MITSEZA shall be
19 vested in and exercised by a Board of Directors hereinafter referred to as the Board, which
20 shall be composed of the following:

21 (A) The Chairman who shall come from among the members of the Board of Directors;

22 (B) A Vice Chairman who shall come from among the members of the Board of
23 Directors;

24 (C) Members consisting of:

25 1) The Governor of the Province of Sarangani;

26 2) The Congressional Representative of the Province of Sarangani;

27 3) The Mayors of the municipalities of Maasim, Kiamba, Maitum, all in the
28 province of Sarangani;

29 4) The Presidents of the Chambers of Commerce and Industry in the
30 municipalities of Maasim, Kiamba and Maitum, all in the province of
31 Sarangani;

32 5) Three representatives of Industry in Sarangani Province.
33

1 The Governor, the Congressional Representative, the Mayors and Presidents of the
2 Chambers of Commerce and Industry of the municipalities of Maasim, Kiamba and Maitum,
3 Province of Sarangani, shall serve as *ex officio* members of the Board, whose term in the
4 Board corresponds to their terms as elected officials.

5 The Chairman shall be appointed of the President of the Republic of the Philippines
6 upon the nomination of the Board of Directors to serve for six years, unless separated from
7 service due to death, voluntary resignation or removal for cause, the replacement shall
8 serve only the unexpired portion of the term.

9 Except for the Representative of the industry sector, no person shall be appointed by
10 the President of the Republic of the Philippines as member of the Board unless he is a
11 Filipino citizen, of good moral character, of proven probity and integrity and a degree holder
12 in any of the following fields: economics, business, public administration, law, management
13 or their equivalent, and with at least ten (10) years relevant working experience preferably in
14 the field of management and public administration.

15 The members of the Board shall each receive *per diem* at a rate to be determined by
16 the Department of Budget and Management in accordance with existing rules and
17 regulations: Provided, however, That the total *per diem* collected each month shall not
18 exceed the equivalent *per diem* for four (4) meetings. Unless and until the President of the
19 Philippines has fixed a higher *per diem* for the members of the Board, such *per diem* shall
20 not be more than Ten thousand pesos (P10,000.00) for every Board meeting.

21
22 **SEC.16. Powers and Duties of the Administrator.** – The MITSEZA Administrator,
23 who shall be appointed by the President of the Philippines upon the recommendation of the
24 Board of Directors, shall have the following powers and duties:

25 (A) To direct and manage the affairs of the MITSEZA in accordance with the policies set
26 by the Board of Directors;

27 (B) To establish the internal organization of MITSEZA under such conditions that the
28 Board of Directors may Prescribe;

29 (C) To submit an annual budget and necessary supplemental budget to the Board for its
30 approval;

31 (D) To submit within thirty (30) days after the close of each fiscal year an annual report
32 to the Board and such other reports as maybe required;

1 (E) To submit to the Board for its approval policies, systems, procedures, rules and
2 regulations that is essential to the operation of the MAKIMA-IT Ecozone;

3 (F) To create a mechanism in coordination with relevant agencies for the promotion of
4 industrial peace, the protection of the environment, and the advancement of the
5 quality of life in the MAKIMA-IT Ecozone; and,

6 (G) To perform such other duties as may be assigned to him by the Board or which are
7 be necessary or incidental to his office.

8
9 **SEC.17. Organization and Personnel.** – The Board of the MITSEZA shall provide for
10 an organization and staff of its officers and employees. Upon the recommendation of the
11 Administrator, the Board shall appoint and fix the remuneration and other emoluments of its
12 officers and employees in accordance with existing laws on compensation and position
13 classification: Provided, That the Board shall have the exclusive and final authority to
14 promote, transfer, assign, reassign officers of the MITSEZA, any provision of the existing
15 law to the contrary notwithstanding: Provided further, That the Administrator may carry out
16 removal of such officers and employees.

17 The officers and employees of the MITSEZA, including all members of the Board,
18 shall not engage directly or indirectly in partisan activities nor take part in any election,
19 except to vote.

20 No officer or employee of MITSEZA, subject to civil service rules and regulations, shall
21 be removed or suspend except for cause, as provided by law.

22
23 **SEC.18. Ipso Facto Clause.** – Sections 30-41 of Republic Act No. 7916 or the
24 Special Economic Zone Act of 1995, shall ipso facto apply to the MAKIMA-IT Ecozone.

25
26 **SEC.19. Capitalization.** – The MITSEZA shall have an authorized capital stock of
27 One Billion (1,000,000,000) no par shares with a minimum issue of Ten Pesos (P 10.00)
28 each, the majority shares of which shall be subscribed and paid for by the National
29 Government and the Local Government Units of the MITSEZA may, with the written
30 concurrence of the secretary of Finance, sell shares, representing not more than *forty per*
31 *centum* (40%) of the capital stock of the MITSEZA to the general public under such policy
32 as the Board and the Secretary of the DOF may determine. The National Government and

1 the LGUs shall, in no case, own less than sixty per centum (60%) of the total issued and
2 outstanding capital of the MITSEZA.

3 The amount necessary to subscribe and pay for the shares of the national
4 government to the capital stock of the MITSEZA shall be included in the annual General
5 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue allotment
6 and other local funds.

7
8 **SEC. 20. Supervision.** – The MAKIMA-IT Ecozone shall be under the direct control and
9 supervision of the PEZA for purposes of policy direction and coordination.

10
11 **SEC. 21. Relationship with the Regional Development Council.** – The MITSEZA
12 shall determine the development goals for the MAKIMA-IT Ecozone within the framework of
13 national development plan, policies and goals. The Administrator shall upon approval of the
14 Board, submit the MAKIMA-IT Ecozone plans, programs and projects to the Regional
15 Development Council for inclusion and inputs to the regional development plan.

16
17 **SEC.22. Relationship with Local Government Units.** – Except as herein provided, the
18 local government units comprising the MAKIMA-IT Ecozone shall retain their basic
19 autonomy and identity. The Municipalities of Maasim, Kiamba, and Maitum, Sarangani
20 province, and their component barangays and/or sitios where the MAKIMA-IT Industrial
21 Parks are located shall continue to operate and function in accordance with the Local
22 Government Code of 1991. In case of any conflict between the MITSEZA and the province
23 of Sarangani and the Municipalities of Maasim, Kiamba and Maitum, on matters affecting
24 the MAKIMA-IT Ecozone other than defense and security matters, the decision of MITSEZA
25 shall prevail.

26
27 **SEC.23. Interpretation/Construction.** – The powers, authorities and functions that are
28 vested in the MITSEZA are intended to decentralize governmental functions and authority
29 and promote an efficient and effective working relationship between the MAKIMA-IT
30 Ecozone, the national government, and the local government units.

31
32 **SEC.24. Auditing.** – The Commission on Audit shall appoint a representative who shall
33 be full time auditor of the MITSEZA and assign such number or personnel as may be

1 necessary to assist said representative in the performance of his/her duties. The salaries
2 and emoluments of the assigned auditor and personnel shall be in accordance with
3 pertinent laws, rules and regulations.

4
5 **SEC.25. *Transitory Provision.*** – The existing Board of Convenors of the MAKIMA
6 Industrial Triangle, created by virtue of an internal-local agreement/memorandum of
7 cooperation among the municipalities of Maasim, Kiamba and Maitum in Sarangani
8 Province, shall act and perform the functions of the Board pursuant to Section 15 of this Act
9 until such time that the members of the Board of Directors of the MITSEZA are appointed by
10 the President of the Republic of the Philippines and have been duly sworn-in or have
11 entered into office.

12
13 **SEC.26. *Repealing Clause.*** - All laws or parts thereof, decrees, orders, rules and
14 regulations inconsistent with the provisions of this Act are hereby repealed or modified
15 accordingly.

16
17 **SEC.27. *Separability Clause.*** - If any of the provisions of this Act is declared invalid,
18 the other provisions not affected thereby shall remain in full force and effect.

19
20 **SEC. 28. *Effectivity.*** - This Act shall take effect fifteen (15) days following its publication
21 in the Official Gazette or in at least two newspapers of general circulation.

22
23 Approved,