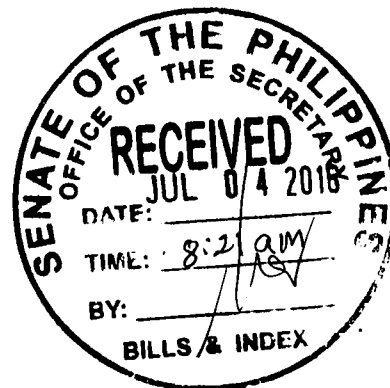


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. No. 229

Introduced by Senator FRANKLIN M. DRILON

AN ACT
RATIONALIZING THE GRANT AND ADMINISTRATION OF
FISCAL INCENTIVES AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The proposed measure seeks to rationalize the fiscal incentives granted to business enterprises in the Philippines.

The incentives provided under the proposed measure may be granted by the IPAs to the Registered Enterprise to the extent of their registered activities. Income derived from non-registered activity or project shall, thus, be subject to appropriate taxes under the National Internal Revenue Code, as amended.

Under the bill, Export Enterprises, may enjoy the following incentives:

A. Located Inside an Economic Zone and/or Freeport Zone

1. Income Tax-Based Incentives
 - 1.1. PEZA Registered Enterprises
 - a. Income Tax Holiday (ITH) for a period not exceeding four (4) years; then,
 - i. Five percent (5%) tax on Gross Income Earned (GIE), in lieu of all national and local taxes, except Value Added Tax (VAT) and Real Property Tax (RPT), for a period not exceeding eleven (11) years; or
 - ii. Fifteen percent (15%) reduced tax on corporate income, in lieu of all national and local taxes, except Value Added Tax (VAT) and Real Property Tax (RPT), for a period not exceeding eleven (11) years.
 - b. Five percent (5%) tax on Gross Income Earned (GIE), in lieu of all national and local taxes, except Value Added Tax (VAT) and Real Property Tax, for a period not exceeding fifteen (15) years; or
 - c. Fifteen percent (15%) reduced tax rate on Corporate Income, in lieu of all national and local taxes, except Value-Added Tax (VAT) and Real Property Tax (RPT) for a period not exceeding fifteen (15) years.

- 1.2. Non-PEZA Registered Enterprises
 - a. Five percent (5%) tax on Gross Income Earned (GIE), in lieu of all national and local taxes, except Value Added Tax (VAT) and Real Property (RPT), for a period not exceeding fifteen (15) years; or
 - b. Fifteen percent (15%) reduced tax rate on corporate income, for a period not exceeding fifteen (15) years.
2. Value-Added Tax (VAT) and Customs Duty Treatment of Imported Capital Equipment and Raw Materials
 - a. One hundred percent (100%) exemption from VAT and customs duties on importation of Capital Equipment, including consignment thereof.
 - b. One hundred percent (100%) exemption from VAT and customs duties on importation of raw materials, supplies, and semi-finished products, provided the same form parts of the goods exported as a product of the registered activity of the Export Enterprise.

B. Located Outside Economic and/or Freeport Zone

1. Income tax-based incentive options
 - a. Income Tax Holiday (ITH) for a period not exceeding four (4) years, then, fifteen percent (15%) reduced tax on corporate income for a period not exceeding eleven (11) years; or
 - b. Fifteen percent (15%) reduced tax rate on corporate income, for a period not exceeding fifteen (15) years.
2. Value-Added Tax (VAT) and Customs Duty Treatment of Imported Capital Equipment and Raw Materials.
 - a. One hundred percent (100%) Exemption on customs duty on importation of Capital Equipment
 - b. Refund of VAT paid on the importation of Capital Equipment
 - c. Refund of VAT and Customs duty paid on the importation of raw materials, supplies, and semi-finished products, provided, the same forms parts of the goods exported resulting from the registered activity.

C. VAT Treatment on Local Sales to Registered Export Enterprises

1. The sale of Capital Equipment, and raw materials and packaging materials directly used in and forms part of the direct cost of the registered activity and forming part of the goods being exported, by a VAT – registered enterprise to a registered Export Enterprise shall be subject to zero percent (0%) VAT.
2. The sale of services performed by subcontractors and/or contractors in processing, converting or manufacturing goods forming part of the direct cost of an Export Enterprise and forming parts of the goods being exported shall be subject to zero percent

(0%) VAT, in accordance with the provisions of the NIRC of 1977, as amended.

The bill likewise provides for the incentives to Registered Enterprises under the Strategic Investment Plan. *Under this provision*, Registered Enterprises may be qualified to the following incentives for a period not exceeding fifteen (15) years:

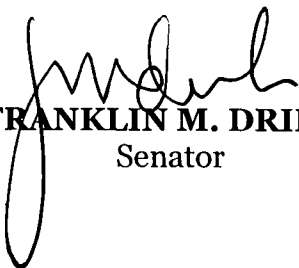
- a. Fifteen percent (15%) reduced tax rate on Corporate Income; and
- b. One hundred percent (100%) exemption from customs duties on importation of Capital Equipment.

Under the proposed measure, the period of availment of incentives shall be reckoned from the start of commercial operation. Registered activities for which fiscal incentives have been granted and were fully utilized shall no longer be eligible for the incentives under the proposed measure for the same activities. In case of existing Registered Enterprises that are presently enjoying the Income Tax Holiday, the same shall continue to enjoy the said incentives until its expiration without extension.

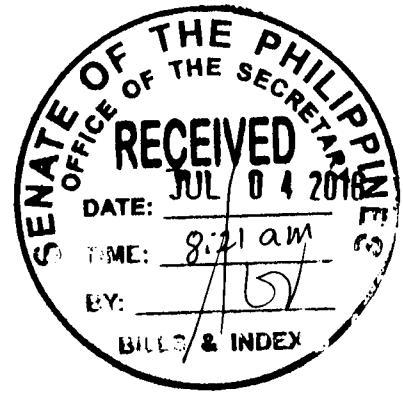
DTI, DOF and NEDA shall be members of the IPA Boards. Any discussion, approval and/or evaluation of any incentive shall require the presence and vote of either the DOF Secretary or NEDA Director General or their duly nominated alternate.

Finally, all IPAs shall submit the investments and incentives data to NEDA for publication of cost-benefit analysis.

In light of the foregoing, the passage of this bill is earnestly sought.


FRANKLIN M. DRILON
Senator

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S.B. No. 229

Introduced by Senator FRANKLIN M. DRILON

AN ACT
RATIONALIZING THE GRANT AND ADMINISTRATION OF
FISCAL INCENTIVES AND FOR OTHER PURPOSES

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

CHAPTER I
TITLE AND DECLARATION OF POLICY

SECTION 1. *Title.* This Act shall be known as “*The Fiscal Incentives Rationalization Act*”.

SEC. 2. *Declaration of Policy.* The national economy shall be developed so as to enhance its global competitiveness through the rational grant and administration of incentives to investments and qualified industrial development activities geared towards employment generation and countrywide development. Accordingly, the following are the declared policies of the State:

- a. The State shall pursue a market-responsive investment regime;
- b. The State shall grant investment incentives that encourage long-term and recurrent investment, are simple to administer, time-bound and whose performance and outcomes are easily verifiable;
- c. The State shall ensure that the grant of incentives promotes substantial social and economic spillovers and equitable development across income classes and across provinces, are fiscally sustainable, financially and economically justifiable and is consistent with international treaties.
- d. The State shall ensure that investments granted tax incentives shall be conducted in a manner that respects all the laws of the land, including the protection of the environment and natural resources, labor and good corporate governance principles.

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CHAPTER II
GENERAL PROVISIONS

SEC. 3. *Scope and Coverage.* This Act shall cover all existing IPAs and other IPAs that may be created by law. The existing IPAs are the Board of Investments (BOI), Philippine Economic Zone Authority (PEZA), the Bases Conversion Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark Development Corporation (CDC), the John Hay Management Corporation (JHMC), the Poro Point Management Corporation (PPMC), the Bataan Technology Park Inc. (BTPI), the Cagayan Economic Zone Authority (CEZA), the Zamboanga City Special Economic Zone Authority (ZCSEZA), the PHIVIDEDEC Industrial Authority (PIA), the Aurora Pacific Economic Zone and Freeport Authority (APECO), the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and the Authority of the Freeport Area of Bataan (AFAB).

SEC. 4. *Governing Provision for IPAs.* All existing and future IPAs vested with the power to confer and administer incentives shall offer only the incentives provided for in this Act.

SEC. 5. *Existing Charters of IPAs.* IPAs shall maintain their functions as provided for in their respective Charters except to the extent modified by the provisions of this Act.

SEC. 6. *Membership in the Governing Boards of all IPAs.* – The Secretaries of the Department of Trade and Industry (DTI) and the Department of Finance (DOF), and the Director-General of the National Economic Development Authority (NEDA) or their duly nominated alternates, shall sit as members of the Governing Boards of all IPAs. *Provided*, that to constitute a quorum, majority of all the members of the Board shall be present: *Provided further*, that any discussion or approval or evaluation of any incentive, of whatever nature, shall require the presence and vote of either the Secretary of DOF or Director-General of NEDA or their duly nominated alternate. *Provided however*, if he/they were not present in the meeting where the same was tabled, he/they should ensure their presence in the next meeting where the issue will be discussed or taken up again. He/Their absence; provided there is a quorum, shall mean he/they are voting together with the Secretary of the DTI or his duly nominated alternate.

SEC. 7. *Composition of the BOI Board of Governors.* – The BOI Board of Governors, shall be composed of seven (7) governors: the Secretary of the

1 Department of Trade and Industry (DTI), the Secretary of the Department of Finance
2 (DOF), the Director General of the National Economic Development Authority
3 (NEDA), the Secretary of the Department of Labor and Employment, the DTI
4 Undersecretary for Investments and Industry Group (IIG), and two (2)
5 representatives from the private sector. The Secretary of the DTI shall concurrently
6 be the Chairman of the BOI and the DTI Undersecretary for Investments and
7 Industry Group shall be the concurrent Vice Chairman and Managing Governor of
8 the BOI. The two (2) representatives from the private sector shall be appointed by
9 the President for a term not exceeding three (3) years and may be reappointed for
10 another term. A governor shall serve as such until his successor shall have been
11 appointed and qualified.

12 The Secretary of the Department of Finance and the Director General of the
13 National Economic Development Authority (NEDA) shall nominate an alternate to
14 represent them in the Board and to vote and/or act in their behalf as if they were
15 personally present in the said meeting. To constitute a quorum, majority of all the
16 members of the Board shall be present: *Provided further*, that at least either the
17 Department of Finance or the National Economic Development Authority shall at all
18 times be represented in meetings.

19 The Managing Governor of the BOI shall be assisted by four (4) officials with
20 the rank of Deputy Managing Governor, who shall be appointed by the Board, upon
21 the recommendation of the Managing Governor. Members of the Board shall receive
22 a reasonable *per diem* for every meeting attended.

23 SEC. 8. *Authority of the Bureau of Customs (BOC) to Examine the Entry and*
24 *Exit of Imported Articles in the Special Economic Zones and Free Ports.* The BOC
25 shall have the authority to examine the entry and exit of imported articles into the
26 Special Economic Zone, Ecozones and free ports for the purpose of determining the
27 quantity and description of subject imported articles and to determine whether
28 proper duties and taxes, if any, had been paid thereon.

29 CHAPTER III 30 DEFINITION OF TERMS

31 SEC. 9. *Definition of Terms.* – As used herein,
32 a. “*Investment Promotion Agencies (IPAs)*” shall include the Board of
33 Investments (BOI), Philippine Economic Zone Authority (PEZA), Bases
34 Conversion Development Authority (BCDA), Subic Bay Metropolitan

1 Authority (SBMA), Clark Development Corporation (CDC), Poro Point
2 Management Corporation (PPMC), the John Hay Management
3 Corporation (JHMC), Bataan Technology Park, Inc. (BTPI), Zamboanga
4 City Special Economic Zone Authority (ZCSEZA), Phividec Industrial
5 Authority (PIA), Authority of the Freeport Area of Bataan (AFAB),
6 Cagayan Economic Zone Authority (CEZA), the Aurora Pacific Economic
7 Zone and Freeport Authority (APECO), the Tourism Infrastructure and
8 Enterprise Zone Authority (TIEZA), and all other IPAs that may be created
9 by law.

10 b. "*Capital Equipment*" refers to machinery, equipment, major components
11 thereof, spare parts, accessories, tools, devices, apparatus, fixtures, fittings
12 and accompaniments which form part of the direct cost and are directly
13 and reasonably needed in the registered activity of the registered
14 enterprise and those required for pollution abatement and control, cleaner
15 production and water reduction/conservation of said enterprises.

16 c. "*Export Enterprise*" shall mean a registered enterprise which is a
17 manufacturer, processor or service provider and whose export sale of its
18 products or services is at least seventy percent (70%) of its total annual
19 production of the preceding taxable year. *Provided, however*, it shall not
20 include any of the following enterprises such as, but not limited to, those
21 engaged in customs brokerage, trucking/forwarding services, parcel
22 services, janitorial services, security services, insurance and/or banking
23 and other financial services, consumers cooperatives, credit unions,
24 consultancy services, retail business, restaurants or such other services,
25 within the Freeport and/or Special Economic Zone, as may be determined
26 by the Board of the concerned Authority, duly accredited and/or licensed
27 by any of the Authorities and whose income derived within the economic
28 zones shall be subject to taxes under the National Internal Revenue Code
29 of 1997, as amended. *Provided*, that an existing enterprise that meets the
30 export requirement provided herein may be registered as an export
31 enterprise under this Act, provided that it has not been in operation for
32 more than ten (10) years.

33 d. "*Export Sales of Goods*" shall mean the sales revenues of an Export
34 Enterprise paid for in freely convertible foreign currency, determined from

1 invoices, bills of lading, inward letters of credit, landing certificates, or
2 other commercial documents, of the following:

- 3 1. the sale and actual shipment of goods from the Philippines to a
4 foreign country by an Export Enterprise;
- 5 2. sales by an Export Enterprise to another Export Enterprise of
6 Capital Equipment, raw materials, production supplies,
7 packaging materials, and other production requirements
8 forming part of the direct cost of the registered activity of the
9 Export Enterprise registered in accordance with this Act;
- 10 3. sales to diplomatic missions and to agencies or institutions
11 allowed to import said goods tax and duty-free;
- 12 4. sales of Export Enterprise to international sea or air transport
13 operations of goods, equipment, spare parts and supplies, except
14 fuel, forming part of direct costs and to be used in the aircraft or
15 sea craft and Capital Equipment needed for the shipping or air
16 transport operations;
- 17 5. sales to a nonresident buyer for delivery to a resident local
18 Export Enterprise of Capital Equipment, raw materials,
19 production supplies, packaging materials and other production
20 requirements forming part of the direct cost and are needed for
21 the registered activity of the said Export Enterprise.

22 e. "*Export Sales of Services*" shall mean the sales revenues and/or gross
23 receipts of an Export Enterprise, determined from contracts, invoices,
24 vouchers, official receipts, or other commercial documents paid for in
25 freely convertible foreign currency, of the following;

- 26 1. services rendered to non-resident foreign clients by Export
27 Enterprises;
- 28 2. services rendered by an Export Enterprise to another Export
29 Enterprise as a subcontractors and/or contractors in the
30 manufacture or processing of goods; other services forming part
31 of the direct cost of the registered activity of an Export
32 Enterprise;
- 33 3. services rendered to diplomatic missions and to other agencies
34 or institutions with tax and duty-free privileges;

1 4. services for the overhaul, repair and maintenance for
2 international shipping or air transport operations, and foreign
3 military aircraft or sea craft rendered by an Export Enterprise
4 even if rendered locally.

5 f. "*Freeport*" is an isolated and policed area adjacent to a port of entry as
6 defined by Section 3519 of the Tariff and Customs Code, which shall be
7 operated and managed as a separate customs territory to ensure free flow
8 or movement of goods, except those expressly prohibited by law, within,
9 into and exported out in the freeport zone where imported goods may be
10 unloaded for immediate transshipment or stored, repacked, sorted, mixed,
11 or otherwise manipulated without being subject to import duties.
12 However, movement of these imported goods from the free-trade area to a
13 non-free trade area in the country shall be subject to import duties and
14 taxes.

15 g. "*Gross Income Earned (GIE)*" refers to gross sales or gross receipts
16 derived from the registered activity less sales returns, discounts and
17 allowances and cost of goods sold or cost of services rendered, as defined
18 under Section 27(E) (4) of the NIRC of 1997, as amended, and does not
19 include indirect cost, such as but not limited to administrative,
20 management, financial and other miscellaneous cost.

21 h. "*Mining Operation*" refers to mining activities including but not limited to
22 the exploration, feasibility, development and mineral extraction.

23 i. "*Registered Enterprise*" shall mean any individual, partnership,
24 corporation, Philippine branch of a foreign corporation or other entity
25 incorporated and/or organized and existing under Philippine laws and
26 registered with an IPA, in accordance with this Act: *Provided, however,*
27 That the term "Registered Enterprise" shall not include any of the
28 following service enterprises such as, but not limited to, those engaged in
29 customs brokerage, trucking/forwarding services, janitorial services,
30 security services, insurance and/or banking and other financial services,
31 consumers cooperatives, credit unions, consultancy services, retail
32 business, restaurants or such other similar services, as may be determined
33 by the IPA Board irrespective of location, whether inside or outside the
34 zones, duly accredited and/or licensed by any of the IPAs and whose

1 income delivered within the economic zones shall be subject to taxes under
2 the national Internal Revenue Code of 1997, as amended.

- 3 j. "Special Economic Zone" or "Ecozone" shall refer to a selected area, with
4 highly developed or which has the potential to be developed into agro-
5 industrial, industrial, information technology, tourist/recreational, whose
6 metes and bounds are fixed or delimited by Presidential Proclamations.
7 An ecozone may contain any or all of the following: industrial estates
8 (IEs), export processing zones (EPZs), ICT parks and centers, free trade
9 zones and tourism estates; *Provided, however,* That areas where mining
10 operations are undertaken shall not be declared as Ecozones.
- 11 k. "Strategic Investments" shall refer to the list of industries, services and
12 other economic activities eligible for incentives under this Act, prepared
13 and determined as priority or preferred activities in accordance with
14 Chapter IV of this Act.

15 **CHAPTER IV**
16 **QUALIFIED ACTIVITIES**

17 **SEC. 10 Strategic Investments Plan (Plan).** – The BOI Board, in coordination
18 with the Office of the President, the concerned IPAs and other appropriate
19 government agencies and the private sector, shall formulate the Plan to be submitted
20 to the President for his approval not later than December of the third year set for
21 periodic review. The Plan shall be valid for a period of three (3) years.

22 In the listing of the activity in the Plan, the following shall be complied with:

- 23 a. The activity shall be covered by the current Medium Term Philippine
24 Development Plan (MTPDP) and Medium Term Philippine Investment
25 Plan (MTPIP) or its equivalent and other government programs;
- 26 b. The activity shall satisfy the following conditions:
- 27 1. Substantial amount of investments;
 - 28 2. Considerable generation of employment;
 - 29 3. Use of modern or new technology; or
 - 30 4. Installation of adequate environmental protection systems:

31 The threshold amount of investments and employment generation
32 required for a specific activity shall be subject to a periodic review every
33 three (3) years taking into consideration international standards and other
34 indicators.

1 c. The activity must comply with the specific qualification requirements
2 and/or conditions for a particular sector or industry and other limitations
3 as set and determined by the BOI Board.

4 SEC. 11 *Amendments.* – Subject to publication requirements and the criteria
5 for investment priority determination, the BOI may, at any time, include additional
6 areas in the Plan, alter any of the terms of the declaration of an investment area, and
7 temporarily or permanently suspend activities on the Plan if it considers that such
8 activity is no longer a priority. In no case, however, shall any amendment of the Plan
9 impair the incentives conferred on a Registered Enterprise which were granted
10 incentives. The IPAs shall not accept applications in an area of investment prior to
11 the approval of the same as a preferred area or after approval of its deletion as a
12 preferred area of investment in the Plan.

13 SEC. 12. *Publication.* Upon approval of the Plan, in whole or in part, or upon
14 approval of an amendment thereof, the Plan or the amendment, specifying and
15 declaring the areas of investment shall be published in at least one (1) newspaper of
16 general circulation and all such areas shall be open for application until publication
17 of an amendment or deletion thereof.

18 **CHAPTER V**
19 **INCENTIVES**

20 SEC 13. *General Provision.* – The incentives provided in this Act may be
21 granted by the IPAs to the Registered Enterprise to the extent of their registered
22 activity. The period of availment of incentives shall be reckoned from the start of
23 commercial operation.

24 All existing and future Export Enterprises in Ecozones and Freeports, and
25 Export Enterprise and Strategic Enterprises outside Ecozones and Freeport may only
26 be granted fiscal incentives under this Act: *Provided*, That the incentives granted
27 under this Act to a aforementioned enterprises shall be applicable to the extent of the
28 registered activity or project only. Income derived from non-registered activity or
29 project shall, thus, be subject to appropriate taxes under the National Internal
30 Revenue Code, as amended.

31 However, registered activities for which fiscal incentives have been granted
32 and are fully utilized shall no longer be eligible for the incentives under this Act for
33 the same activities: *Provided*, that in the case of existing registered enterprises
34 presently enjoying Income Tax Holiday, the same shall continue to enjoy the said

1 incentives until its expiration: *Provided further*, the same shall not be extended.
2 However, the said registered enterprise, provided, it qualifies as an Export
3 Enterprise hereunder, may be granted the incentives under Section (14), or in the
4 case of a Strategic Investments, under Section (15), provided the total period of
5 incentives shall not exceed fifteen (15) years for Export enterprise, inclusive of the
6 period of Income Tax Holiday availment, or fifteen (15) years for Strategic
7 Investments.

8 SEC. 14. *Incentives to Export Enterprises.* – The Export Enterprises, may be
9 qualified to the following incentives:

10 A. Located Inside an Economic Zone and/or Freeport Zone:

11 1. Income Tax-Based Incentives:

12 1.1. PEZA Registered Enterprises

13 a. Income Tax Holiday (ITH) for a period not exceeding four (4) years;
14 then,

15 i. 5% tax on Gross Income Earned (GIE), in lieu of all national
16 and local taxes, except Value Added Tax (VAT) and Real
17 Property Tax (RPT), for a period not exceeding eleven (11)
18 years; or

19 ii. 15% reduced tax on corporate income, in lieu of all national
20 and local taxes, except Value Added Tax (VAT) and Real
21 Property Tax (RPT), for a period not exceeding eleven (11)
22 years; or

23 b. Five percent (5%) tax on Gross Income Earned (GIE), in lieu of all
24 national and local taxes, except Value Added Tax (VAT) and Real
25 Property Tax, for a period not exceeding fifteen (15) years; OR

26 c. Fifteen percent (15%) reduced tax rate on Corporate Income, in lieu of
27 all national and local taxes, except Value-Added Tax (VAT) and Real
28 Property Tax (RPT) for a period not exceeding fifteen (15) years.

29 Except for the ITH, the reduced rates on income tax enjoyed by the Export
30 Enterprise may be extended for another period not to exceed fifteen (15) years
31 subject to compliance of performance indicators that shall be adopted by PEZA.
32 *Provided*, that the ITH may only be granted before any of the reduced rate is granted.
33 *Provided, further*, that ITH may be granted for a non-renewal, non-extendible
34 period of four (4) years.

1 1.2. Non-PEZA Registered Enterprises

- 2 a. Five percent (5%) tax on Gross Income Earned (GIE), in lieu of all
3 national and local taxes, except Value Added Tax (VAT) and Real
4 Property (RPT), for a period not exceeding fifteen (15) years; OR
5 b. Fifteen percent (15%) reduced tax rate on corporate income, for a
6 period not exceeding fifteen (15) years.

7 2. Value-Added Tax (VAT) and Customs Duty Treatment of Imported
8 Capital Equipment and Raw Materials.

- 9 a. 100% exemption from VAT and customs duties on importation of
10 Capital Equipment, including consignment thereof.
11 b. 100% exemption from VAT and customs duties on importation of
12 raw materials, supplies, and semi-finished products, provided the
13 same form parts of the goods exported as a product of the registered
14 activity of the Export Enterprise.

15 B. Located Outside Economic and/or Freeport Zone:

16 1. Income tax-based incentive options:

- 17 a. Income Tax Holiday (ITH) for a period not exceeding four (4)
18 years, then, fifteen percent (15%) reduced tax on corporate
19 income for a period not exceeding eleven (11) years; OR
20 b. Fifteen percent (15%) reduced tax rate on corporate income, for
21 a period not exceeding fifteen (15) years.

22 The 15% reduced tax rate on corporate income may be granted after availment
23 of the ITH, as may be determined by the IPAs; *Provided*, that the total period of
24 income tax-based incentives shall not exceed fifteen (15) years. *Provided, further*
25 that ITH may be granted for a non-renewal, non-extendible period of four (4) years.

26 2. Value-Added Tax (VAT) and Customs Duty Treatment of Imported
27 Capital Equipment and Raw Materials.

- 28 a. 100% Exemption on customs duty on importation of Capital
29 Equipment
30 b. Refund of VAT paid on the importation of Capital Equipment
31 c. Refund of VAT and Customs duty paid on the importation of raw
32 materials, supplies, and semi-finished products, provided, the
33 same forms parts of the goods exported resulting from the
34 registered activity.

1 C. VAT Treatment on Local Sales to Registered Export Enterprises

- 2 1. The sale of Capital Equipment, and raw materials and packaging
3 materials directly used in and forms part of the direct cost of the
4 registered activity and forming part of the goods being exported, by a
5 VAT – registered enterprise to a registered Export Enterprise shall be
6 subject to zero percent (0%) VAT.
- 7 2. The sale of services performed by subcontractors and/or contractors in
8 processing, converting or manufacturing goods forming part of the
9 direct cost of an Export Enterprise and forming parts of the goods
10 being exported shall be subject to zero percent (0%) Vat, in accordance
11 with the provisions of the NIRC of 1977, as amended.

12 SEC. 15. *Incentives to Registered Enterprises under the Strategic Investment*
13 *Plan.* Registered Enterprises may be qualified to the following incentives for a period
14 not exceeding fifteen (15) years:

- 15 a. Fifteen percent (15%) reduced tax rate on Corporate Income; and
16 b. 100% exemption from customs duties on importation of Capital
17 Equipment.

18 SEC. 16. *Incentives to Registered Mining Operations.* Registered mining
19 operations may be granted duty exemption on imported Capital Equipment only.

20 **CHAPTER V**
21 **AVAILMENT OF INCENTIVES**

22 SEC. 17. *Income Tax-based Incentives.* – All Registered Enterprises are
23 required to file all their tax returns using the electronic/online facilities of the Bureau
24 of Internal Revenue (BIR). On availing the income tax-based incentives, the
25 Registered Enterprise shall be required to secure a Certificate of Entitlement from
26 the appropriate IPA and attach the same to its Income Tax Return (ITR) or Annual
27 Information Return (AIR), whichever is applicable. Thereafter, the Registered
28 Enterprise shall file its claim with the appropriate IPA for validation.

29 Failure to secure and attach the certification to the ITR or AIR, and/or file the
30 incentive availment application for validation by the appropriate IPA shall cause the
31 forfeiture of the incentive for that taxable period.

32 For this purpose, the respective IPA shall endorse the result of its validation to
33 the BIR within forty five (45) days from the deadline for the filing of the ITR or AIR
34 as the case maybe. *Provided*, that the endorsement may be extended for another

1 forty-five (45) days subject to a certification that will be issued by the respective IPA.
2 Failure of the respective IPA to endorse the said validation to the BIR shall cause the
3 forfeiture of the income tax incentive of the registered enterprise for the taxable
4 period.

5 SEC. 18. *Five Percent (5%) tax on Gross Income Earned (GIE) and Fifteen*
6 *percent (15%) reduced tax on Corporate Income.* The 5% tax on GIE shall be paid
7 and remitted by the Registered Enterprise located inside the Ecozone or Freeports as
8 follows:

9 3% to the National Government

10 2% to the Local Government Unit/s

11 While the 15% tax rate on Corporate Income shall be paid and remitted by the
12 Registered Enterprises located inside the ecozone or Freeport as follows:

13 10% to the National Government

14 5% to the Local Government Unit/s

15 Within six (6) months from the effectivity of this Act, the BIR, in consultation
16 with the IPAs, shall review its regulations on the computation of GIE to ensure that
17 only direct costs, or cost of goods sold and/or services rendered shall be deductible
18 from gross revenues, and recommend stricter rules to the Secretary of Finance, if
19 warranted.

20 SEC. 19. *Fifteen percent (15%) reduced tax rate on Corporate Income.* The
21 15% tax rate shall be based on the net taxable income with allowable deductions
22 under the NIRC of 1997, as amended.

23 SEC. 20. *VAT and/or Customs Duties Exemption on Capital Equipment.*
24 Importation of Capital Equipment and/or spare parts by Registered Enterprises may
25 be exempted to the extent of one hundred percent (100%) of the VAT and/or
26 customs duties provided that the following conditions are complied with:

- 27 a. The Capital Equipment and/or spare parts is directly and reasonably
28 needed and will be used exclusively in and as part of the direct cost of the
29 registered activity of the Registered Enterprise, and are not manufactured
30 domestically in sufficient quantity, of comparable quality and at
31 reasonable prices. Prior approval of the IPA may be secured for the part
32 time utilization of said equipment in a non-registered activity to maximize
33 usage thereof, provided the proportionate taxes and duties are paid on a
34 specific equipment and machinery in proportion to its utilization for non-

1 registered activities. In the event, it shall be used for non-registered
2 activity of the Registered Enterprise at any time within the first five (5)
3 years from the date of importation, the Registered Enterprise shall first
4 seek prior approval of the Authority, and pay the taxes and customs duties
5 that were not paid upon its importation; and

6 b. The approval of the IPA was obtained by the Registered Enterprise prior to
7 the importation of such Capital Equipment and/or spare parts.

8 Approval of the IPA must be secured before any sale, transfer or
9 disposition of the Capital Equipment and/or spare parts which was
10 granted tax and duty exemption hereunder is made, and it shall be allowed
11 only under the following circumstances:

12 i. If made to another enterprise enjoying tax and/or duty exemption
13 on imported Capital Equipment and/or spare parts;

14 ii. If made to another enterprise not enjoying tax and duty exemption
15 on imported Capital Equipment and/or spare parts, upon payment
16 of any taxes and duties due on the net book value of the Capital
17 Equipment and/or spare parts to be sold;

18 iii. Exportation of Capital Equipment, machinery, spare parts or source
19 documents or those required for pollution abatement and control;
20 or

21 iv. For reasons of proven technical obsolescence.

22 *Provided*, that if the Registered Enterprise sells, transfers or disposes the
23 aforementioned imported items without prior approval, the Registered
24 Enterprise and the vendee, transferee, or assignee shall be solidarily liable to
25 pay twice the amount of the tax and/or duty exemption that should have been
26 paid during its importation: *Provided further*, that even if the sale, transfer or
27 disposition of the Capital Equipment was made after five (5) years from date
28 of importation with the approval of the IPA, the Registered Enterprise is still
29 liable to pay the taxes and duties based on the net book value of the Capital
30 Equipment if it has violated any of its registration terms and conditions.

31 **SEC. 21. VAT and Customs Duty Exemption on Raw Materials.** Importation
32 of raw materials, supplies and semi-finished products by Export Enterprises inside
33 the Ecozone or Freeports may be exempted to the extent of one hundred percent
34 (100%) of the VAT and customs duties provided that the raw materials, supplies, and

1 semi-finished products imported are exclusively used by an Export Enterprise in the
2 manufacture, processing or production of the export products covered by its
3 registered activity and it actually forms part of the product exported. Provided,
4 further, that the exemption herein may be granted only to that portion of raw
5 materials, supplies and semi-finished products forming part of the product actually
6 exported.

7 SEC. 22. *VAT Refund Mechanism on Importation of Capital Equipment and*
8 *VAT and Customs Duty Refund on Importation of Raw Materials.* Registered
9 Export Enterprises located outside the Ecozones or Freeports shall be subject to a
10 VAT and Customs Duty Refund Mechanism as provided in this Act.

11 The VAT paid on imported Capital Equipment may be refunded provided that
12 the Capital Equipment is being used exclusively in and forms part of the direct cost of
13 the registered activity of the Registered Export Enterprise.

14 The VAT and customs duty paid on a particular shipment of raw materials
15 may be refunded to an amount equivalent to the proportion of raw materials used in
16 the production of the exported goods to the total raw materials imported multiplied
17 by the amount of VAT and customs duty paid on such importation. No claim for
18 refund shall be allowed on VAT and customs duty paid on raw materials which are
19 not or no longer intended to be used in the registered export activity and do not form
20 part of goods exported under its registered export activity.

21 In order to facilitate the immediate processing, clearance and release of VAT
22 and customs duty refunds as provided in this Act, a Trust Liability Account (TLA) is
23 hereby authorized to be established in the Bureau of Treasury (BTr). All VAT and
24 customs duty payments pertaining to the importation of Registered Export
25 Enterprise of Capital Equipment, raw materials or source documents in the case of
26 IT export enterprise shall be deposited in the TLA for the purpose of funding valid
27 VAT and customs duty refund claims. The claims for VAT and customs duty refunds
28 shall be made by the Registered Export Enterprise with the Bureau of Customs
29 (BOC). However, the VAT refund shall only be granted upon obtaining a favourable
30 endorsement from the Bureau of Internal Revenue (BIR).

31 All claims for VAT and Customs duty refunds shall be covered by the
32 procedures and rules and regulations existing under the National Internal Revenue
33 Code and the Tariff and Customs Code of the Philippines, and its amendment. All

1 amounts deposited in the TLA but no longer allowed for refund shall immediately
2 accrue to the general fund of the National Government.

3 **CHAPTER VI**
4 **ADMINISTRATION OF INCENTIVES**

5 SEC. 23. *Application for Registration.* Applications shall be filed with the
6 concerned IPA and recorded in a registration book and the date appearing therein
7 and stamped on the application shall be considered the date of official acceptance.

8 All applications and their supporting documents filed under this Act shall be
9 confidential and shall not be disclosed to any person except with the consent of the
10 applicant or upon an order of a court of competent jurisdiction.

11 SEC. 24. *No Double Registration of Enterprises.* – Registered Enterprises
12 shall not be allowed to register their activity in more than one (1) IPA. In the event
13 that an enterprise shall transfer to another IPA, only the remaining unutilized
14 incentives may be granted to the enterprise or the transferee, vendee or assignee.

15 SEC. 25. *Criteria for Evaluation of Application.* The following criteria shall
16 be considered in the evaluation of applications for registration under a preferred
17 area:

- 18 a. Impact of the project on the overall economy;
- 19 b. Overall viability of the project;
- 20 c. The extent of employment generation;
- 21 d. The extent to which technological advances are applied and adopted to
22 local conditions; and
- 23 e. Such other criteria as the Board may determine.

24 SEC. 26. *Environmental Protection and Corporate Social Responsibility.*
25 Every Registered Enterprise shall prepare a Program for Environmental Protection
26 and Corporate Social Responsibility (CSR) covering the period for its entitlement to
27 fiscal incentives. Such Program shall be undertaken on a per registration basis and
28 shall be submitted as an accompanying document to the application for registration
29 to be submitted to the appropriate IPA.

30 The environmental program shall include activities such as, but not limited to,
31 requiring registered firms to plant trees. For the CSR activities, the Registered
32 Enterprise shall align such activities with the priority programs and projects of the
33 National Anti-Poverty Commission and other special laws such as Republic Act No.

1 7942 or the Philippine Mining Act of 1995, as amended and DOE Energy Regulation
2 1-94.

3 The amount spent for the CSR activities shall be reflected in the Notes to the
4 Audited Financial Statements.

5 SEC. 27. *Approval and Registration Procedures.* The IPA shall adopt rules
6 and regulations to facilitate action on applications filed with it; impose the terms and
7 conditions for such registration; prescribe criteria for the evaluation of applications;
8 devise standard forms for the use of applicants and, in the case of BOI, delegate to
9 the regional offices of the DTI the authority to receive and process applications for
10 enterprises located in their respective regions.

11 The IPA may defer action on any application, and the same shall be
12 considered an official action. *Provided, however,* that the IPA may defer action to a
13 specific application not more than twice. A third deferment shall automatically mean
14 a disapproval of the said application.

15 SEC. 28. *Certificate of Registration.* A Registered Enterprise under this Act
16 shall be issued a Certificate of Registration under the seal of the IPA and the
17 signature of its Chairman and/or such other official or officer of the IPA as it may
18 empower and designate for the purpose. The certificate shall be in such form and
19 style as the IPA may determine and shall state, among other matters:

- 20 a. The name of the registered enterprise;
21 b. The activity in which the registered enterprise is proposing to engage; and
22 c. The terms and conditions to be observed by the registered enterprise by
23 virtue of the registration.

24 **CHAPTER VII**
25 **MONITORING AND TRANSPARENCY OF INVESTMENTS**
26 **AND INCENTIVES DATA**

27 SEC. 29. *Establishment of a Comprehensive Database on Investment and*
28 *Incentives Statistics.* The NEDA and Philippine Statistics Authority (PSA) shall
29 establish a comprehensive database on investments and incentives statistics that
30 shall serve as a complete and accurate repository of all investments and incentives
31 data concerning all IPAs.

32 SEC. 30. *Submission of Investment Data and Information.* All heads of the
33 IPAs shall submit to the NEDA and PSA, investment and incentive data and
34 information that shall include, among others, the name of the Registered Enterprise,
35 project cost, audited financial statements, complete list of foreign and local investors

1 and investments, actual investment cost, actual employment, taxes, licenses, fees
2 paid, export earnings and income tax incentives based granted and other related
3 data, on an annual basis.

4 The IPAs shall be responsible to evaluate and process investments and
5 incentives data before submission to the NEDA and PSA.

6 SEC. 31. *Time of Submission of Investment Data and Information.* All heads
7 of the IPAs shall submit immediately to the NEDA and PSA all required data from
8 the fiscal year two thousand and eight (2008) until fiscal year two thousand and
9 twelve (2012) within sixty (60) days from the effectivity of this Act.

10 All heads of the IPAs shall submit regularly, on an annual basis, to the NEDA
11 and PSA all required data on the incentives that may be granted.

12 SEC. 32. *Regular Updating of the Database on Investment Statistics.* The
13 comprehensive database on investment and incentives statistics shall be updated on
14 a regular basis by the NEDA and PSA. All heads of the IPAs are required to reflect
15 and submit all changes to the investment data and information to the NEDA and PSA
16 within fifteen (15) days after the end of every quarter.

17 SEC. 33. *Power to Penalize.* Failure by the Registered Enterprises to provide
18 the data required hereunder shall cause suspension of the grant of incentives and/or
19 the forfeiture of whatever incentives that may have been granted to it. In addition to
20 such other penalties such as fines the IPA may impose upon Registered Enterprises
21 that do not submit the necessary data required to complete the investment and
22 incentives statistics database.

23 All Registered Enterprises shall submit for a period of five years from the last
24 ITH availment the necessary data required to complete the investment and
25 incentives statistics database.

26 SEC. 34. *Publication of Investments and Incentives Data.* For purposes of
27 transparency, the PSA shall publish within thirty (30) days after the end of every
28 quarter in a newspaper of general circulation the collated data submitted by the
29 IPAs. The date for publication shall include a comprehensive sectoral cost-benefit
30 analysis which shall illustrate the income-tax incentives granted vis-à-vis the benefits
31 (e.g. employment, taxes, license, fees paid, actual investments, export earnings and
32 other related data) realized by the government.

33 The PSA shall also submit, within thirty (30) days after the end of every
34 calendar year an Annual Investments and Incentives Data, to the President and to

1 the Chairman of the Committee on Appropriations/Finance of both houses of
2 Congress.

3 **CHAPTER VIII**
4 **FINAL PROVISIONS**

5 SEC. 35. *Vested Right.* Any provisions of law to the contrary
6 notwithstanding, incentives granted to existing Registered Enterprises pursuant to
7 their certificates of registration, contracts or agreements entered into with
8 government instrumentalities/corporations shall continue to be legally binding in
9 accordance with the terms and conditions stated therein for a period not to exceed
10 five (5) years from the effectivity of this Act; Provided, however that the Registered
11 Enterprise may opt to be governed by the provisions of this Act; Provided that such
12 registered activity is qualified under this Act; Provided, finally, That only the
13 remaining unutilized incentives shall be granted to the said enterprise. In such case,
14 the said enterprise shall be required to surrender its Certificate of Registration,
15 which shall be deemed as an express waiver of their privilege to apply for and avail of
16 incentives provided in the incentives law, under which they were previously
17 registered.

18 SEC. 36. *Suspension and Forfeiture of Incentives of Registered Enterprises,*
19 *Refund and Penalties; Waiver and Condonation.* When there is probable cause to
20 believe that the Registered Enterprise has violated its registration terms and
21 conditions, the IPA may suspend its availment of incentives, until proven otherwise.

22 The IPA may impose fines and penalties and/or forfeit the incentives granted
23 to the Registered Enterprises whenever there are violations of the registration terms
24 and conditions by the latter, without prejudice to the cancellation of the registration
25 of said enterprise.

26 In case of cancellation of the Certificate of Registration granted under this Act,
27 the IPA may, in appropriate cases, require the refund of incentives availed of and
28 impose corresponding fines and penalties.

29 Any enterprise which violates any provision of this Act, its implementing rules
30 and regulations, the terms and conditions of its registration, or of any lawful
31 directive of the IPA, shall be subject to a fine not to exceed One million pesos
32 (P1,000,000.00), without prejudice to the disapproval of its application for
33 registration or cancellation of its registration: *Provided,* That any commission of
34 fraudulent misrepresentation in its application for registration or submission of

1 reports or gross violation of this Act and its implementing rules and regulations, a
2 fine of at least One million pesos (P1,000,000.00) but not to exceed ten million
3 pesos (P10,000,000.00) shall be imposed, in addition to other penalties that may be
4 imposed by the IPA.

5 The IPA shall prepare a schedule of fines and penalties to be imposed on
6 erring Registered Enterprises depending on the violation incurred. In meritorious
7 cases, the IPA may waive, condone or reduce fines or penalties imposed on
8 Registered Enterprises, provided that the minimum compromise rate, in case of
9 reduction, shall not be less than 40% of the basic assessed fines or penalties.

10 Responsible officers of such enterprises, including duly appointed external
11 consultants-agents who commit, aid or abet the commission of any of the acts
12 mentioned above, shall be subject to a fine of not less than One hundred thousand
13 pesos (P100,000.00) but not more than Three hundred thousand pesos
14 (P300,000.00) without prejudice to disqualification from appearing or doing
15 business.

16 Government officers and employees who participate directly or indirectly in
17 the commission of the foregoing acts shall likewise be liable to a fine of not less than
18 One hundred thousand pesos (P100,000.00) but not more than Three hundred
19 thousand pesos (P300,000.00), in addition to any criminal and administrative
20 penalties imposable under the Civil Service Law, Revised Penal Act, Republic Act No.
21 3019, otherwise known as the "Anti-Graft And Corrupt Practices Act", Republic Act
22 No. 6713, otherwise known as the "Act of Conduct And Ethical Standards For Public
23 Officials", and other applicable laws.

24 If the offender is a foreign national, in addition to the imposable fines and
25 penalties above, the foregoing acts shall be grounds for his summary deportation.

26 SEC. 37. *Relationship with other Laws.* In the event of any inconsistency
27 between an existing law and this Act, the latter shall prevail to the extent of the
28 inconsistency.

29 SEC. 38. *Implementing Rules and Regulations (IRR).* The DTI, DOF and
30 NEDA, in consultation with the IPAs, the BIR, and BOC and other concerned
31 government agencies, shall promulgate rules and regulations to implement the intent
32 and provisions of this Act within one hundred twenty (120) days from the effectivity
33 of this Act. Such rules and regulations shall take effect (15) days following its
34 publication in a newspaper of general circulation in the Philippines.

1 SEC. 39. *Separability Clause.* The provisions of this Act are hereby declared
2 to be separable and, in the event any of such provisions is declared unconstitutional,
3 the other provisions which are not affected thereby, shall remain in force and effect.

4 SEC. 40. *Amending Clause.* –To ensure that the NEDA, DOF, and DTI are
5 represented in the governing boards of all IPAs, pursuant to Section 6 of this Act, the
6 following provisions, among others, are hereby amended accordingly:

- 7 a. Article 4 of EO 226, as amended, or the “Omnibus Investment Code of
8 1987;”
- 9 b. Sections 9 and 13 (c) of RA No. 7227 entitled “ An Act Accelerating the
10 Conversion of Military Reservations into Other Productive Uses, Creating
11 the Bases Conversion and Development Authority for this Purpose,
12 Providing Funds Therefor and for other Purposes (Bases Conversion and
13 Development Act of 1992)”;
- 14 c. Section 3 of EO 80 entitled “Authorizing the Establishment of the Clark
15 Development Corporation as the Implementing Arm of the Bases
16 Conversion and Development Authority for the Clark Special Economic
17 Zones, and Directing all heads of Departments, Bureaus, Offices, Agencies
18 and Instrumentalities of Government to Support the Program” (Clark
19 Development Corporation);
- 20 d. Section 6 of EO 132 entitled “Authorizing the Creation of the Poro Point
21 Management Corporation as the Implementing Arm Bases Conversion
22 Development Authority over the Poro Point Special Economic and
23 Freeport Zone and renaming the John Hay Poro Point Development
24 Corporation as the John Hay Management Corporation;”
- 25 e. Section 9 of RA No. 7903 entitled “An Act Creating Special Economic Zone
26 And Free Port in the City Of Zamboanga and Establishing for this Purpose
27 the Zamboanga City Special Economic Zone Authority, Appropriating
28 Funds Therefor, and for other Purposes (Zamboanga City Special Zone Act
29 of 1995)”;
- 30 f. Section 14 of RA No. 9728 entitled, “An act Converting the Bataan
31 Economic Zone Located in the Municipality of Mariveles, Province of
32 Bataan, into the Freeport Area of Bataan (FAB), creating for this purpose
33 the Authority of the Freeport Area of Bataan (AFAB), Appropriating

1 Funds Therefor and for Other Purposes or the “Freeport Area of Bataan
2 Act of 2009”; and

- 3 g. Section 65 of RA No. 9593 entitled “An Act Declaring a National Policy for
4 Tourism as an Engine of Investment, Employment, Growth and National
5 Development, and Strengthening the Department of Tourism and its
6 Attached Agencies to Effectively Efficiently Implement that Policy, and
7 Appropriating Funds Therefore (The Tourism Act of 2009)”;
- 8 h. Section 15 of R.A. 9490, entitled, An Act Establishing the Aurora Special
9 Economic Zone in the Province of Aurora, Creating for the Purpose the
10 Aurora Special Economic Zone Authority, Appropriating Funds Therefore
11 and for Other Purposes; Sec. 8 of R.A. No. 10083, entitled, An Act
12 Amending Republic Act No. 9490, otherwise known as the “Aurora Special
13 Economic Zone Act of 2007”
- 14 i. Section 7 of R.A. No. 7922, entitled, An Act Establishing a Special
15 Economic Zone and Free Port in the Municipality of Santa Ana and the
16 Neighboring Islands in the Municipality of Aparri, Province of Cagayan
17 Providing Funds Therefor, and for other Purposes

18 SEC. 41 *Repealing Clause*. –The following provisions providing for incentives
19 are hereby repealed:

- 20 a. Title III, Article 39 (a), (b), (c), (d), (e), (g), (i), (j), (k), (m) and (n); Title
21 IV, and Book VI, Articles 77 and 78 and Article 81 of Executive Order No.
22 226, Series of 1987 entitled “The Omnibus Investments Code Of 1987”;
- 23 b. Sections 23 and 24 of RA No. 7916 entitled “An Act Providing For The
24 Legal Framework And Mechanisms For The Creation, Operation,
25 Administration, And Coordination Of Special Economic Zones In The
26 Philippines, Creating For The Purpose The Philippine Economic Zone
27 Authority (PEZA), And For Other Purposes (The Special Economic Zone
28 Act Of 1995)”;
- 29 c. Section 4 of RA No. 8748 entitled “An Act Amending Republic Act No.
30 7916, Otherwise Known As The Special Economic Zone Act Of 1995”;
- 31 d. Section 17 (1) to (8) and Section 18 (a), (b), (c) and (f) of PD No. 66 entitled
32 “Creating The Export Processing Zone Authority And Revising Republic
33 Act No. 5490;”

- 1 e. PD No. 529 (Restored by FIRB Resolution 19-87) entitled "Granting To
2 Petroleum Exploration Concessionaires Under the Petroleum Act Of 1949
3 Exemption From Customs Duty and Compensating Tax on Importations
4 Of Machinery And Equipment, Spare Parts And Materials Required for
5 Their Exploration Operations;"
- 6 f. Sections 8, 9 and 2nd Sentence of the 1st Paragraph and 2nd Paragraph of
7 Section 10 of PD No. 538 entitled "Creating and Establishing The Phividec
8 Industrial Authority And Making It A Subsidiary Agency Of The Philippine
9 Veterans Development Corporation, Defining Its Powers, Functions And
10 Responsibilities, And For Other Purposes;"
- 11 g. Sections 36 (e) and (f) of PD No. 705 entitled "Revising PD No. 389,
12 otherwise known as the Forestry Reform Code of the Philippines (Revised
13 Forestry Code of the Philippines);"
- 14 h. Section 16 (a), (b) and (c) and Section 17 (a) to (e) of PD 972 entitled
15 "Promulgating An Act To Promote An Accelerated Exploration,
16 Development, Exploitation, Production and Utilization of Coal (The Coal
17 Development Act of 1976);"
- 18 i. Section 4 (a) and (d) of Presidential Decree No. 1442- restored by FIRB
19 Resolution 19-87, entitled, "An Act to Promote the Exploration And
20 Development of Geothermal Resources;"
- 21 j. Section 10 (1) to (6) of R.A. No. 7156 entitled "An Act Granting Incentives
22 to Mini-Hydro Electric Power Developers and For Other Purposes" (Mini-
23 Hydroelectric Incentive Act);"
- 24 k. Sections 16 and 17 of RA No. 7844 entitled "An Act to Develop Exports as a
25 Key Towards the Achievement of the National Goals Towards the Year
26 2000 (Export Development Act of 1994);"
- 27 l. Chapter XV, Section 83; Chapter XVI, Sections 90,91,92,93 of RA No.
28 7942, entitled, "An Act Instituting a New System of Mineral Resources
29 Exploration, Development, Utilization, and Conservation (Philippine
30 Mining Act of 1995)
- 31 m. Section 9 of RA No. 8479 entitled "An Act Deregulating the Downstream
32 Oil Industry, and For Other Purposes (Downstream Oil Industry
33 Deregulation Act of 1998);"

- 1 n. Section 3 (a) to (d) and (h) of RA No. 8502 entitled, "An Act to Promote
2 the Development of the Jewelry Manufacturing Industry, Providing
3 Incentives Therefor and for other Purposes (Jewelry Industry
4 Development Act of 1998);"
- 5 o. Chapter II, Article II, Sec. 35 (b), (c) and (d) of RA No. 8550, entitled "An
6 Act Providing for the Development, Management and Conservation of the
7 Fisheries and Aquatic Resources, Integrating All Laws Pertinent thereto,
8 and for other Purposes (The Philippine Fisheries Code Of 1998),"
- 9 p. Executive Order No. 70 series of 2012 amending EO No. 528, Series of
10 2006 and 313, Series of 2004- "Reducing the Rates of Duty on Capital
11 Equipment, Spare Parts and Accessories Imported by BOI-registered new
12 and expanding Enterprises";
- 13 q. Section 4(e) and (f) of RA No. 7903 entitled "An Act Creating Special
14 Economic Zone and Free Port in the City of Zamboanga and Establishing
15 for this Purpose the Zamboanga City Special Economic Zone Authority,
16 Appropriating Funds Therefor, and for other Purposes (Zamboanga City
17 Special Economic Zone Act of 1995);"
- 18 r. Section 1 and Sections 2, 3, 4, 5 and 7 of RA No. 9400 entitled "An Act
19 Amending RA 7227, as amended, otherwise known as The Bases
20 Conversion and Development Act of 1982, and for other Purposes;"
- 21 s. Section 1 of EO No. 619 entitled "Creating and Designating Special
22 Economic Zones Pursuant to RA No. 7916, as Amended by RA No. 8784, in
23 Relation to RA No. 7227, as Amended by RA No. 9400, Inside The Clark
24 Freeport Zone";
- 25 t. Chapter II, Section 4 and Chapter VIII, Section 19 of RA No. 9295 entitled,
26 "An Act promoting the Development of Philippine Domestic Shipping,
27 Shipbuilding, Ship Repair and Ship Breaking, Ordaining Reforms in
28 Government Policies Towards Shipping in the Philippines and For Other
29 Purposes (Domestic Shipping Development Act of 2004)";
- 30 u. Sections 5, 6 and 10 of RA No. 9728, entitled "An Act Converting the
31 Bataan Economic Zone Located in the Municipality of Mariveles, Province
32 of Bataan, Into the Freeport Area of Bataan (FAB), Creating for this
33 Purpose the Authority of the Freeport Area of Bataan (AFAB),

1 Appropriating Funds Therefor and for other Purposes (Freeport Area of
2 Bataan (FAB) Act of 2009)”;

3 v. Subchapter V-A, Section 86 and Section 88 of RA No. 9593 entitled “An
4 Act declaring a National Policy for Tourism as an Engine of Investment,
5 Employment, Growth and National Development, and Strengthening the
6 Department of Tourism and Its Attached Agencies to Effectively and
7 Efficiently Implement that Policy, and Appropriating Funds Therefor (The
8 Tourism Act of 2009)”;

9 w. Chapter VII, Sections 15, 19, 21, 22 and 23 of RA No. 9513 entitled “An Act
10 Promoting the Development, Utilization and Commercialization of
11 Renewable Energy Resources and for other Purposes (Renewable Energy
12 Act of 2008)”;

13 x. Chapter V, Art. 60 and 61 of RA No. 9520 entitled, “An Act Amending the
14 Cooperative Code of the Philippines to be Known as the Philippine
15 Cooperative Code of 2008”

16 y. Sections 5,6, 7 (last paragraph), 8 and 9 of RA 9490, entitled, An Act
17 Establishing the Aurora Special Economic Zone in the Province of Aurora,
18 Creating for the Purpose The Aurora Special Economic Zone Authority,
19 Appropriating Funds Therefor and For Other Purposes; Sections 3 (e) (f)
20 (h) and 4 of RA No. 10083, entitled, An Act Amending Republic Act No.
21 9490

22 z. Section 4 (b) (c) of RA No. 7922, entitled, An Act Establishing A Special
23 Economic Zone and Free Port in the Municipality of Santa Ana and the
24 Neighboring Islands in the Municipality of Aparri, Province of Cagayan
25 Providing Funds Therefor, and For Other Purposes.

26 aa. Section 6 of RA No. 7459, entitled, “Inventors and Invention Incentives
27 Act of the Philippines”

28 The provisions on Investment Priority Plan (IPP) under Executive Order No.
29 226 namely Art. 26, Chapter I and Chapter II, are hereby repealed.

30 All other laws, acts, decrees, orders and issuances or provisions thereof
31 inconsistent with any of the provisions of this act are hereby repealed or modified
32 accordingly.

1 SEC. 42. *Effectivity.* This Act shall take effect after fifteen (15) days following
2 its publication in the *Official Gazette* or in a newspaper of general circulation,
3 whichever is earlier.

4 Approved,