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SENATE

S.B. No. 957

RECEIVED

BY: 

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Introduced by Senator SONNY ANGARA

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

**EXPLANATORY NOTE**

There is a need to promote and accelerate the overall growth and development of the Mindanao region, considering its huge potential as a driver of the country's future prosperity.

Unfortunately, government alone cannot provide adequate financing for the total development and rehabilitation of Mindanao. Recent hostilities have also scared away numerous private investors, fearful of the peace and order situation in certain areas of Mindanao. As efforts are underway to stabilize the region, there is a crucial need to make the region more attractive to investments.

Our approach to developing Mindanao is two-pronged—first, by providing the Executive enough powers to expedite the region's development, and second by, attracting private investors through a series of incentives over and above the existing incentives provided to other areas of the country and under existing laws.

This measure aims to fulfill both, enabling a proposed Mindanao Incentives Development Authority (MIDA) to provide the following incentives and bestowing the President with foregoing powers:

1. Fiscal Incentives
  - i. Duty-free importation of raw materials and capital equipment, as well as exemption from value added tax;
  - ii. 5% tax in lieu of all taxes except real property tax;
  - iii. Tax credit of 200% of value of labor training expenses, and 300% in the case of labor training expenses for Muslims and other ethnic minorities;
  - iv. Tax credit of 200% of research and development expense;
  - v. Allowance to carry over net operating loss for ten (10) years;
  - vi. Reimbursement of cost for feasibility studies in areas deemed in critical need of investments;

- vii. Interest assistance by line departments for all loans availed of by registered investing enterprise.

2. Non-Fiscal Incentives

- i. Nationality requirements shall not be required except those provided under the Constitution;
- ii. Labor disputes must be referred to a labor center for amicable settlement;
- iii. Infrastructure development and construction may be on build-operate-transfer basis, or other contractual arrangement, with the registered investor allowed to charge tolls and other fees;
- iv. Government financial assistance through Land Bank and DBP;
- v. Incentives to expatriates such as multiple entry visas, final tax of 15% of gross income, tax and duty free importation of personal and household effects, travel tax exemptions;
- vi. Exemption of private agricultural lands used by registered enterprises from CARL coverage under certain conditions;
- vii. Basic rights and guarantees on repatriation of investments, remittance of earnings and freedom from expropriation.

3. Powers of the President

- i. Authority to set in place such policies which will ensure that Mindanao becomes competitive and investor-friendly;
- ii. Authority to realign funds from dormant or non-moving infrastructure projects to projects of immediate necessity;
- iii. Authority to revoke or terminate existing contracts whenever it appears that the contractor is unreasonably delayed;
- iv. Authority to resort to simplified public bidding in contracts for infrastructure development, construction and repair;
- v. Authority to declare economic zones with appropriate incentives;
- vi. Authority to declare specific areas in the Region as underdeveloped and thus entitled to additional incentives and support;
- vii. Authority to declare tax holidays over and above those presently enjoyed by existing economic zones;
- viii. Authority to contract with private firms and entities for the latter to construct, build or rehabilitate public rural infrastructure and to be reimbursed in such manner and under such terms and conditions as the President may determine.


We believe that these powers and incentives will sufficiently encourage investments in Mindanao and ensure growth in the region. Immediate passage of this measure is earnestly sought.



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

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

**SECTION 1. Short Title.** This Act shall be known as the **"Mindanao Development Incentives Act."**

**SEC. 2. Declaration of Policy.** The State recognizes the need to promote and accelerate the growth and development of the Mindanao Region, hereinafter referred to as the Region, in order to make it, at the least, at par with the other regions of the country and promote the overall growth of the Region in particular and national economy in general. The State takes note of the centuries-old conflict between the government and Muslim Mindanao and of the need to find a lasting solution rooted in the social, economic and cultural realities. The State further recognizes the vast potential of the Region, including its immense natural resources, which remain largely untapped, and the need for public and private investment in infrastructure and spending to ensure the development of the Region.

Pursuant thereto, and in order to address effectively the conflict between government and Muslim Mindanao, it is the declared policy of government to actively encourage, promote, induce and accelerate a sound and balanced agricultural, industrial, economic and social development in the Region in order to alleviate poverty therein, provide jobs to the people, especially those in the rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition and hence secure peace and stability in the Region through the provision of economic and fiscal incentives and through measures that shall effectively attract legitimate and productive local and foreign investments. The government shall furthermore undertake efforts to promote the development of the Region into the hub of investment, trade and commerce in the East Asian region through private capital and investment which shall serve as the engines of growth and development of the Region, creating jobs, providing increased income and productivity, and bringing new technology.

1 **SEC. 3. Creation of the Mindanao Incentives Development Authority.** There is hereby  
2 created a body corporate to be known as the Mindanao Incentives Development Authority,  
3 hereinafter referred to as MIDA. The MIDA shall have a Director-General with the rank of a  
4 department undersecretary who shall be appointed by the President. The director-general shall  
5 be at least forty (40) years of age, of proven probity and integrity, and have a strong knowledge  
6 or background in agriculture, investments , economics, business, public administration, law or  
7 their equivalent.

8 The Director General shall be assisted by three (3) deputy directors general each for  
9 policy and planning, administration and operations, who shall be appointed by the MIDA Board,  
10 upon the recommendation of the Director General. The deputy directors shall be at least thirty-  
11 five (35) years old, with proven probity and integrity and with a degree in agriculture, economics,  
12 business, public administration, law, management or their equivalent.

13 The Board shall be composed of the Secretary of Agriculture who shall serve as ex  
14 officio chairman, the Director General who shall serve as Vice Chairman, with four (4) members  
15 as follows: the Secretaries of the Department of Environment and Natural Resources,  
16 Department of Finance, Department of Trade and Industry and one (1) representative from the  
17 investors/business sector in Mindanao.

18 Members of the Board shall receive a per diem of not more than Five Thousand Pesos  
19 (P5,000) for every board meeting: Provided, however, that the per diem collected per month  
20 does not exceed the equivalent of four (4) meetings. Provided, further, that the amount of per  
21 diem for every board meeting may be increased by the President but such amount shall not be  
22 increased within two (2) years after its last increase. [BCDA law]

23  
24 **SEC. 4. Functions and Powers of the Board.** The Board shall have the following functions  
25 and powers:

- 26 (a) Set the general policies on the establishment of the enterprises that will register with  
27 MIDA;
- 28 (b) Review proposals for the establishment of MIDA registered enterprises, and to  
29 facilitate and assist in the organization of said entities;
- 30 (c) Provide assistance to registered enterprises to ensure that sufficient agro-industrial  
31 activities within the Region are undertaken, including agro-industrial processing,  
32 high-end technology production of high value crops, high-technology aquaculture  
33 farming, direct agriculture and biotech industries, in coordination with the  
34 Department of Agriculture. The MIDA, in coordination with the Department of  
35 Agriculture and the Department of Trade and Industry, shall periodically furnish a list  
36 of agro-industrial activities which may be undertaken within the Region.
- 37 (d) Approve the annual budget of MIDA and its development plans;
- 38 (e) Issue rules and regulations to implement the provisions of this Act insofar as its  
39 powers and functions are concerned;
- 40 (f) Exercise its powers and functions as provided for in this Act; and
- 41 (g) Render annual reports to the President and the Congress.
- 42

1 **SEC. 5. General Powers and Functions of the MIDA.** The MIDA shall have the following  
2 powers and functions:

- 3 (a) To administer and supervise the incentive schemes of the Region according to the  
4 principles set forth in this Act;
- 5 (b) To register the enterprises in the Region in an efficient and expeditious manner;
- 6 (c) To coordinate with regional development councils and other development bodies in  
7 the identification and preparation of development programs and projects in the  
8 Region;
- 9 (d) To recommend to the President and Congress such other incentives, concessions  
10 or preference necessary to fully implement the letter and spirit of this Act;
- 11 (e) To adopt, alter and use a corporate seal; make contracts, lease, own or otherwise  
12 dispose of personal or real property; sue and be sued; and otherwise carry out its  
13 duties and functions as provided for in this Act;
- 14 (f) To consult on a regular basis with the local government units, private sector and  
15 civil society on plans and policies to be formulated and promulgated;
- 16 (g) To monitor and evaluate the development and requirements of entities within the  
17 Region and recommend to the local government units or other appropriate  
18 authorities the location, incentives, basic services, utilities and infrastructure  
19 required or to be made available for said entities; and
- 20 (h) To accept any local or foreign investment, business or enterprise, subject only to  
21 such rules and regulations to be promulgated by the MIDA in conformity with the  
22 policies of the MIDA without prejudice to the nationalization requirements provided  
23 for in the Constitution.

24  
25 Within thirty (30) days from its constitution, the MIDA shall promulgate a priority  
26 investment plan over the Region in order to accomplish the intent of this Act.

27  
28 **SEC. 6. Powers and Functions of the Director General.** The Director General shall provide  
29 overall supervision over the operations of the MIDA. He shall recommend to the Board the  
30 structure and the staffing pattern and personnel complement of the MIDA and establish regional  
31 offices, when necessary, subject to the approval of the MIDA Board.

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

- 33 (a) To safeguard all the lands, buildings, records, monies, credits and other properties  
34 and rights of the MIDA;
- 35 (b) To ensure that all revenues of the MIDA are collected and applied in accordance with  
36 its budget;
- 37 (c) To ensure that the employees of the MIDA are properly discharging their respective  
38 duties;
- 39 (d) To give such information and recommend such measures to the Board, as he shall  
40 deem advantageous to the Region;
- 41 (e) To submit to the Board, the ongoing and proposed projects, work and financial  
42 program, annual budget or receipts, and expenditures of MIDA;

- 1 (f) To represent the MIDA in all its business matters and sign on its behalf after  
2 approval of the Board, all its contracts, agreements and obligations made in  
3 accordance with this Act;
- 4 (g) To perform such other duties and exercise such powers as may be prescribed by the  
5 Board, and to implement the policies, rules and regulations set by the MIDA.  
6

7 **SEC. 7. *Autonomy of Local Government Units.*** Except as herein provided, the local  
8 government units comprising the Region shall retain their basic autonomy and identity. The  
9 cities shall be governed by their respective charters and the municipalities shall operate and  
10 function in accordance with the Local Government Code.  
11

12 **SEC. 8. *Qualifications of a Registered Enterprise.*** To be entitled to registration under this  
13 Act, an applicant must satisfy to the Board that:

- 14 (a) He is a citizen of the Philippines, if an individual, or in case of a corporation,  
15 partnership or association, it is organized under Philippine laws and that at least  
16 sixty percent (60%) of the capital stock outstanding and entitled to vote is owned  
17 and held by Philippine nationals as defined in Republic Act No. 7042. If it does not  
18 possess the required degree of ownership as mentioned above, It will engage in an  
19 activity that is not within the activities reserved by the Constitution to Philippine  
20 citizens or corporation owned and controlled by Philippine citizens;
- 21 (b) It shall make an initial investment in the Region in an amount not less than the  
22 equivalent of Two Hundred Fifty Thousand Dollars (US\$250,000), United States  
23 currency, unless a higher amount of investment is required under existing laws;
- 24 (c) The applicant will engage in an activity which will necessitate the employment of at  
25 least fifty (50) local employees;
- 26 (d) The applicant is capable of operating on a sound and efficient basis and of  
27 contributing to the development of the Region in particular and of the national  
28 economy in general; and
- 29 (e) If the applicant is engaged in undertakings or activities outside the Region, it has  
30 installed or undertakes to install an accounting system adequate to identify the  
31 investments, revenues, costs, and profits or losses of the project to be undertaken  
32 in the Region from the aggregate investment, revenues, costs, and profits or losses  
33 of the whole enterprise or to establish a separate corporation for the project to be  
34 undertaken in the Region if the Board so requires.  
35

36 **SEC. 9. *Basic Rights and Guarantee.*** All investors and registered enterprises are entitled to  
37 the basic rights and guarantees provided in the Constitution. Among the other rights recognized  
38 by the Government of the Philippines are the following:

- 39 (a) *Repatriation of Investments.* In the case of foreign investments, the right to  
40 repatriate the entire proceeds of the liquidation of the investment in the currency in  
41 which the investment was originally made and at the exchange rate prevailing at  
42 the time of repatriation.

- 1 (b) *Remittance of Earnings*. In the case of foreign investments, the right to remit  
2 earnings from the investment in the currency in which the investment was originally  
3 made and at the exchange rate prevailing at the time of remittance.
- 4 (c) *Foreign Loans and Contracts*. The right to remit at the exchange rate prevailing at  
5 the time of remittance such sums as may be necessary to meet the payments of  
6 interest and principal on foreign loans and foreign obligations arising from  
7 technological assistance contracts.
- 8 (d) *Freedom from Expropriation*. Except as provided in Section 9 (e) below, there shall  
9 be no expropriation by the government of the property represented by investments  
10 or of the property of the registered enterprise.
- 11 (e) *Requisition of Investment*. There shall be no requisition of the property represented  
12 by the investment or of the property of the registered enterprise, except in the  
13 event of war.

14  
15 **SEC. 10. Policies.** The Region shall be subject to the following policies:

- 16 (a) Within the framework and subject to the mandate and limitations of the Constitution  
17 and the pertinent provisions of the Local Government Code, the Region shall be  
18 developed into a self-sustaining agricultural, agro-industrial, industrial, commercial,  
19 financial and investment center to generate employment opportunities in and  
20 around the Region and to attract and promote productive investments;
- 21 (b) Merchandise, raw materials, supplies, equipment, machinery, spare parts and  
22 wares of every description, agricultural and fisheries inputs brought into the Region  
23 by a registered enterprise to be sold within the Region, stored, broken up,  
24 repacked, assembled, installed, sorted, cleaned, graded or otherwise processed,  
25 manipulated, manufactured, mixed with foreign or domestic merchandise whether  
26 directly or indirectly related in such activity and brought out of the Philippines, shall  
27 not be subject to customs and internal revenue laws and regulations of the  
28 Philippines, including value added tax, nor to local tax ordinances;
- 29 (c) The provision of existing laws, rules and regulations to the contrary  
30 notwithstanding, no taxes, national and local except real property tax, shall be  
31 imposed upon registered enterprises located within the Region. In lieu of paying  
32 taxes, three percent (3%) of the gross income earned by all registered enterprises  
33 within the Region shall be remitted to the National Government, one percent (1%)  
34 each to the local government unit having jurisdiction over the particular registered  
35 enterprise. In addition, there is hereby established a development fund of one  
36 percent (1%) of the gross income earned by all registered enterprises within the  
37 Region to be utilized for the development of the Region.

38 In case of conflict between national and local laws with respect to tax  
39 exemption privileges in the Region, the same shall be resolved in favor of the  
40 latter;

- 41 (d) Registered enterprises establishing their production, processing or manufacturing  
42 plants in an area within the Region which the Board designates as necessary for

1 the proper dispersal of the industry or in an area which the Board funds deficient in  
2 infrastructure, public utilities, and other facilities, such as irrigation, drainage and  
3 other similar waterworks infrastructure may apply in payment of taxes due from it to  
4 the government an amount equivalent to 100% of the necessary and major  
5 infrastructure works it may have undertaken with the prior approval of the Board  
6 under such terms and conditions as the Board may determine and in consultation  
7 with other government agencies concerned, provided that:

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

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

14  
15 *Provided*, That in cases where the Board may certify that infrastructure or the  
16 rehabilitation thereof is urgently needed in specific areas, the registered enterprise undertaking  
17 the construction of infrastructure or rehabilitation thereof may apply in payment of taxes due  
18 from it to the government an amount equivalent to 200% of the necessary and major  
19 infrastructure works it may have undertaken with the prior approval of the Board.

20 *Provided, further*, That a registered enterprise shall be encouraged to undertake  
21 infrastructure and development projects, including but not limited to, power plants, highways,  
22 ports, airports, canals, dams, hydropower projects, water supply, irrigation, telecommunications,  
23 railroads and railways, transport systems, land reclamation projects, markets, slaughterhouses,  
24 warehouses, solid waste management, information technology networks and database  
25 infrastructure, education and development projects as may be authorized by the appropriate  
26 agency pursuant to this Act. Such projects shall be undertaken through contractual  
27 arrangements as defined hereunder and under Republic Act No. 6957, as amended, and such  
28 other variations as may be approved by the President of the Philippines.

29 For the construction stage of these infrastructure projects, the project proponents may  
30 obtain financing from foreign and/or domestic sources and/or engage the services of a foreign  
31 and/or Filipino contractor: *Provided*, That in case an infrastructure or a development facility's  
32 operation requires a public utility franchise, the facility operator must be Filipino or if a  
33 corporation, it must be duly registered with the Securities and Exchange Commission and  
34 owned up to at least sixty percent (60%) by Filipinos: *Provided, further*, That in the case of  
35 foreign contractors, Filipino labor shall be employed or hired in the different phases of the  
36 construction where Filipino skills are available: *Provided*, finally, That subjects which would have  
37 difficulty in sourcing funds may be financed partly from direct government appropriations and/or  
38 from Official Development Assistance (ODA) of foreign governments or institutions not  
39 exceeding fifty percent (50%) of the project cost, and the balance to be provided by the project  
40 proponent.

41 All government infrastructure agencies, including government-owned and -controlled  
42 corporations and local government units are hereby authorized to enter into contracts with any



1 duly prequalified project proponent for the financing, construction, operation and maintenance of  
2 any financially viable infrastructure or development facility through any of the projects  
3 authorized in this Act and other laws. Said agencies, when entering into such contracts, are  
4 enjoined to solicit the expertise of individuals, groups, or corporations in the private sector who  
5 have extensive experience in undertaking infrastructure or development projects.

6 (e) For the first ten (10) years from registration, a registered enterprise shall be  
7 allowed to deduct from its gross income earned two hundred percent (200%) of the  
8 value of the labor training expenses incurred for upgrading the productivity and  
9 efficiency of unskilled labor and of apprentices, provided that:

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

14 *Provided, That in case at least ten percent (10%) of the trainees or apprentices shall be*  
15 *Muslim or belong to other ethnic minorities, a registered enterprise shall be allowed to deduct*  
16 *from its gross income earned three hundred percent (300%) of the value of the labor training*  
17 *expenses incurred for upgrading the productivity and efficiency of the unskilled labor and*  
18 *apprentices belonging to the Muslim or other ethnic minorities.*

19 (f) For the first ten (10) years from registration, a registered enterprise shall be  
20 allowed to deduct from its gross income earned two hundred percent (200%) of the  
21 value of the research and development expenses incurred relating to the business  
22 undertaken by the registered enterprise, provided that:

- 23 1. the research and development program is duly approved by the Board; and
- 24 2. the deduction shall not exceed ten percent (10%) of gross income of the
- 25 registered enterprise.

26 (g) For the first ten (10) years from registration, a registered enterprise shall be entitled  
27 to reimbursement for expenses incurred in undertaking feasibility studies of  
28 projects deemed by the Board to be critical to development objectives. Such  
29 reimbursement shall be given by the Department with authority over the specific  
30 project.

31 (h) For the first ten (10) years from registration, a registered enterprise may carry over  
32 its net operating loss as a deduction from its gross income earned for the next  
33 three (3) consecutive years immediately following the year of such loss.

34 (i) Private agricultural lands that have not been distributed and upon which no  
35 Certificates of Land Ownership Award have been issued shall be exempt from the  
36 coverage of Republic Act No. 6657, known as the Comprehensive Agrarian Reform  
37 Law ("CARL"); Provided, that such lands shall be directly and exclusively used by  
38 registered enterprises within the Region.

39 In cases where the lands have been subjected to the CARL, by voluntary offer to sell, or  
40 commercial farms deferment or notices of compulsory acquisition, a simple and absolute  
41 majority of the actual regular workers or tenants must consent to the exemption within one (1)  
42 year from the effectivity of this Act. Should the workers or tenants not agree to this exemption,

1 the lands shall be distributed collectively to the worker-beneficiaries or tenants who shall form a  
2 cooperative or association to manage the same.

3 The provisions of Republic Act No. 6657 to the contrary notwithstanding, land subjected  
4 to CARL may be mortgaged, leased, sold or otherwise disposed of in favor of a registered  
5 enterprise.

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

9  
10 **SEC. 11. Labor Relations.** The Region shall uphold industrial peace, harmony and productivity  
11 to establish a sound and peaceful investment climate and simultaneously promotes and  
12 enhances the lives and dignity of all workers.

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

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

19 Subject to existing labor laws, as may be specified in employment contracts or collective  
20 bargaining agreements, all labor disputes must be brought before the Labor Center which will  
21 attempt to amicably settle the case. In case the Labor Center cannot settle the dispute  
22 amicably, it will certify the dispute for mediation or arbitration before the proper office of the  
23 Department of Labor and Employment or the Secretary of Labor and Employment for  
24 compulsory arbitration or assumption of jurisdiction.

25  
26 **SEC. 12. Government Assistance.** Upon the recommendation of the MIDA Board and subject  
27 to the qualifications under its relevant charters, the Development Bank of the Philippines, Land  
28 Bank of the Philippines and similar government financial institutions are mandated to render  
29 financial assistance to registered enterprises in the Region which may be secured by an  
30 undertaking from the Government, through the Department of Finance, to issue a guarantee in  
31 favor of the aforementioned registered enterprise whenever warranted by the circumstances.

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

35  
36 **SEC. 13. Other Incentives.** The expatriates employed by the registered enterprises shall be  
37 entitled to the following incentives:

- 38 (a) Upon submission of all necessary documents, the Bureau of Immigration shall  
39 issue the multiple entry special visa to foreign personnel of registered enterprises,  
40 their respective spouses and unmarried children under 21 years of age, if  
41 accompanying them or if following to join them after their admission into the  
42 Philippines as non-immigrant within seventy-two (72) hours upon submission of all

1 required documents. This is without prejudice to the authority of the Department of  
2 Foreign Affairs to issue visas.

3 The visa shall be valid for a period of five (5) years to enter the  
4 Philippines. The admission and stay shall be co-terminus with the validity of the  
5 multiple entry visa. The stay, however, is extendible to five (5) years upon  
6 submission to the Bureau of Immigration of a sworn certification by a responsible  
7 officer of the registered enterprise that is licensed to operate or registration  
8 remains valid and subsisting and that the registered enterprise has withheld tax  
9 due on compensation and the same has been paid to the Bureau of Internal  
10 Revenue.

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

- 22 (b) Alien executives occupying managerial and technical positions employed by the  
23 registered enterprise shall be subject for each taxable year upon their gross  
24 income received as salaries, wages, annuities, compensations, remuneration and  
25 emoluments to a final tax equal to fifteen percent (15%) of such gross income.  
26 The same tax treatment is applicable to Filipinos employed and occupying the  
27 same positions as those aliens employed by registered enterprises, regardless of  
28 whether or not there is an alien executive occupying the same position.

29 Qualified Filipino employees shall have the option to be taxed at either  
30 15% of gross income or at the regular tax rate on their taxable income in  
31 accordance with the National Internal Revenue Code of 1997.

- 32 (c) An alien executive of the registered enterprise shall enjoy tax and duty free  
33 importation of personal and household effects as provided for under Section  
34 +105(h) of the Tariff and Customs Code as amended, and Section 109 (I) of the  
35 National Internal Revenue Code, as amended; Provided, That the personal and  
36 household effects shall arrive in the Philippines within ninety (90) days before or  
37 after conversion of the alien executive's admission category to multiple entry visa  
38 issued under this Act.

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

1 **SEC. 14. *Simplified Public Bidding.*** As a general rule, contracts for infrastructure  
2 development, construction, repair, rehabilitation, improvement or maintenance should be  
3 conducted through public bidding pursuant to Republic Act No. 6957, as amended. However, in  
4 the exigency of public service and national interest as may be determined by the President, and  
5 in order to achieve the objectives of this Act, simplified bidding through sealed canvass of at  
6 least three (3) pre-qualified investors may be resorted to. The process of selecting the  
7 prospective lessees and private investors shall be transparent, where procedures and selection  
8 process adapted are made public through newspaper advertisements and similar other means.  
9

10 **SEC. 15. *Authority to Declare Economic Zones.*** The President is authorized to declare  
11 certain areas within the Region as economic, free trade, agro-industrial, agricultural, agri-  
12 tourism, or industrial zones qualified and eligible for all incentives provided for under this Act  
13 and other existing laws. The President is further authorized to declare areas within the Region  
14 as underdeveloped and therefore entitled to incentives and support over and above those  
15 provided in this Act.  
16

17 **SEC. 16. *Applicability to Existing Enterprises in the Region.*** The basic rights incentives  
18 granted under this Act may be availed of existing business enterprises within the Region  
19 provided that these enterprises possess the minimum qualification as set forth in Section 8 and  
20 they register with the MIDA within six (6) months from the effectivity of the rules implementing  
21 this Act.  
22

23 **SEC. 17. *Coordination with Various Government Organizations.*** The Board shall consult  
24 and coordinate with existing government organizations including the Autonomous Region of  
25 Muslim Mindanao, Mindanao Economic Development Council, Southern Mindanao  
26 Development Authority, Special Zone of Peace and Development in formulating policies and  
27 programs.  
28

29 **SEC. 18. *Implementing Rules and Regulations.*** To implement the provisions of this Act, the  
30 Department of Agriculture, the Department of Trade and Industry and the Department of  
31 Finance shall formulate the implementing rules and regulations of this Act within thirty (30) days  
32 after its approval. Such rules and regulations shall take effect fifteen (15) days after their  
33 publication in a newspaper of general circulation in the Philippines.  
34

35 **SEC. 19. *Separability Clause.*** If any part or section of this Act is declared unconstitutional for  
36 any reason or whatsoever, such parts not so declared shall remain in full force and effect.  
37

38 **SEC. 20. *Repealing Clause.*** All laws, decrees, orders, rules and regulations or issuances or  
39 parts thereof inconsistent with the provisions of this Act are hereby repealed or modified  
40 accordingly.  
41

1   **SEC. 21. *Effectivity Clause.*** This Act shall take effect after fifteen (15) days following its full  
2   publication in at least two (2) newspapers of general circulation in the Philippines.

3  
4   Approved,