



S E N A T E

S. No. 2762*

(In substitution of Senate Bill Nos. 2654 and 2684, taking into consideration
House Bill No. 9794 and Senate Resolution Nos. 219, 244, and 567)

PREPARED BY THE COMMITTEE ON WAYS AND MEANS WITH
SENATORS GATCHALIAN, ZUBIRI, AND VILLANUEVA AS AUTHORS

AN ACT AMENDING SECTIONS 27, 28, 32, 34, 57, 106,
108, 109, 112, 135, 237, 237-A, 292, 293, 294, 295, 296,
297, 300, 301, 308, 309, 310, AND 311, AND ADDING
NEW SECTIONS 135-A, 295-A, AND 296-A OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997,
AS AMENDED, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 27 of the National Internal
2 Revenue Code of 1997, as amended, is hereby further
3 amended to read as follows:

4 "SEC. 27. *Rates of Income [t] Tax on Domestic*
5 *Corporations.* –

6 (A) *In General.* – Except as otherwise
7 provided in this Code, an income tax rate of
8 twenty-five percent (25%) effective July 1,

1 2020 is hereby imposed upon the taxable
2 income derived during each taxable year
3 from all sources within and without the
4 Philippines by every corporation, as defined
5 in Section 22(B) of this Code and taxable
6 under this Title as a corporation, organized
7 in, or existing under the laws of the
8 Philippines[-]: *Provided*, That corporations
9 with net taxable income not exceeding Five
10 million pesos (P5,000,000.00) and with total
11 assets not exceeding One hundred million
12 pesos (P100,000,000.00), excluding land on
13 which the particular business entity's office,
14 plant, and equipment are situated during
15 the taxable year for which the tax is
16 imposed, shall be taxed at twenty percent
17 (20%)[-]: *PROVIDED, FURTHER, THAT*
18 REGISTERED BUSINESS ENTERPRISES
19 UNDER THE ENHANCED DEDUCTIONS
20 REGIME AS PROVIDED IN SECTION
21 294(C) OF THIS CODE SHALL BE TAXED
22 AT A RATE EQUIVALENT TO TWENTY
23 PERCENT (20%) ON THEIR TAXABLE
24 INCOME DERIVED FROM REGISTERED

1 PROJECTS OR ACTIVITIES DURING
2 EACH TAXABLE YEAR.

3 xxx.

4 xxx.

5 (B) *Proprietary Educational*
6 *Institutions and Hospitals.* – xxx

7 (C) *Government-owned or –Controlled*
8 *Corporations, Agencies or Instrumentalities.*
9 – xxx

10 (D) *Rates of Tax on Certain Passive*
11 *Incomes.* – xxx

12 (E) *Minimum Corporate Income Tax on*
13 *Domestic Corporations.* – xxx

14 (F) *Offshore Gaming Licensees.* – xxx

15 (G) *Accredited Service Providers to*
16 *Offshore Gaming Licensees.* – xxx

17 xxx.”

18 SEC. 2. Section 28 of the National Internal
19 Revenue Code of 1997, as amended, is hereby further
20 amended to read as follows:

21 “SEC. 28. *Rates of Income Tax on*
22 *Foreign Corporations.* –

23 (A) *Tax on Resident Foreign*
24 *Corporations.* –

1 (1) *In General.* – Except as otherwise
2 provided in this Code, a corporation
3 organized, authorized, or existing under the
4 laws of any foreign country, engaged in trade
5 or business within the Philippines, shall be
6 subject to an income tax equivalent to
7 twenty-five percent (25%) of the taxable
8 income derived in the preceding taxable year
9 from all sources within the Philippines
10 effective July 1, 2020[-]: *PROVIDED, THAT*
11 *REGISTERED BUSINESS ENTERPRISES*
12 *UNDER THE ENHANCED DEDUCTIONS*
13 *REGIME AS PROVIDED IN SECTION*
14 *294(C) OF THIS CODE, SHALL BE*
15 *SUBJECT TO A TAX RATE EQUIVALENT*
16 *TO TWENTY PERCENT (20%) OF THEIR*
17 *TAXABLE INCOME DERIVED FROM*
18 *REGISTERED PROJECTS OR*
19 *ACTIVITIES DURING EACH TAXABLE*
20 *YEAR.*

21 xxx.

22 xxx.

23 xxx.

1 (B) *Tax on Nonresident Foreign*
2 *Corporation.* –

3 (1) *In General.* – xxx.”

4 SEC. 3. Section 32 of the National Internal
5 Revenue Code of 1997, as amended, is hereby
6 further amended to read as follows:

7 “SEC. 32. *Gross Income.* –

8 (A) *General Definition.* – xxx

9 (B) *Exclusion from Gross Income.* –

10 The following items shall not be included in
11 THE gross income and shall be exempt from
12 taxation under this Title:

13 (1) xxx;

14 (2) xxx;

15 (3) xxx;

16 (4) xxx;

17 (5) *Income Exempt under Treaty.* -

18 Income of any kind, to the extent required by
19 any treaty obligation, INCLUDING
20 AGREEMENTS ENTERED INTO BY THE
21 PRESIDENT WITH ECONOMIES AND
22 ADMINISTRATIVE REGIONS, SUBJECT
23 TO THE CONCURRENCE OF THE

1 SENATE, binding upon the Government of
2 the Philippines.

3 (6) xxx; and

4 (7) xxx.”

5 SEC. 4. Section 34 of the National Internal
6 Revenue Code of 1997, as amended, is hereby
7 further amended to read as follows:

8 “SEC. 34. *Deductions from Gross Income.* –

9 x x x

10 (B) Interest. — xxx

11 (C) Taxes. — xxx

12 (1) *In General.* — xxx

13 (2) *Limitations on Deductions.* — xxx

14 (3) *Credit Against Tax for Taxes of Foreign*
15 *Countries.* — xxx

16 (4) *Limitations on Credit.* — xxx

17 (5) *Adjustments on Payment of Incurred*
18 *Taxes.* — xxx

19 (6) *Year in Which Credit Taken.* — xxx

20 (7) *Proof of Credits.* — xxx

21 (8) *INPUT VAT ATTRIBUTABLE TO VAT-*
22 *EXEMPT SALES.* — INPUT TAX PAID ON
23 LOCAL PURCHASES ATTRIBUTABLE TO
24 VAT-EXEMPT SALES SHALL BE

1 DEDUCTIBLE FROM THE GROSS
2 INCOME OF THE TAXPAYER.

3 xxx.”

4 SEC. 5. Section 57 of the National Internal
5 Revenue Code of 1997, as amended, is hereby further
6 amended to read as follows:

7 “SEC. 57. *Withholding of Tax at Source.* –

8 (A) *Withholding of Final Tax on Certain*
9 *Incomes.* – xxx

10 (B) *Withholding of Creditable Tax at*
11 *Source.* - The Secretary of Finance may, upon
12 the recommendation of the Commissioner,
13 require the withholding of a tax on the items
14 of income payable to natural or juridical
15 persons, residing in the Philippines, by
16 payor-corporation/persons as provided for by
17 law, at the rate of [~~not less than one percent~~
18 ~~(1%)~~ but] not more than [~~thirty-two percent~~
19 ~~(32%)~~] FIFTEEN PERCENT (15%) thereof,
20 which shall be credited against the income
21 tax liability of the taxpayer for the taxable
22 year[: ~~Provided, That, beginning January 1,~~
23 ~~2019, the rate of withholding shall not be less~~

1 ~~than one percent (1%) but not more than~~
2 ~~fifteen percent (15%) of the income payment].~~

3 (C) *Tax-free Covenant Bonds.* – xxx
4 xxx.”

5 SEC. 6. Section 106 of the National Internal
6 Revenue Code of 1997, as amended, is hereby
7 further amended to read as follows:

8 “SEC. 106. *Value-Added Tax on Sale of*
9 *Goods or Properties.* –

10 (A) *Rate and Base of Tax.* – xxx.

11 (1) The term ‘*goods or properties*’ xxx;

12 (2) The following sales by VAT-
13 registered persons shall be subject to zero
14 percent (0%) rate:

15 (a) *Export Sales.* – The term ‘export
16 sales’ means:

17 (1) xxx;

18 [~~(3)~~](2) Sale of raw materials or
19 packaging materials to a non-resident buyer
20 for delivery to a resident local export-
21 oriented enterprise to be used in
22 manufacturing, processing, packing or
23 repacking in the Philippines of the said
24 buyer’s goods and paid for in acceptable

1 foreign currency and accounted for in
2 accordance with the rules and regulations of
3 the Bangko Sentral ng Pilipinas (BSP);

4 [~~(4)~~](3) Sale of [~~raw materials or~~
5 ~~packaging materials~~] GOODS to export-
6 oriented enterprise whose export sales
7 [~~exceed~~] IS AT LEAST seventy percent (70%)
8 of THE total annual production OF THE
9 PRECEDING TAXABLE YEAR[~~;~~]:
10 *PROVIDED*, THAT SUCH GOODS ARE
11 DIRECTLY ATTRIBUTABLE TO THE
12 EXPORT ACTIVITY OF THE EXPORT-
13 ORIENTED ENTERPRISE: *PROVIDED*,
14 *FURTHER*, THAT THE EXPORT
15 MARKETING BUREAU OF THE
16 DEPARTMENT OF TRADE AND
17 INDUSTRY (DTI) SHALL DETERMINE
18 COMPLIANCE WITH THE FOREGOING
19 THRESHOLD. ANY EXPORT-ORIENTED
20 ENTERPRISE THAT FAILS TO MEET THE
21 THRESHOLD SHALL BE DISQUALIFIED
22 FROM AVAILING OF VAT ZERO-RATING
23 ON LOCAL PURCHASES IN THE
24 IMMEDIATELY SUCCEEDING YEAR:

1 *PROVIDED, FINALLY*, THAT INPUT TAX
2 OTHERWISE DUE ON VAT ZERO-RATED
3 LOCAL PURCHASES ATTRIBUTABLE TO
4 VAT-EXEMPT SALES SHALL BE PAID
5 AND BE DEDUCTIBLE FROM THE
6 GROSS INCOME OF THE TAXPAYER.
7 FOR THIS PURPOSE, ‘DIRECTLY
8 ATTRIBUTABLE’ SHALL REFER TO
9 GOODS AND SERVICES THAT ARE
10 INCIDENTAL TO AND REASONABLY
11 NECESSARY FOR THE EXPORT
12 ACTIVITY OF THE EXPORT-ORIENTED
13 ENTERPRISE, INCLUDING JANITORIAL,
14 SECURITY, FINANCIAL, CONSULTANCY,
15 MARKETING AND PROMOTION
16 SERVICES, AND SERVICES RENDERED
17 FOR ADMINISTRATIVE OPERATIONS
18 SUCH AS HUMAN RESOURCES, LEGAL,
19 AND ACCOUNTING;

20 [~~(5) — Those considered export sales~~
21 ~~under Executive Order No. 226, otherwise~~
22 ~~known as the Omnibus Investment Code of~~
23 ~~1987, and other special laws; and]~~

1 ~~[(6)]~~(4) The sale of goods, supplies,
2 equipment and fuel to persons engaged in
3 international shipping or international air
4 transport operations: *Provided*, That the
5 goods, supplies, equipment and fuel shall be
6 used for international shipping or air
7 transport operations[-]; AND

8 (5) SALES TO BONDED
9 MANUFACTURING WAREHOUSES OF
10 EXPORT-ORIENTED ENTERPRISES.

11 ~~[Provided, That subparagraphs (3), (4),~~
12 ~~and (5) hereof shall be subject to the twelve~~
13 ~~percent (12%) value added tax and no longer~~
14 ~~be considered export sales subject to zero~~
15 ~~percent (0%) VAT rate upon satisfaction of~~
16 ~~the following conditions:~~

17 (1) ~~The successful establishment and~~
18 ~~implementation of an enhanced VAT refund~~
19 ~~system that grants refunds of creditable~~
20 ~~input tax within ninety (90) days from the~~
21 ~~filing of the VAT refund application with the~~
22 ~~Bureau: *Provided*, That, to determine the~~
23 ~~effectivity of item no. 1, all applications filed~~
24 ~~from January 1, 2018 shall be processed and~~

1 ~~must be decided within ninety (90) days from~~
2 ~~the filing of the VAT refund application; and~~

3 ~~(2) All pending VAT refund claims as of~~
4 ~~December 31, 2017 shall be fully paid in cash~~
5 ~~by December 31, 2019. *Provided, That the*~~
6 THE Department of Finance (DOF) shall
7 establish a VAT refund center in the Bureau
8 of Internal Revenue (BIR) and in the Bureau
9 of Customs (BOC) that will handle the
10 ELECTRONIC processing and granting of
11 cash refunds of creditable input tax.

12 An amount equivalent to five percent
13 (5%) of the total VAT collection of the BIR
14 and the BOC from the immediately preceding
15 year shall be automatically appropriated
16 annually and shall be treated as a special
17 account in the General Fund or as trust
18 receipts for the purpose of funding claims for
19 VAT refund: *Provided, That any unused*
20 fund, at the end of the year shall revert to the
21 General Fund[-]: *Provided, further, That the*
22 BIR and the BOC shall be required to submit
23 to the Congressional Oversight Committee
24 on the Comprehensive Tax Reform Program

1 (COCCTRP) a quarterly report of all pending
2 claims for refund and any unused fund.

3 (b) x x x

4 (c) x x x

5 (D) SALES SUBJECT TO ZERO
6 PERCENT (0%) VAT UNDER SPECIAL
7 LAWS.

8 x x x.”

9 SEC. 7. Section 108 of the National Internal
10 Revenue Code of 1997, as amended, is hereby
11 further amended to read as follows:

12 “SEC. 108. *Value-added Tax on Sale of*
13 *Services and Use or Lease of Properties.* –

14 (A) *Rate and Base of Tax.* – xxx

15 (B) *Transactions Subject to Zero*
16 *Percent (0%) Rate.* – The following services
17 performed in the Philippines by VAT-
18 registered persons shall be subject to zero
19 percent (0%) rate:

20 (1) x x x;

21 (2) x x x;

22 (3) x x x;

23 (4) x x x;

1 (5) Services performed [by
2 ~~subcontractors and/or contractors in~~
3 ~~processing, converting, or manufacturing~~
4 ~~goods]~~ for an EXPORT-ORIENTED
5 enterprise whose export sales [~~exceed~~] IS AT
6 LEAST seventy percent (70%) of THE total
7 annual production OF THE PRECEDING
8 TAXABLE YEAR [;]: *PROVIDED*, THAT
9 SUCH SERVICES ARE DIRECTLY
10 ATTRIBUTABLE TO THE EXPORT
11 ACTIVITY OF THE EXPORT-ORIENTED
12 ENTERPRISE: *PROVIDED, FURTHER*,
13 THAT THE EXPORT MARKETING
14 BUREAU OF THE DTI SHALL
15 DETERMINE COMPLIANCE WITH THE
16 FOREGOING THRESHOLD. ANY
17 EXPORT-ORIENTED ENTERPRISE THAT
18 FAILS TO MEET THE THRESHOLD
19 SHALL BE DISQUALIFIED FROM
20 AVAILING OF VAT ZERO-RATING IN THE
21 IMMEDIATELY SUCCEEDING YEAR:
22 *PROVIDED, FINALLY*, THAT INPUT TAX
23 OTHERWISE DUE ON VAT ZERO-RATED
24 LOCAL PURCHASES ATTRIBUTABLE TO

1 VAT-EXEMPT SALES SHALL BE PAID
2 AND DEDUCTIBLE FROM THE GROSS
3 INCOME OF THE TAXPAYER. FOR THIS
4 PURPOSE, "DIRECTLY ATTRIBUTABLE"
5 SHALL HAVE THE SAME MEANING AS
6 DEFINED UNDER SECTION 106 OF THIS
7 CODE.

8 (6) x x x;

9 (7) x x x; AND

10 (8) SALES SUBJECT TO ZERO
11 PERCENT (0%) VAT UNDER SPECIAL
12 LAWS.

13 ~~[Provided, That subparagraphs (B)(1) and~~
14 ~~(B)(5) hereof shall be subject to the twelve percent~~
15 ~~(12%) value added tax and no longer be subject to~~
16 ~~zero percent (0%) VAT rate upon satisfaction of~~
17 ~~the following conditions:~~

18 ~~(1) The successful establishment and~~
19 ~~implementation of an enhanced VAT refund~~
20 ~~system that grants refunds of creditable input tax~~
21 ~~within ninety (90) days from the filing of the VAT~~
22 ~~refund application with the Bureau: *Provided,*~~
23 ~~That, to determine the effectivity of item no. 1, all~~
24 ~~applications filed from January 1, 2018 shall be~~

1 ~~processed and must be decided within ninety (90)~~
2 ~~days from the filing of the VAT refund application;~~
3 ~~and~~

4 ~~(2) All pending VAT refund claims as of~~
5 ~~December 31, 2017 shall be fully paid in cash by~~
6 ~~December 31, 2019. *Provided, That* the~~
7 ~~Department of Finance]~~ THE DOF shall establish
8 a VAT refund center in the Bureau of Internal
9 Revenue and in the Bureau of Customs that will
10 handle the ELECTRONIC processing and
11 granting of cash refunds of creditable input tax.

12 x x x”

13 SEC. 8. Section 109 of the National Internal
14 Revenue Code of 1997, as amended, is hereby further
15 amended to read as follows:

16 “SEC. 109. *Exempt Transactions.* —

17 (1) Subject to the provisions of the
18 Subsection (2) hereof, the following transactions
19 shall be exempt from the value-added tax:

20 x x x

21 (U) Importation of fuel, goods and supplies
22 ~~[by persons engaged in international shipping or~~
23 ~~air transport operations: *Provided, That* the fuel,~~

1 ~~goods and supplies shall be]~~ used for international
2 shipping or air transport operations;

3 x x x

4 (DD) IMPORTATION OF GOODS BY AN
5 EXPORT-ORIENTED ENTERPRISE WHOSE
6 EXPORT SALES IS AT LEAST SEVENTY
7 PERCENT (70%) OF THE TOTAL ANNUAL
8 PRODUCTION OF THE PRECEDING
9 TAXABLE YEAR: *PROVIDED*, THAT SUCH
10 GOODS ARE DIRECTLY ATTRIBUTABLE TO
11 THE EXPORT ACTIVITY OF THE EXPORT-
12 ORIENTED ENTERPRISE: *PROVIDED*,
13 *FURTHER*, THAT THE EXPORT MARKETING
14 BUREAU OF THE DTI SHALL DETERMINE
15 THE COMPLIANCE WITH THE FOREGOING
16 THRESHOLD. FOR THIS PURPOSE,
17 ‘DIRECTLY ATTRIBUTABLE’ SHALL HAVE
18 THE SAME MEANING AS DEFINED UNDER
19 SECTION 106 OF THIS CODE.”

20 SEC. 9. Section 112 of the National Internal
21 Revenue Code of 1997, as amended, is hereby further
22 amended to read as follows:

23 “SEC. 112. *Refunds or Tax Credits of*
24 *Input Tax.*—

1 (A) *Zero-Rated or Effectively Zero-Rated*
2 *Sales.* – xxx

3 (B) *Cancellation of VAT Registration.* –
4 xxx

5 (C) *Period within which the Refund or*
6 *Tax Credit of Input Taxes shall be Made.* - In

7 proper cases, the Commissioner shall grant a

8 refund for creditable input taxes within

9 ninety (90) days from the date of submission

10 of CERTIFIED TRUE COPIES OF invoices

11 and other documents SPECIFICALLY

12 LIMITED TO THOSE PRESCRIBED IN

13 THE REVENUE ISSUANCES AND in

14 support of the application filed in accordance

15 with Subsections (A) and (B) hereof:

16 *Provided*, That for this purpose, the VAT

17 refund claims shall be classified into low-,

18 medium-, and high-risk claims, with the risk

19 classification TO BE based on THE amount

20 of VAT refund claim, tax compliance history,

21 frequency of filing VAT refund claims, among

22 others: *Provided, further*, That medium- and

23 high-risk claims shall be subject to audit or

24 other verification processes in accordance

1 with the Bureau of Internal Revenue's
2 national audit program for the relevant
3 year[~~:- Provided, finally, That s~~]. Should the
4 Commissioner find that the grant of refund is
5 not proper, the Commissioner must, [~~state in~~
6 ~~writing the legal and factual basis for the~~
7 ~~denial within the ninety (90)-day period~~]
8 WITHIN THE 90-DAY PERIOD,
9 COMMUNICATE IN WRITING TO THE
10 TAXPAYER, THE LEGAL AND FACTUAL
11 BASIS FOR THE DENIAL, INCLUDING
12 THE DEFICIENCIES OF THE VAT
13 REFUND CLAIM. THE TAXPAYER SHALL
14 HAVE FIFTEEN (15) DAYS FROM
15 RECEIPT OF THE DENIAL TO FILE A
16 REQUEST FOR RECONSIDERATION.
17 THE COMMISSIONER SHALL DECIDE
18 ON THE REQUEST FOR
19 RECONSIDERATION WITHIN FIFTEEN
20 (15) DAYS FROM RECEIPT THEREOF.
21 FAILURE TO FILE A REQUEST FOR
22 RECONSIDERATION WITHIN THE
23 FIFTEEN (15)-DAY PERIOD SHALL
24 RENDER THE DECISION FINAL.

1 In case of full or partial denial of the
2 claim for tax refund, or ~~[the]~~ failure on the
3 part of the Commissioner to act on the
4 application FOR REFUND OR REQUEST
5 FOR RECONSIDERATION within the
6 periodS prescribed above, the taxpayer
7 affected may, within thirty (30) days from the
8 receipt of the decision DENYING THE
9 REQUEST FOR RECONSIDERATION
10 ~~[denying the claim]~~ or after the expiration of
11 the ninety (90)-day period TO DECIDE ON
12 THE APPLICATION FOR REFUND, OR
13 FIFTEEN (15)-DAY PERIOD TO DECIDE
14 ON THE REQUEST FOR
15 RECONSIDERATION IN CASES WHERE
16 NO ACTION IS MADE BY THE
17 COMMISSIONER ON THE REQUEST FOR
18 RECONSIDERATION, appeal the decision
19 with the Court of Tax Appeals: *Provided,*
20 *however,* That failure on the part of any
21 official, agent, or employee of the Bureau of
22 Internal Revenue to act on the application
23 FOR VAT REFUND within THE ninety (90)-
24 ~~[days]~~DAY period AND ON THE REQUEST

1 FOR RECONSIDERATION WITHIN THE
2 FIFTEEN (15)-DAY PERIOD shall be
3 punishable under Section 269 of this Code.

4 (D) *Manner of Giving Refund.* - Refunds
5 shall be made upon warrants drawn by the
6 Commissioner or by [~~his~~] A duly authorized
7 representative without the necessity of being
8 countersigned by the Chairperson[~~]~~ OF THE
9 Commission on Audit, the provisions of the
10 Administrative Code of 1987 to the contrary
11 notwithstanding: *Provided*, That refunds
12 under this paragraph shall be subject to post
13 audit by the Commission on Audit following
14 the risk-based classification above-described:
15 *PROVIDED, FURTHER, THAT, THE*
16 *BUREAU OF INTERNAL REVENUE*
17 *SHALL PUBLISH STATISTICS ON THE*
18 *AGGREGATED VOLUME, PROCESSING*
19 *TIME, APPROVAL RATE OF REFUND*
20 *CLAIMS, AND OTHER RELEVANT*
21 *STATISTICS IN THEIR OFFICIAL*
22 *WEBSITE: PROVIDED, [~~further,~~]*
23 *FINALLY*, That in case of disallowance by
24 the Commission on Audit, only the taxpayer

1 shall be liable for the disallowed amount
2 without prejudice to any administrative
3 liability on the part of any employee of the
4 Bureau of Internal Revenue who may be
5 found to be grossly negligent in the grant of
6 refund.”

7 SEC. 10. Section 135 of the National Internal
8 Revenue Code of 1997, as amended, is hereby further
9 amended to read as follows:

10 “SEC. 135. – *Petroleum Products Sold to*
11 *International Carriers and Exempt Entities or*
12 *Agencies.* - Petroleum products sold to the
13 following are exempt from excise tax:

14 (a) International carriers of Philippine
15 or foreign registry on their use or
16 consumption outside the Philippines:
17 *Provided,* That the petroleum products sold
18 to these international carriers shall be stored
19 in a bonded storage tank and may be
20 disposed of only in accordance with the rules
21 and regulations to be prescribed by the
22 Secretary of Finance, upon recommendation
23 of the Commissioner:

1 SUPPLIERS OF PETROLEUM
2 PRODUCTS TO INTERNATIONAL
3 CARRIERS SHALL BE ALLOWED TO FILE
4 A CLAIM FOR REFUND OF EXCISE TAX
5 PAID ON SUCH PRODUCTS, UPON
6 PRESENTING PROOF THAT THE
7 PETROLEUM PRODUCTS WERE SOLD
8 TO INTERNATIONAL CARRIERS OF
9 PHILIPPINE OR FOREIGN REGISTRY,
10 FOR THEIR USE OR CONSUMPTION
11 OUTSIDE THE PHILIPPINES,
12 FOLLOWING THE PROCEDURE UNDER
13 SECTION 135-A OF THIS CODE.

14 (b) xxx

15 (c) xxx.”

16 SEC. 11. A new Section 135-A shall be introduced
17 in the National Internal Revenue Code of 1997, as
18 amended. The new Section 135-A shall read as follows:

19 “SEC. 135-A. *REFUND OF EXCISE*
20 *TAX ON PETROLEUM PRODUCTS SOLD*
21 *TO AND FOR USE BY INTERNATIONAL*
22 *CARRIERS. – NO REFUND OF EXCISE*
23 *TAX PAID ON OTHERWISE EXEMPT*
24 *IMPORTATION UNDER SECTION 135(A)*”

1 SHALL BE ALLOWED UNLESS THE
2 TAXPAYER FILES A WRITTEN CLAIM
3 FOR REFUND WITH THE
4 COMMISSIONER, WITHIN TWO (2)
5 YEARS AFTER THE PAYMENT OF
6 EXCISE TAX, AS PROVIDED UNDER
7 SECTION 229 OF THIS CODE: *PROVIDED*,
8 HOWEVER, THAT A RETURN FILED
9 SHOWING AN OVERPAYMENT SHALL
10 BE CONSIDERED A WRITTEN CLAIM
11 FOR REFUND: *PROVIDED, FURTHER*,
12 THAT THE COMMISSIONER SHALL
13 PROCESS AND DECIDE THE REFUND
14 UNDER THIS PROVISION WITHIN
15 NINETY (90) DAYS FROM THE
16 SUBMISSION OF COMPLETE
17 DOCUMENTS SUPPORTING THE
18 APPLICATION FILED. SHOULD THE
19 COMMISSIONER DENY THE CLAIM FOR
20 REFUND IN FULL OR IN PART, THE
21 COMMISSIONER SHALL STATE THE
22 LEGAL AND/OR FACTUAL BASIS FOR
23 THE DENIAL. THE TAXPAYER SHALL
24 HAVE FIFTEEN (15) DAYS FROM

1 RECEIPT OF THE DENIAL TO FILE A
2 REQUEST FOR RECONSIDERATION,
3 WHICH SHALL BE RESOLVED BY THE
4 COMMISSIONER WITHIN FIFTEEN (15)
5 DAYS FROM THE RECEIPT THEREOF.
6 FAILURE TO FILE A REQUEST FOR
7 RECONSIDERATION WITHIN THE 15-
8 DAY PERIOD SHALL RENDER THE
9 DECISION FINAL. FAILURE ON THE
10 PART OF ANY OFFICIAL AGENT OR
11 EMPLOYEE OF THE BUREAU OF
12 INTERNAL REVENUE TO PROCESS AND
13 DECIDE ON THE APPLICATION WITHIN
14 THE 90-DAY PERIOD SHALL BE
15 PUNISHABLE UNDER SECTION 269 OF
16 THIS CODE.”

17 SEC. 12. Section 237 of the National Internal
18 Revenue Code of 1997, as amended, is hereby further
19 amended to read as follows:

20 “SEC. 237. *Issuance of [~~Sales or~~*
21 *Commercial] Invoices.*—

22 (A) *Issuance.* — xxx

23 [~~Within five (5) years from the~~
24 ~~effectivity of this Act and u]~~Upon the

1 establishment of a system capable of storing
2 and processing the required data, the Bureau
3 shall require taxpayers engaged in the export
4 of goods and services, taxpayers engaged in
5 e-commerce, and taxpayers under the
6 jurisdiction of the Large Taxpayers Service to
7 issue electronic [~~receipts or sales or~~
8 ~~commercial~~] invoices [~~in lieu of manual~~
9 ~~receipts or sales or commercial invoices~~],
10 subject to rules and regulations to be issued
11 by the Secretary of Finance upon
12 recommendation of the Commissioner [~~and~~
13 ~~after a~~] FOLLOWING A public hearing [~~shall~~
14 ~~have been~~] held for this purpose: *Provided*,
15 That taxpayers not covered by the mandate
16 of this provision may VOLUNTARILY issue
17 electronic [~~receipts or, sales or commercial~~]
18 invoices [~~, in lieu of manual receipts, and~~
19 ~~sales and commercial invoices~~]: *PROVIDED*,
20 *FURTHER*, THAT THE SECRETARY OF
21 FINANCE, UPON THE
22 RECOMMENDATION OF THE
23 COMMISSIONER, MAY REQUIRE

1 TAXPAYERS TO ISSUE ELECTRONIC
2 INVOICES.
3 xxx.”

4 SEC. 13. Section 237-A of the National Internal
5 Revenue Code of 1997, as amended, is hereby further
6 amended, to read as follows:

7 “SEC. 237-A. *Electronic Sales Reporting*
8 *System.* – [~~Within five (5) years from the~~
9 ~~effectivity of this Act and u]~~Upon establishment
10 of a system capable of storing and processing the
11 required data, the Bureau shall require taxpayers
12 engaged in the export of goods and services, and
13 taxpayers under the jurisdiction of the Large
14 Taxpayers Service to electronically report their
15 sales data to the Bureau through the use of
16 electronic point of sale systems, subject to rules
17 and regulations to be issued by the Secretary of
18 Finance as recommended by the Commissioner of
19 Internal Revenue: *Provided*, That the machines,
20 fiscal devices, and fiscal memory devices shall be
21 at the expense of the taxpayer: *PROVIDED,*
22 *FURTHER,* THAT THE SECRETARY OF
23 FINANCE, UPON THE RECOMMENDATION
24 OF THE COMMISSIONER, MAY REQUIRE

1 TAXPAYERS TO ELECTRONICALLY REPORT
2 THEIR SALES DATA TO THE BUREAU.

3 ALL TAXPAYERS REQUIRED TO ISSUE
4 AND THOSE WHO VOLUNTARILY CHOOSE
5 TO ISSUE ELECTRONIC INVOICES AND
6 ELECTRONICALLY REPORT THEIR SALES
7 DATA TO THE BUREAU SHALL BE
8 ALLOWED, IN ADDITION TO THE
9 DEDUCTION PROVIDED UNDER SECTION
10 34(A)(1) HEREOF, THE FOLLOWING
11 ALLOWABLE DEDUCTIONS:

12 (1) FOR MICRO AND SMALL
13 TAXPAYERS AS DEFINED UNDER
14 SECTION 21(B) OF THIS CODE, AN
15 ADDITIONAL DEDUCTION FROM
16 TAXABLE INCOME OF ONE
17 HUNDRED PERCENT (100%) OF
18 THE TOTAL COST FOR SETTING
19 UP AN ELECTRONIC SALES
20 REPORTING SYSTEM.

21 (2) FOR MEDIUM AND LARGE
22 TAXPAYERS AS DEFINED UNDER
23 SECTION 21(B) OF THIS CODE, AN
24 ADDITIONAL DEDUCTION FROM

1 TAXABLE INCOME OF FIFTY
2 PERCENT (50%) OF THE TOTAL
3 COST FOR SETTING UP AN
4 ELECTRONIC SALES REPORTING
5 SYSTEM.

6 THE FOREGOING ALLOWABLE
7 DEDUCTION SHALL ONLY BE AVAILED OF
8 ONCE. THE IMPORTATION OF SUCH
9 ELECTRONIC SALES REPORTING SYSTEM
10 SHALL ALSO BE EXEMPT FROM TAXES.

11 x x x.”

12 SEC. 14. Section 292 of the National Internal
13 Revenue Code of 1997, as amended, is hereby further
14 amended to read as follows:

15 “SEC. 292. *Extent of Authority to Grant*
16 *Tax Incentives.* - The Fiscal Incentives
17 Review Board [;] or the Investment
18 Promotion Agencies, [~~under a delegated~~
19 ~~authority from the Fiscal Incentives Review~~
20 ~~Board,~~] shall grant the appropriate tax
21 incentives provided in this Title [~~to be~~
22 ~~granted~~] to registered business enterprises
23 only to the extent of their approved
24 registered project or activity under the

1 Strategic Investment Priority Plan (SIPP)[.],
2 TAKING INTO CONSIDERATION THE
3 INFUSION OF INVESTMENT CAPITAL,
4 GENERATION OF DIRECT LOCAL
5 EMPLOYMENT, TAKING INTO ACCOUNT
6 REPUBLIC ACT NO. 11962, OR THE
7 ‘TRABAHO PARA SA BAYAN ACT’, AND
8 OTHER STANDARD AND PROJECT-
9 SPECIFIC PERFORMANCE METRICS OF
10 THE REGISTERED PROJECT OR
11 ACTIVITY THAT MAY BE IMPOSED BY
12 THE FISCAL INCENTIVES REVIEW
13 BOARD OR THE INVESTMENT
14 PROMOTION AGENCIES.”

15 SEC. 15. Section 293 of the National Internal
16 Revenue Code of 1997, as amended, is hereby further
17 amended to read as follows:

18 “SEC. 293. *Definitions.* – When used in this
19 Title:

20 (A) *Capital equipment* refers to
21 machinery, equipment, major components
22 thereof, tools, devices, applications or
23 apparatus, which are directly [~~or reasonably~~
24 ~~needed—in~~] ATTRIBUTABLE TO the

1 registered project or activity of the registered
2 enterprise;

3 (B) *CERTIFICATE OF AUTHORITY*

4 *TO IMPORT* REFERS TO THE
5 DOCUMENT ISSUED BY THE
6 INVESTMENT PROMOTION AGENCIES
7 AS PROOF OF ENTITLEMENT TO
8 EXEMPTION FROM VALUE-ADDED TAX
9 AND/OR DUTY-FREE IMPORTATION
10 WHICH SHALL CONTAIN THE LIST OF
11 CAPITAL EQUIPMENT, RAW
12 MATERIALS, SPARE PARTS, OR
13 ACCESSORIES TO BE IMPORTED THAT
14 ARE DIRECTLY ATTRIBUTABLE TO THE
15 PRODUCTION OF GOODS AND
16 SERVICES, INCLUDING GOODS USED
17 FOR ADMINISTRATIVE PURPOSES;

18 (C) *CERTIFICATE OF*

19 *REGISTRATION* REFERS TO THE
20 DOCUMENT EVIDENCING
21 REGISTRATION WITH AN INVESTMENT
22 PROMOTION AGENCY AND
23 ENTITLEMENT TO TAX INCENTIVES:
24 *PROVIDED*, THAT EACH REGISTERED

1 PROJECT OR ACTIVITY OF A
2 REGISTERED BUSINESS ENTERPRISE
3 SHOULD BE SUPPORTED BY A
4 SEPARATE CERTIFICATE OF
5 REGISTRATION;

6 (D) *DIRECTLY ATTRIBUTABLE*
7 REFERS TO GOODS AND SERVICES
8 THAT ARE INCIDENTAL TO AND
9 REASONABLY NECESSARY FOR THE
10 REGISTERED PROJECT OR ACTIVITY OF
11 THE REGISTERED ENTERPRISE,
12 INCLUDING JANITORIAL, SECURITY,
13 FINANCIAL, CONSULTANCY,
14 MARKETING AND PROMOTION
15 SERVICES, AND SERVICES RENDERED
16 FOR ADMINISTRATIVE OPERATIONS
17 SUCH AS HUMAN RESOURCES, LEGAL,
18 AND ACCOUNTING: *PROVIDED*, THAT
19 THE DETERMINATION OF WHAT IS
20 'DIRECTLY ATTRIBUTABLE' TO THE
21 REGISTERED PROJECT OR ACTIVITY OF
22 THE REGISTERED BUSINESS
23 ENTERPRISE SHALL BE MADE BY THE

1 RELEVANT INVESTMENT PROMOTION
2 AGENCY.

3 ([B]E) *Direct local employment* x x x

4 ([C]F) *Domestic input* x x x

5 ([D]G) *Domestic market enterprise* x x x

6 ([E]H) *Export enterprise* x x x

7 ([F]I) *Freeport zones* refer to [~~an~~]

8 isolated and policed [~~area~~] AREAS adjacent

9 to a port of entry, which shall be operated

10 and managed as a separate customs territory

11 FOR PURPOSES OF [~~to—ensure~~]

12 ENSURING free flow or movement of goods

13 BETWEEN REGISTERED BUSINESS

14 ENTERPRISES, except those expressly

15 prohibited by law, within, into, and exported

16 out of the freeport zone where imported goods

17 may be unloaded for immediate

18 transshipment or stored, repacked, sorted,

19 mixed, or otherwise manipulated SUBJECT

20 TO THE PROVISIONS OF SECTIONS

21 294(D) AND (E) AND 295(C) AND (D):

22 [~~without being subject to import duties.~~

23 ~~However, movement of these imported goods~~

24 ~~from the free trade area to a non-free trade~~

1 ~~area in the country shall be subject to all~~
2 ~~applicable internal revenue taxes and~~
3 ~~duties:] *Provided*, That [for the freeport to~~
4 ~~qualify as a separate customs territory,] a~~
5 freeport shall have a permanent customs
6 control or customs office at its perimeter;

7 (J) *HIGH-VALUE DOMESTIC*
8 *MARKET ENTERPRISES* REFER TO
9 REGISTERED DOMESTIC MARKET
10 ENTERPRISES WITH AN INVESTMENT
11 CAPITAL EXCEEDING FIFTEEN
12 BILLION PESOS (PHP15,000,000,000.00)
13 AND ARE ENGAGED IN SECTORS
14 CONSIDERED AS IMPORT-
15 SUBSTITUTING, OR WITH EXPORT
16 SALES IN THE IMMEDIATELY
17 PRECEDING YEAR OF AT LEAST ONE
18 HUNDRED MILLION US DOLLARS
19 (USD100,000,000.00), OR ITS
20 EQUIVALENT IN AN ACCEPTABLE
21 FOREIGN CURRENCY: *PROVIDED*, THAT
22 THE THRESHOLD AMOUNT PROVIDED
23 HEREIN MAY BE INCREASED BY THE
24 FISCAL INCENTIVES REVIEW BOARD;

1 (K) *INVESTMENT CAPITAL* REFERS
2 TO THE VALUE OF INVESTMENT
3 INDICATED IN PHILIPPINE CURRENCY,
4 THAT SHALL BE USED TO CARRY OUT A
5 REGISTERED PROJECT OR ACTIVITY
6 SUCH AS PRE-OPERATING EXPENSES,
7 COST OF LAND AND LAND
8 IMPROVEMENTS, BUILDINGS,
9 LEASEHOLD IMPROVEMENTS,
10 WORKING CAPITAL, MACHINERY AND
11 EQUIPMENT, INVENTORY AND OTHER
12 CURRENT AND NON-CURRENT ASSETS;

13 ~~(H)~~(L) *Investment Promotion Agencies*
14 refer to government entities created by law,
15 executive order, decree, or other issuances, in
16 charge of promoting investments, granting
17 and administering tax and non-tax
18 incentives, and overseeing the operations of
19 the different economic zones and freeports in
20 accordance with their respective special
21 laws. These include the Board of Investments
22 (BOI), ~~[Regional Board of Investments—~~
23 ~~Autonomous Region in Muslim Mindanao~~
24 ~~(RBOI—ARMM)]~~-BANGSAMORO BOARD

1 OF INVESTMENTS (BBOI),
2 BANGSAMORO ECONOMIC ZONE
3 AUTHORITY (BEZA), Philippine Economic
4 Zone Authority (PEZA), Bases Conversion
5 and Development Authority (BCDA), Subic
6 Bay Metropolitan Authority (SBMA), Clark
7 Development Corporation (CDC), John Hay
8 Management Corporation (JHMC), Poro
9 Point Management Corporation (PPMC),
10 Cagayan Special Economic Zone Authority
11 (CEZA), Zamboanga City Special Economic
12 Zone and Freeport Authority (ZCSEZA),
13 PHIVIDEC Industrial Authority (PIA),
14 Aurora Pacific Economic Zone Authority
15 (APECO), Authority of the Freeport Area of
16 Bataan (AFAB), Tourism Infrastructure and
17 Enterprise Zone Authority (TIEZA),
18 BULACAN SPECIAL ECONOMIC ZONE
19 AND FREEPORT AUTHORITY (BEZA), and
20 all other similar existing authorities or that
21 may be created by law unless otherwise
22 specifically exempted from the coverage of
23 this Code.

24 (M) *Metropolitan areas* x x x

1 (N) *NET BOOK VALUE* REFERS TO
 2 HISTORICAL COST LESS
 3 ACCUMULATED DEPRECIATION, AS
 4 REFLECTED IN THE BOOKS OF
 5 ACCOUNT OR FINANCIAL STATEMENTS
 6 OF THE REGISTERED BUSINESS
 7 ENTERPRISE, AND DETERMINED IN
 8 ACCORDANCE WITH ACCEPTED
 9 ACCOUNTING STANDARDS;

10 ~~(J)~~(O) *Other government agencies*
 11 *administering tax incentives* x x x;

12 ~~(K)~~(P) *Other registered entities* x x x;

13 ~~(L)~~(Q) *Qualified capital expenditure*
 14 x x x;

15 ~~(M)~~(R) *Registered business enterprise*
 16 *(RBE)* x x x;

17 ~~(N)~~(S) *Research and development*
 18 x x x;

19 ~~(O)~~(T) *Sophisticated* x x x;

20 ~~(P)~~(U) *Sophistication* x x x;

21 ~~(Q)~~(V) *Source document* x x x;

22 ~~(R)~~(W) *Special economic zone or*
 23 *ecozone* refers to a selected area which shall
 24 be operated and managed as a separate

1 customs territory that is highly developed or
2 has the potential to be developed into an
3 agro-industrial, industrial, information
4 technology, or tourist/recreational area,
5 whose metes and bounds are fixed or
6 delimited by presidential proclamations and
7 within a specific geographical area which
8 includes industrial estates (IEs), export
9 processing zones (EPZs), ICT parks and
10 centers, and free trade zones: *Provided*, That
11 for the ecozone to qualify as a separate
12 customs territory, an ecozone shall have a
13 permanent customs control or customs office
14 at its perimeter: *Provided, however*, That
15 areas where mining extraction is undertaken
16 shall not be declared as an ecozone: *Provided*,
17 *further*, That vertical economic zones, such
18 as, but not limited to, buildings, selected
19 floors within buildings, and selected areas on
20 a floor, need to comply with the minimum
21 contiguous land area as determined by the
22 Fiscal Incentives Review Board; [~~and~~]

23 (X) *TECHNICAL OBSOLESCENCE*
24 REFERS TO THE STATE OF AN ASSET

1 WHEN ITS DESIGN OR SPECIFICATION
2 NO LONGER FULFILLS THE FUNCTION
3 FOR WHICH IT WAS ORIGINALLY
4 DESIGNED AND/OR THE MACHINERY,
5 EQUIPMENT, SPARE PARTS AND/OR
6 MATERIALS HAVE DIMINISHED IN
7 VALUE AS CAUSED BY CHANGES IN
8 TECHNOLOGY AND NEW INVENTIONS,
9 RENDERING IT LESS DESIRABLE IN
10 THE INDUSTRY, INCLUDING A DECLINE
11 IN VALUE DUE TO THE AVAILABILITY
12 OF IMPROVED, MORE COST-EFFECTIVE
13 ALTERNATIVES, OR DUE TO THE
14 AVAILABILITY OF MORE ADVANCED
15 TECHNOLOGY THAT ALLOWS FOR
16 MORE EFFICIENCY SUCH AS EARLIER
17 REPLACEMENT OF INFORMATION
18 TECHNOLOGY ASSETS, AS MAY BE
19 VERIFIED AND APPROVED BY THE
20 INVESTMENT PROMOTION AGENCY;
21 AND

22 [(S)] (Y) *Training x x x.*”

1 SEC. 16. Section 294 of the National Internal
2 Revenue Code of 1997, as amended, is hereby further
3 amended to read as follows:

4 “SEC. 294. *Incentives.* – Subject to the
5 conditions and period of availment in
6 Sections 295, [~~and~~] 296, AND 296-A
7 respectively, the following types of tax
8 incentives may be granted to registered
9 projects or activities:

10 (A) *Income Tax Holiday (ITH).* - FOR
11 ALL RBEs, EXEMPTION FROM INCOME
12 TAX IMPOSED UNDER THIS CODE;

13 (B) *Special Corporate Income Tax*
14 *(SCIT) Rate.* – For export enterprise, a tax
15 rate equivalent to 5% [~~effective July 1, 2020,~~]
16 based on the gross income earned, in lieu of
17 all national and local taxes, LOCAL FEES
18 AND CHARGES.

19 x x x.

20 (C) *Enhanced Deductions* [~~(ED)~~]
21 *REGIME (EDR).* – For export enterprise and
22 domestic market enterprise, the following
23 may be allowed as deductions:

24 (1) x x x

- 1 (2) x x x
- 2 (3) x x x
- 3 (4) x x x
- 4 (5) x x x
- 5 (6) ~~[Fifty percent (50%)]~~ ONE
- 6 HUNDRED PERCENT (100%)
- 7 additional deduction on power
- 8 expense incurred in the taxable year;
- 9 (7) Deduction for reinvestment
- 10 allowance to manufacturing AND
- 11 TOURISM industr[y]IES. – When a
- 12 manufacturing OR TOURISM
- 13 ~~[registered business enterprise]~~ RBE
- 14 reinvests its undistributed profit or
- 15 surplus in MANUFACTURING OR
- 16 TOURISM ~~[any of the]~~ projects or
- 17 activities, RESPECTIVELY, THAT
- 18 ARE listed in the ~~[Strategie~~
- 19 ~~Investment Priority Plan]~~ SIPP, the
- 20 amount reinvested to a maximum of
- 21 fifty percent (50%) shall be allowed
- 22 as a deduction from its taxable
- 23 income within a period of five (5)

1 years from the time of such
2 reinvestment ~~{[and]}~~;

3 (8) FIFTY PERCENT (50%)
4 ADDITIONAL DEDUCTION ON
5 EXPENSES RELATING TO
6 EXHIBITIONS, TRADE MISSIONS
7 OR TRADE FAIRS; AND

8 ~~(8)~~(9) Enhanced Net Operating Loss
9 Carry-Over (NOLCO). – The net
10 operating loss of the registered
11 project or activity during the first
12 three (3) years from the start of
13 commercial operation, which had not
14 been previously offset as deduction
15 from gross income, may be carried
16 over as deduction from gross income
17 within the next five (5) consecutive
18 taxable years immediately following
19 the LAST year of ~~[such loss]~~ THE
20 ITH ENTITLEMENT PERIOD OF
21 THE PROJECT.

22 (D) Duty exemption on importation of
23 capital equipment, raw materials, spare
24 parts, or accessories, INCLUDING GOODS

1 USED FOR ADMINISTRATIVE
2 PURPOSES of the registered project or
3 activity; [~~and~~]

4 (E) Value-Added Tax (VAT) exemption
5 on importation and VAT zero-rating on local
6 purchases[-]; AND

7 (F) RBE LOCAL TAX. – THE
8 CONCERNED LOCAL GOVERNMENT
9 UNIT MAY IMPOSE AN RBE LOCAL TAX
10 AT THE RATE OF NOT MORE THAN TWO
11 PERCENT (2%) OF RBEs' GROSS
12 INCOME, AS DEFINED UNDER SECTION
13 27(E)(4), DURING THE ITH AND EDR, AS
14 PROVIDED UNDER SECTIONS 294 (A)
15 AND (C) OF THIS CODE, RESPECTIVELY,
16 WHICH SHALL BE IN LIEU OF ALL
17 LOCAL TAXES, FEES, AND CHARGES
18 IMPOSED BY THE LOCAL
19 GOVERNMENT UNIT UNDER REPUBLIC
20 ACT NO. 7160 OR THE LOCAL
21 GOVERNMENT CODE OF 1991:
22 *PROVIDED*, THAT RBE LOCAL TAX
23 SHALL NOT BE IMPOSED ON RBEs
24 UNDER SCIT.”

1 SEC. 17. Section 295 of the National Internal
2 Revenue Code of 1997, as amended, is hereby
3 further amended to read as follows:

4 “SEC. 295. *Conditions of Availment.* –

5 The AVAILMENT OF tax incentives in the
6 preceding Section shall be governed by the
7 following rules:

8 ~~[(A) The income tax holiday shall be~~
9 ~~followed by the Special Corporate Income~~
10 ~~Tax Rate or Enhanced Deductions.~~

11 ~~(B) At the option of the export~~
12 ~~enterprise, the Special Corporate Income~~
13 ~~Tax rate or enhanced deductions shall be~~
14 ~~granted: *Provided*, That in no case shall the~~
15 ~~enhanced — deductions — be — granted~~
16 ~~simultaneously with the Special Corporate~~
17 ~~Income Tax.]~~

18 (A) REGISTERED EXPORT
19 ENTERPRISES MAY OPT FOR ONE OF
20 THE FOLLOWING:

21 (1) ITH, WHICH SHALL BE
22 FOLLOWED BY SCIT OR EDR; OR

23 (2) SCIT, WHICH SHALL BE IN LIEU
24 OF ALL NATIONAL AND LOCAL

1 TAXES, FEES, AND CHARGES,
2 AND MAY BE GRANTED
3 IMMEDIATELY AT THE START
4 OF COMMERCIAL OPERATIONS;
5 OR

6 (3) EDR, WHICH MAY BE GRANTED
7 IMMEDIATELY AT THE START
8 OF COMMERCIAL OPERATIONS.

9 THE ELECTED INCENTIVE
10 PACKAGE SHALL BE
11 IRREVOCABLE FOR THE ENTIRE
12 DURATION OF ENTITLEMENT
13 TO SUCH INCENTIVES UNDER
14 SECTIONS 296 AND 296-A OF
15 THIS CODE: *PROVIDED*, THAT IN
16 NO CASE SHALL THE EDR BE
17 GRANTED SIMULTANEOUSLY
18 WITH THE SCIT.

19 (B) REGISTERED DOMESTIC MARKET
20 ENTERPRISES MAY OPT FOR EITHER:

21 (1) ITH, WHICH SHALL BE
22 FOLLOWED BY EDR; OR

1 (2) EDR, WHICH MAY BE GRANTED
2 IMMEDIATELY AT THE START OF
3 COMMERCIAL OPERATIONS.

4 THE ELECTED INCENTIVE
5 PACKAGE SHALL BE
6 IRREVOCABLE FOR THE ENTIRE
7 DURATION OF ENTITLEMENT TO
8 SUCH INCENTIVES UNDER
9 SECTIONS 296 AND 296-A OF THIS
10 CODE.

11 The following conditions for the
12 availment of each enhanced [~~deductions~~]
13 DEDUCTION shall be complied with:

14 (1) xxx

15 (2) xxx

16 (3) xxx

17 (4) xxx

18 (5) xxx

19 (6) The additional deductionS on
20 power expense shall only apply to power
21 utilized for the registered project or
22 activity.

23 (7) The deduction for reinvestment
24 allowance to manufacturing AND

1 TOURISM industr[y]IES SHALL [be
2 ~~determined in the Strategic Investment~~
3 ~~Priority Plan]~~ ONLY BE AVAILED OF
4 UNTIL DECEMBER 31, 2034.

5 (8) THE ADDITIONAL
6 DEDUCTION ON EXPENSES RELATING
7 TO TRADE FAIRS, EXHIBITIONS, OR
8 TRADE MISSIONS SHALL INCLUDE
9 EXPENSES INCURRED IN PROMOTING
10 THE EXPORT OF GOODS OR THE
11 PROVISION OF SERVICES TO FOREIGN
12 MARKETS APPROVED BY THE
13 CONCERNED INVESTMENT
14 PROMOTION AGENCY.

15 THE DEPARTMENT OF FINANCE,
16 IN COORDINATION WITH THE BUREAU
17 OF INTERNAL REVENUE, FISCAL
18 INCENTIVES REVIEW BOARD, AND
19 INVESTMENT PROMOTION AGENCIES,
20 SHALL PRESCRIBE THE TERMS AND
21 CONDITIONS ON THE GRANT OF EDR
22 UNDER SECTION 294(C) AND THIS
23 TITLE.

1 (C) The duty exemption shall only
2 apply to the importation of capital
3 equipment, raw materials, spare parts, or
4 accessories directly [~~and exclusively used in~~
5 ATTRIBUTABLE TO the registered project
6 or activity [~~by~~] OF [~~registered business~~
7 ~~enterprises~~] RBEs, INCLUDING GOODS
8 USED FOR ADMINISTRATIVE
9 PURPOSES: *Provided*, That the following
10 conditions are complied with:

11 (1) The capital equipment, raw
12 materials, spare parts, or accessories,
13 are directly ATTRIBUTABLE TO [~~and~~
14 ~~reasonably needed and will be used~~
15 ~~exclusively in and as part of the direct~~
16 ~~cost of~~] the registered project or activity
17 of the [~~registered business enterprise~~]
18 RBE, INCLUDING GOODS USED
19 FOR ADMINISTRATIVE PURPOSES,
20 and are not produced or manufactured
21 domestically in sufficient quantity or of
22 comparable quality and at reasonable
23 prices. Prior approval of the
24 Investment Promotion Agency [~~may~~]

1 MUST be secured for the part-time
2 utilization of said capital equipment,
3 raw materials, spare parts or
4 accessories in a non-registered project
5 or activity to maximize usage thereof:
6 *PROVIDED*, THAT THE RBE SHALL
7 ADOPT A METHOD TO BEST
8 ALLOCATE THE SAME AT THE
9 TIME OF APPLICATION FOR A
10 CERTIFICATE OF AUTHORITY TO
11 IMPORT, OR ITS EQUIVALENT:
12 *Provided, FURTHER*, That the
13 proportionate taxes and duties are paid
14 on a specific capital equipment, raw
15 materials, spare parts, or accessories in
16 proportion to the utilization for non-
17 registered projects or activities. In the
18 event that the capital equipment, raw
19 materials, spare parts, ~~or~~ accessories,
20 shall be used for a non-registered
21 project or activity of the [~~registered~~
22 ~~business-enterprise~~] RBE at any time
23 within the first five (5) years from THE
24 date of importation, the [~~registered~~

1 ~~business-enterprise]~~ RBE shall first
2 seek prior approval of the concerned
3 Investment Promotion Agency and pay
4 the taxes and customs duties that were
5 not paid upon the importation; and

6 (2) The approval of the Investment
7 Promotion Agency was obtained by the
8 ~~[registered-business-enterprise]~~ RBE
9 prior to the importation of such capital
10 equipment, raw materials, spare parts,
11 or accessories.

12 AN INVESTMENT PROMOTION
13 AGENCY MAY AUTHORIZE THE
14 IMPORTATION OF CAPITAL
15 EQUIPMENT, RAW MATERIALS,
16 SPARE PARTS, OR ACCESSORIES
17 PENDING ISSUANCE OF THE
18 CERTIFICATE OF REGISTRATION,
19 SUBJECT TO THE POSTING OF A
20 PERFORMANCE BOND OR BANK
21 GUARANTEE EQUIVALENT TO
22 DUTIES AND TAXES WAIVED ON
23 SUCH IMPORTATIONS AND OTHER
24 CONDITIONS AS MAY BE

1 DETERMINED BY THE
2 CONCERNED INVESTMENT
3 PROMOTION AGENCY AND THE
4 BUREAU OF CUSTOMS.

5 NO TAXES AND DUTIES SHALL BE
6 IMPOSED ON SUBSEQUENT SALE,
7 TRANSFER, OR DISPOSITION OF
8 THE CAPITAL EQUIPMENT, RAW
9 MATERIALS, SPARE PARTS, OR
10 ACCESSORIES, WHICH WERE
11 GRANTED TAX AND CUSTOMS
12 DUTY EXEMPTION HEREUNDER
13 [~~W~~]within the first five (5) years from
14 date of importation[-]. THE approval of
15 the Investment Promotion Agency
16 must be secured before the sale,
17 transfer, or disposition of the capital
18 equipment, raw materials, spare parts,
19 or accessories, which were granted tax
20 and customs duty exemption
21 hereunder, and shall be allowed only
22 under ANY OF the following
23 circumstances:

1 (a) If made to another enterprise
2 availing OF customs duty
3 exemption on imported capital
4 equipment, raw materials, spare
5 parts, ~~or~~ accessories;

6 ~~[(b) If made to another enterprise
7 not availing of duty exemption on
8 imported capital equipment, raw
9 materials, spare parts, or
10 accessories, upon payment of any
11 taxes and duties due on the net
12 book value of the capital
13 equipment, raw materials, spare
14 parts, or accessories to be sold;]~~

15 [(e)](B) Exportation of capital
16 equipment, raw materials, spare
17 parts, accessories, source
18 documents, or those required for
19 pollution abatement and control;
20 OR

21 ~~[(d) Proven technical obsolescence
22 of the capital equipment, raw
23 materials, spare parts, or
24 accessories; or]~~

1 [~~(e)~~](C) If donated to the
2 GOVERNMENT OF THE
3 PHILIPPINES OR TO ANY OF ITS
4 AGENCIES OR POLITICAL
5 SUBDIVISIONS, INCLUDING
6 FULLY-OWNED GOVERNMENT
7 CORPORATIONS, TESDA, state
8 universities and colleges (SUCs), or
9 DepEd and CHED-accredited
10 schools: *Provided*, That the
11 donation shall be exempt from
12 import duties and taxes, including
13 donor's tax.

14 IN CASE OF SUBSEQUENT
15 SALE, TRANSFER, OR
16 DISPOSITION OF TAX AND
17 DUTY-FREE CAPITAL
18 EQUIPMENT, RAW MATERIALS,
19 SPARE PARTS, OR
20 ACCESSORIES, WITHIN THE
21 FIRST FIVE (5) YEARS FROM
22 DATE OF IMPORTATION AND
23 UPON APPROVAL BY THE
24 INVESTMENT PROMOTION

1 AGENCY, THERE SHALL BE
2 TAXES AND DUTIES ASSESSED
3 BASED ON THE NET BOOK
4 VALUE OF THE CAPITAL
5 EQUIPMENT, RAW MATERIALS,
6 SPARE PARTS, OR
7 ACCESSORIES IF:

8 (A) MADE TO ANOTHER
9 ENTERPRISE NOT AVAILING
10 OF DUTY EXEMPTION ON
11 IMPORTED CAPITAL
12 EQUIPMENT, RAW MATERIALS,
13 SPARE PARTS, OR
14 ACCESSORIES; OR

15 (B) THERE IS PROVEN
16 TECHNICAL OBSOLESCENCE
17 OF THE CAPITAL EQUIPMENT,
18 RAW MATERIALS, SPARE
19 PARTS, OR ACCESSORIES.

20 *Provided,* That if the [~~registered~~
21 ~~business enterprise~~] RBE sells, transfers, or
22 disposes the aforementioned imported items
23 without prior approval, the [~~registered~~
24 ~~business enterprise~~] RBE and the vendee,

1 transferee, or assignee shall be solidarily
2 liable to pay twice the amount of the duty
3 exemption that should have been paid
4 during its importation: *Provided, further,*
5 That the sale, transfer, or disposition of the
6 capital equipment, raw materials, spare
7 parts, or accessories made after five (5) years
8 from date of importation shall require that
9 prior notice be given by the [~~registered~~
10 ~~business enterprise~~] RBE to the Investment
11 Promotion Agency: *Provided, [finally]*
12 **FURTHERMORE**, That even if the sale,
13 transfer, or disposition of the capital
14 equipment, raw materials, spare parts or
15 accessories was made after five (5) years
16 from date of importation with notice to the
17 Investment Promotion Agency, the
18 [~~registered business enterprise~~] RBE is still
19 liable to pay the duties based on the net book
20 value of the capital equipment, raw
21 materials, spare parts, or accessories if it has
22 violated any of its registration terms and
23 conditions.

1 (D) The VAT exemption on importation
2 and VAT zero-rating on local purchases shall
3 only apply to goods and services directly [~~and~~
4 ~~exclusively used in~~] ATTRIBUTABLE TO
5 the registered project or activity,
6 INCLUDING EXPENSES INCIDENTAL
7 THERE TO, [~~by~~] OF a registered EXPORT
8 ENTERPRISE, OR A REGISTERED HIGH-
9 VALUE DOMESTIC MARKET
10 ENTERPRISE [~~business enterprise~~]: THE
11 PROJECT OR ACTIVITY REGISTERED
12 WITH THE INVESTMENT PROMOTION
13 AGENCY SHALL BE SUBJECT TO THE
14 FOLLOWING CONDITIONS:

15 (1) SALE OF GOODS OR SERVICES
16 BY A VAT-REGISTERED SELLER TO
17 A REGISTERED EXPORT
18 ENTERPRISE, REGARDLESS OF
19 LOCATION, SHALL BE SUBJECT TO
20 ZERO PERCENT (0%) VAT;

21 (2) SALE, TRANSFER, OR DISPOSAL
22 OF PREVIOUSLY VAT-EXEMPT
23 IMPORTED CAPITAL EQUIPMENT,
24 RAW MATERIALS, SPARE PARTS,

1 AND ACCESSORIES SHALL BE
2 SUBJECT TO THE FOLLOWING
3 RULES:

4 I.IF THE PURCHASER IS A
5 REGISTERED EXPORT
6 ENTERPRISE, REGARDLESS OF
7 LOCATION, THE TRANSACTION
8 SHALL BE SUBJECT TO ZERO
9 PERCENT (0%) VAT; AND

10 II.IF THE PURCHASER IS A
11 REGISTERED DOMESTIC
12 MARKET ENTERPRISE,
13 REGARDLESS OF LOCATION,
14 THE TRANSACTION SHALL BE
15 SUBJECT TO TWELVE
16 PERCENT (12%) VAT BASED ON
17 THE NET BOOK VALUE OF THE
18 CAPITAL EQUIPMENT, RAW
19 MATERIALS, SPARE PARTS, OR
20 ACCESSORIES:

21 *PROVIDED*, THAT LOCAL SALES
22 OF GOODS AND/OR SERVICES BY A
23 REGISTERED BUSINESS ENTERPRISE,
24 REGARDLESS OF THE INCOME TAX

1 INCENTIVES REGIME AND LOCATION,
2 SHALL BE SUBJECT TO TWELVE
3 PERCENT (12%) VAT, UNLESS
4 OTHERWISE SUBJECT TO VAT
5 EXEMPTION OR VAT ZERO-RATING
6 UNDER TITLES IV AND XIII OF THIS
7 CODE. FOR THIS PURPOSE, 'LOCAL
8 SALES' SHALL COVER SALES OF
9 GOODS AND SERVICES TO DOMESTIC
10 MARKET ENTERPRISES OR NON-RBEs,
11 REGARDLESS IF THE SALE IS MADE
12 WITHIN THE FREEPORT OR
13 ECONOMIC ZONES: *PROVIDED,*
14 *FURTHER,* THAT THE LIABILITY TO
15 PAY AND REMIT THE VAT TO THE
16 GOVERNMENT IS WITH THE BUYER
17 OF THE SAID GOODS OR SERVICES.

18 ANY REGISTERED EXPORT
19 ENTERPRISE THAT FAILS TO MEET
20 THE SEVENTY PERCENT (70%)
21 EXPORT SALES THRESHOLD IN THE
22 IMMEDIATELY PRECEDING YEAR OR
23 HIGH-VALUE DOMESTIC MARKET
24 ENTERPRISE THAT FAILS TO MEET

1 THE EXPORT SALE OR INVESTMENT
2 CAPITAL REQUIREMENT SHALL BE
3 DISQUALIFIED FROM AVAILING OF
4 DUTY EXEMPTION ON IMPORTATION
5 UNDER SECTION 294(D), AND VAT
6 EXEMPTION ON IMPORTATION AND
7 VAT ZERO-RATING ON LOCAL
8 PURCHASES UNDER SECTION 294(E)
9 IN THE IMMEDIATELY SUCCEEDING
10 YEAR.

11 Notwithstanding the provisions in
12 the preceding paragraphs, sales receipts
13 and other income derived from non-
14 registered project or activity shall be
15 subject to appropriate taxes imposed under
16 this Code.

17 (E) x x x

18 (F) x x x

19 Any law to the contrary
20 notwithstanding, the importation of
21 petroleum products by any person,
22 including [~~registered business enterprises~~]
23 RBEs, shall be subject to the payment of
24 applicable duties and taxes as provided

1 under Republic Act No. 10863, otherwise
2 known as the Customs Modernization and
3 Tariff Act, and this Code, respectively,
4 upon importation into the Philippine
5 customs territory and/or into free zones as
6 defined under Republic Act No. 10863,
7 otherwise known as the Customs
8 Modernization and Tariff
9 Act[-]:*PROVIDED*, THAT THE
10 IMPORTATION OF PETROLEUM
11 PRODUCTS USED IN INTERNATIONAL
12 SHIPPING OR AIR TRANSPORT
13 OPERATIONS SHALL BE COVERED BY
14 THE PROVISIONS OF SECTIONS 109(U)
15 AND 135 (A) OF THIS CODE.

16 x x x

17 (G) xxx

18 x x x

19 [~~Registered business enterprises,~~
20 ~~whose performance commitments include~~
21 ~~job generation, shall maintain their~~
22 ~~employment levels to the extent~~
23 ~~practicable, and in the case of reduced~~
24 ~~employment or when the performance~~

1 ~~commitment for job generation is not met,~~
2 ~~the registered business enterprises must~~
3 ~~submit to their respective Investment~~
4 ~~Promotion Agencies and the Fiscal~~
5 ~~Incentives Review Board their justification~~
6 ~~for the same.]~~

7 (H) THE RBE LOCAL TAX SHALL
8 BE IMPOSED ON AN RBE WHICH
9 MEETS AND MAINTAINS THE
10 CONDITIONS FOR ITS REGISTRATION,
11 DURING THE PERIOD OF AVAILMENT
12 OF THE ITH AND THE EDR.

13 THE TAX SHALL BE DIRECTLY
14 REMITTED BY THE RBE TO THE
15 TREASURER'S OFFICE OF THE
16 MUNICIPALITY OR CITY WHERE THE
17 ENTERPRISE IS LOCATED.

18 WHERE TWO (2) OR MORE
19 LOCAL GOVERNMENT UNITS COVER
20 THE SAME ENTERPRISE, THE
21 SHARING BETWEEN SUCH LOCAL
22 GOVERNMENT UNITS SHALL BE AS
23 FOLLOWS:

1 1. FIFTY PERCENT (50%) OF
2 REVENUES SHALL BE
3 SHARED EQUALLY AMONG
4 THE LOCAL GOVERNMENT
5 UNITS; AND

6 2. FIFTY PERCENT (50%) OF
7 REVENUES SHALL BE
8 APPORTIONED BASED ON
9 THE POPULATION OF THE
10 LOCAL GOVERNMENT
11 UNITS.

12 FIFTY PERCENT (50%) OF THE
13 SHARE OF THE MUNICIPALITY BASED
14 ON THE FOREGOING ALLOCATION
15 SHALL BE REMITTED TO THE
16 PROVINCE WHERE THE SAID
17 MUNICIPALITY IS LOCATED:
18 *PROVIDED THAT*, CITIES SHALL
19 RETAIN ONE HUNDRED PERCENT
20 (100%) OF THEIR SHARE.

21 LOCAL GOVERNMENT UNITS
22 MAY REDUCE OR WAIVE THE RATE OF
23 TAX, OR THEIR SHARE THEREOF, IN
24 THE CASE OF TWO (2) OR MORE LOCAL

1 GOVERNMENT UNITS COVERING THE
2 SAME ENTERPRISE.

3 RBEs, WHOSE PERFORMANCE
4 COMMITMENTS INCLUDE JOB
5 GENERATION, SHALL MAINTAIN
6 THEIR EMPLOYMENT LEVELS TO THE
7 EXTENT PRACTICABLE. IN CASE OF
8 REDUCED EMPLOYMENT OR WHEN
9 THE PERFORMANCE COMMITMENT
10 FOR JOB GENERATION IS NOT MET,
11 THE RBEs MUST SUBMIT TO THEIR
12 RESPECTIVE INVESTMENT
13 PROMOTION AGENCIES AND THE
14 FISCAL INCENTIVES REVIEW BOARD
15 THEIR JUSTIFICATIONS FOR AND
16 PLANS TO ADDRESS THE SAME IN
17 THE SUCCEEDING YEAR.”

18 SEC. 18. A new Section 295-A shall be introduced
19 in the National Internal Revenue Code of 1997, as
20 amended. The new Section 295-A shall read as follows:

21 “SEC. 295-A. REGISTERED
22 BUSINESS ENTERPRISES TAXPAYER
23 SERVICE. – A SEPARATE SERVICE
24 WITHIN THE BUREAU OF INTERNAL

1 REVENUE IS HEREBY CREATED TO
2 SUPPORT THE END-TO-END TAX
3 COMPLIANCE OF RBEs. THE
4 COMMISSIONER SHALL PRESCRIBE
5 THE MANNER AND PLACE OF FILING
6 RETURNS AND PAYMENT OF TAXES BY
7 RBEs THROUGH THE SAID SERVICE.
8 FOR EASE OF COMPLIANCE WITH TAX
9 RULES AND REGULATIONS,
10 SIMPLIFIED FILING AND PAYMENT
11 PROCESSES SHALL BE IMPLEMENTED
12 FOR RBEs.”

13 SEC. 19. Section 296 of the National Internal
14 Revenue Code of 1997, as amended, is hereby further
15 amended to read as follows:

16 “SEC. 296. *Period of Availment OF*
17 *INCENTIVES FOR PROJECTS OR*
18 *ACTIVITIES APPROVED BY THE*
19 *INVESTMENT PROMOTION AGENCIES.*

20 – The period of availment of [~~incentive~~]
21 INCENTIVES GRANTED by the
22 INVESTMENT PROMOTION AGENCIES
23 TO registered business [~~enterprise~~]
24 ENTERPRISES shall be as follows:

1 (A) For export enterprise UNDER THE
2 SIPP, [~~income tax holiday~~] ITH of four (4) to
3 seven (7) years, depending on location and
4 industry priorities as specified in this
5 Section, [~~and~~] followed by [~~special corporate~~
6 ~~income tax rate~~] SCIT or [~~enhanced~~
7 ~~deductions~~] EDR for ten (10) years[-], OR
8 SCIT OR EDR FOR A MAXIMUM PERIOD
9 OF FOURTEEN (14) TO SEVENTEEN (17)
10 YEARS, DEPENDING ON LOCATION AND
11 INDUSTRY PRIORITIES: *PROVIDED*,
12 THAT APPLICATION FOR EXTENSION
13 OF AVAILMENT OF INCENTIVES SHALL
14 ONLY BE ALLOWED FOR THE SAME
15 REGISTERED PROJECT OR ACTIVITY IF
16 SUCH PROJECT OR ACTIVITY EMPLOYS
17 AT LEAST TEN THOUSAND (10,000)
18 DIRECT LOCAL EMPLOYEES AND
19 MAINTAINS THE SAID NUMBER
20 DURING ITS REGISTRATION, EVEN IF
21 THE REGISTERED PROJECT OR
22 ACTIVITY NO LONGER COMPLIES WITH
23 THE CONDITIONS AND
24 QUALIFICATIONS SET FORTH IN THE

1 SIPP: *PROVIDED, FURTHER*, THAT THE
2 EXTENSION OF AVAILMENT OF
3 INCENTIVES SHALL NOT EXCEED FIVE
4 (5) YEARS, SUBJECT TO THE
5 PERFORMANCE REVIEW BY THE
6 INVESTMENT PROMOTION AGENCY.
7 NOTWITHSTANDING ANY PROVISION
8 TO THE CONTRARY, NO INCOME TAX
9 HOLIDAY SHALL BE GRANTED TO
10 REGISTERED EXPORT ENTERPRISES
11 THAT APPLIED FOR EXTENSION OF
12 AVAILMENT OF INCENTIVES FOR THE
13 SAME PROJECT OR ACTIVITY.

14 A qualified expansion [~~or entirely new~~]
15 project or activity registered under this Act
16 may qualify to avail of [~~incentives~~] SCIT OR
17 EDR FOR EIGHT (8) YEARS, subject to the
18 PROVISIONS OF SECTIONS 295(B) AND
19 (C), qualifications set forth in the [~~Strategic~~
20 ~~Investment—Priority—Plan~~] SIPP, and
21 performance review by the INVESTMENT
22 PROMOTION AGENCY [~~Fiscal—Incentives~~
23 ~~Review—Board~~]: *Provided*, That existing
24 registered projects or activities prior to the

1 effectivity of REPUBLIC ACT NO. 11534
2 [~~this Act~~] may qualify to register ON OR
3 BEFORE DECEMBER 31, 2024 and avail of
4 the incentives granted under REPUBLIC
5 ACT NO. 11534 [~~this Act~~] for the prescribed
6 period, subject to the criteria and conditions
7 set forth in the [~~Strategic Investment~~
8 ~~Priority Plan~~] SIPP. THE QUALIFIED
9 EXPANSION PROJECT OR ACTIVITY
10 MAY ALSO BE ENTITLED TO DUTY
11 EXEMPTION, VAT EXEMPTION ON
12 IMPORTATION, AND VAT ZERO-RATING
13 ON LOCAL PURCHASES SUBJECT TO
14 THE PROVISIONS OF SECTION 295 (C)
15 AND (D), RESPECTIVELY.

16 (B) For domestic market enterprise
17 under the [~~Strategic Investment Priority~~
18 ~~Plan~~] SIPP, [~~income tax holiday~~] ITH for four
19 (4) to seven (7) years followed by [~~enhanced~~
20 ~~deductions~~] EDR for [~~five-(5)~~] TEN (10)
21 years[-], OR EDR FOR A MAXIMUM
22 PERIOD OF FOURTEEN (14) TO
23 SEVENTEEN (17) YEARS, DEPENDING
24 ON LOCATION AND INDUSTRY

1 PRIORITIES: *PROVIDED*, THAT
2 APPLICATION FOR EXTENSION OF
3 AVAILMENT OF INCENTIVES SHALL BE
4 ALLOWED FOR THE SAME REGISTERED
5 PROJECT OR ACTIVITY ONLY IF SUCH
6 PROJECT OR ACTIVITY EMPLOYS AT
7 LEAST TEN THOUSAND (10,000) DIRECT
8 LOCAL EMPLOYEES AND MAINTAINS
9 THE SAID NUMBER DURING ITS
10 REGISTRATION, EVEN IF THE
11 REGISTERED PROJECT OR ACTIVITY NO
12 LONGER COMPLIES WITH THE
13 CONDITIONS AND QUALIFICATIONS
14 SET FORTH IN THE SIPP: *PROVIDED*,
15 *FURTHER*, THAT THE EXTENSION OF
16 AVAILMENT OF INCENTIVES SHALL
17 NOT EXCEED FIVE (5) YEARS, SUBJECT
18 TO THE PERFORMANCE REVIEW BY
19 THE INVESTMENT PROMOTION
20 AGENCY. NOTWITHSTANDING ANY
21 PROVISION TO THE CONTRARY, NO
22 INCOME TAX HOLIDAY SHALL BE
23 GRANTED TO DOMESTIC MARKET
24 ENTERPRISES THAT HAVE APPLIED

1 FOR EXTENSION OF AVAILMENT OF
2 INCENTIVES FOR THE SAME PROJECT
3 OR ACTIVITY.

4 A qualified expansion [~~or entirely new~~]
5 project or activity registered under this Act
6 may qualify to avail of [~~incentives~~] EDR FOR
7 EIGHT (8) YEARS, subject to THE
8 PROVISIONS OF SECTIONS 295(B) AND
9 (C), [~~the~~] qualifications set forth in the
10 [~~Strategic Investment Priority Plan~~] SIPP
11 and performance review by the
12 INVESTMENT PROMOTION AGENCY OR
13 THE Fiscal Incentives Review Board, AS
14 THE CASE MAY BE: *Provided*, That existing
15 registered projects or activities prior to the
16 effectivity of REPUBLIC ACT NO. 11534
17 [~~this Act~~] may qualify to register ON OR
18 BEFORE DECEMBER 31, 2024 and avail of
19 the incentives granted under REPUBLIC
20 ACT NO. 11534 [~~this Act~~] for the prescribed
21 period, subject to the criteria and conditions
22 set forth in the [~~Strategic Investment~~
23 ~~Priority Plan~~] SIPP.

1 The period of availment of the foregoing
2 INCOME TAX-BASED incentives shall
3 commence from the actual start of
4 commercial operations with the [~~registered~~
5 ~~business enterprise~~] RBE availing of the tax
6 incentives within three (3) years from the
7 date of registration, unless otherwise
8 provided in the [~~Strategic Investment~~
9 ~~Priority Plan~~] SIPP and its corresponding
10 guidelines. [~~Provided, That after the~~
11 ~~expiration of the transitory period under~~
12 ~~Section 311 (C), export enterprises registered~~
13 ~~prior to the effectivity of this Act shall have~~
14 ~~the option to reapply and avail of the~~
15 ~~incentives granted under Section 294(B) for~~
16 ~~the same period provided under this Section,~~
17 ~~subject to the conditions and qualifications~~
18 ~~set forth in the Strategic Investment Priority~~
19 ~~Plan and performance review by the Fiscal~~
20 ~~Incentives Review Board.]~~

21 x x x

22 (3) Tier III activities shall include (i)
23 research and development resulting in
24 demonstrably significant value-added,

1 higher productivity, improved efficiency,
2 breakthroughs in science and health, and
3 high-paying jobs; (ii) generation of new
4 knowledge and intellectual property
5 registered and/or licensed in the Philippines;
6 (iii) commercialization of patents, industrial
7 designs, copyrights and utility models owned
8 or co-owned by a [~~registered business~~
9 ~~enterprise~~] RBE; (iv) highly technical
10 manufacturing; or (v) are critical to the
11 structural transformation of the economy
12 and require substantial catch-up efforts,
13 INCLUDING BUT NOT LIMITED TO
14 CYBER-SECURITY, ARTIFICIAL
15 INTELLIGENCE, AND DATA-CENTER
16 FACILITIES.

17 The period of availment of incentives
18 based on the combination of both location and
19 industry priorities, as determined in the
20 [~~Strategic Investment Priority Plan~~] SIPP,
21 shall be as follows:

22 For exporters:

Location/ Industry Tiers	Tier I	Tier II	Tier III
National Capital Region	4 ITH + 10 EDR/SCIT , OR 14 EDR/SCIT	5 ITH + 10 EDR/SCIT, OR 15 EDR/SCIT	6 ITH + 10 EDR/SCIT, OR 16 EDR/SCIT
Metropolitan areas or areas contiguous and adjacent to the National Capital Region	5 ITH + 10 EDR/SCIT OR 15 EDR/SCIT	6 ITH + 10 EDR/SCIT, OR 16 EDR/SCIT	7 ITH + 10 EDR/SCIT, OR 17 EDR/SCIT
All other areas	6 ITH + 10 EDR/SCIT , OR 16 EDR/SCIT	7 ITH + 10 EDR/SCIT, OR 17 EDR/SCIT	7 ITH + 10 EDR/SCIT, OR 17 EDR/SCIT

1

For domestic market activities:

Location/ Industry Tiers	Tier I	Tier II	Tier III
National Capital Region	4 ITH + [5]10 EDR, OR 14 EDR	5 ITH + [5]10 EDR, OR 15 EDR	6 ITH + [5]10 EDR, OR 16 EDR
Metropolitan areas or areas contiguous and adjacent to the National Capital Region	5 ITH + [5]10 EDR, OR 15 EDR	6 ITH + [5]10 EDR, OR 16 EDR	7 ITH + [5]10 EDR, OR 17 EDR
All other areas	6 ITH + [5]10 EDR, OR 16 EDR	7 ITH + [5]10 EDR, OR 17 EDR	7 ITH + [5]10 EDR, OR 17 EDR

1 In addition to the incentives provided in
2 tiers above, projects or activities of registered
3 enterprises located in areas recovering from
4 armed conflict or a major disaster, as
5 determined by the Office of the President,

1 shall be entitled to two (2) additional years of
2 income tax-BASED INCENTIVES [~~holiday~~].

3 Projects or activities registered prior to
4 the effectivity of this Act, or under the
5 incentive system provided herein that shall,
6 in the duration of their incentives,
7 completely relocate from the National
8 Capital Region, shall be entitled to three (3)
9 additional years of income tax-BASED
10 INCENTIVES [~~holiday~~]: *Provided*, That the
11 additional incentive shall commence at the
12 completion of the relocation of operations.

13 [~~The industry and locational~~
14 ~~prioritization specified herein shall be~~
15 ~~subject to review and revision every three (3)~~
16 ~~years in accordance with the Strategic~~
17 ~~Investment Priority Plan, subject to the~~
18 ~~standards in Section 300 hereof or in~~
19 ~~exceptional circumstances, to attract~~
20 ~~substantial investment to respond to a~~
21 ~~situation or crisis or to target specific~~
22 ~~industries.] RBEs MAY CONTINUE TO~~

23 AVAIL OF THE VAT ZERO-RATING ON

24 LOCAL PURCHASES AND VAT

1 EXEMPTION ON IMPORTATION UNDER
2 SECTION 294(E), AND DUTY EXEMPTION
3 ON IMPORTATION UNDER SECTION
4 294(D), FOR THE ENTIRE
5 REGISTRATION PERIOD AS AN RBE,
6 RECKONED FROM THE DATE OF
7 REGISTRATION, IF THE RBEs
8 CONTINUE TO MEET THE TERMS AND
9 CONDITIONS OF REGISTRATION WITH
10 THEIR RESPECTIVE INVESTMENT
11 PROMOTION AGENCIES AND IF THE
12 FOLLOWING REQUIREMENTS ARE MET
13 FOR THE IMMEDIATELY PRECEDING
14 YEAR:

15 (1) REGISTERED EXPORT
16 ENTERPRISES MAINTAIN AT
17 LEAST SEVENTY PERCENT (70%)
18 OF TOTAL ANNUAL PRODUCTION
19 OR OUTPUT AS EXPORT SALES;
20 AND

21 (2) HIGH-VALUE DOMESTIC
22 MARKET ENTERPRISES SATISFY
23 THE INVESTMENT CAPITAL OR

1 EXPORT REQUIREMENT UNDER
2 SECTION 293(J) OF THIS CODE.

3 REGISTERED DOMESTIC MARKET
4 ENTERPRISES MAY AVAIL OF DUTY
5 EXEMPTION ON IMPORTATION FROM
6 THE DATE OF REGISTRATION UNTIL
7 THE EXPIRATION OF THE INCOME
8 TAX-BASED INCENTIVES GRANTED IN
9 THIS SECTION.

10 AFTER THE EXPIRATION OF THE
11 ENTITLEMENT TO VAT ZERO-RATING
12 ON LOCAL PURCHASES AND VAT-
13 EXEMPTION ON IMPORTATION UNDER
14 THIS TITLE, REGISTERED EXPORT
15 ENTERPRISES MAY AVAIL OF THE VAT
16 ZERO-RATING ON LOCAL PURCHASES
17 AND VAT-EXEMPTION ON
18 IMPORTATION UNDER SECTIONS 106,
19 108, AND 109 OF THIS CODE: *PROVIDED*,
20 THAT THEY COMPLY WITH THE
21 REQUIREMENTS SET FORTH THEREIN.”

1 SEC. 20. A new Section 296-A shall be introduced
2 in the National Internal Revenue Code of 1997, as
3 amended. The new Section 296-A shall read as follows:

4 “SEC. 296-A. *PERIOD OF AVAILMENT*
5 *OF INCENTIVES FOR PROJECTS OR*
6 *ACTIVITIES APPROVED BY THE FISCAL*
7 *INCENTIVES REVIEW BOARD. - THE*
8 PERIOD OF AVAILMENT OF
9 INCENTIVES GRANTED BY THE FISCAL
10 INCENTIVES REVIEW BOARD TO RBEs
11 SHALL BE AS FOLLOWS:

12 (A) FOR AN EXPORT ENTERPRISE
13 UNDER THE SIPP, ITH OF FOUR (4) TO
14 SEVEN (7) YEARS, DEPENDING ON
15 LOCATION AND INDUSTRY
16 PRIORITIES AS SPECIFIED IN THIS
17 SECTION, FOLLOWED BY SCIT OR EDR
18 FOR TWENTY (20) YEARS, OR SCIT OR
19 EDR FOR A MAXIMUM PERIOD OF
20 TWENTY-FOUR (24) TO TWENTY-
21 SEVEN (27) YEARS, DEPENDING ON
22 LOCATION AND INDUSTRY
23 PRIORITIES: *PROVIDED*, THAT
24 APPLICATION FOR EXTENSION OF

1 AVAILMENT OF INCENTIVES SHALL
2 ONLY BE ALLOWED FOR THE SAME
3 REGISTERED PROJECT OR ACTIVITY
4 IF SUCH PROJECT OR ACTIVITY
5 EMPLOYS AT LEAST TEN THOUSAND
6 (10,000) DIRECT LOCAL EMPLOYEES
7 AND MAINTAINS THE SAID NUMBER
8 DURING ITS REGISTRATION, EVEN IF
9 THE REGISTERED PROJECT OR
10 ACTIVITY NO LONGER COMPLIES
11 WITH THE CONDITIONS AND
12 QUALIFICATIONS SET FORTH IN THE
13 SIPP: *PROVIDED, FURTHER*, THAT THE
14 EXTENSION OF AVAILMENT OF
15 INCENTIVES SHALL NOT EXCEED TEN
16 (10) YEARS, SUBJECT TO THE
17 PERFORMANCE REVIEW BY THE
18 FISCAL INCENTIVES REVIEW BOARD.
19 NOTWITHSTANDING ANY PROVISION
20 TO THE CONTRARY, NO INCOME TAX
21 HOLIDAY SHALL BE GRANTED TO
22 REGISTERED EXPORT ENTERPRISES
23 THAT HAVE APPLIED FOR EXTENSION

1 OF AVAILMENT OF INCENTIVES FOR
2 THE SAME PROJECT OR ACTIVITY.

3 A QUALIFIED EXPANSION
4 PROJECT OR ACTIVITY REGISTERED
5 UNDER THIS ACT MAY QUALIFY TO
6 AVAIL OF SCIT OR EDR FOR THIRTEEN
7 (13) YEARS, SUBJECT TO THE
8 PROVISIONS OF SECTIONS 294(B) AND
9 (C), QUALIFICATIONS SET FORTH IN
10 THE SIPP AND PERFORMANCE
11 REVIEW BY THE FISCAL INCENTIVES
12 REVIEW BOARD: *PROVIDED*, THAT
13 EXISTING REGISTERED PROJECTS OR
14 ACTIVITIES PRIOR TO THE
15 EFFECTIVITY OF THIS ACT MAY
16 QUALIFY TO REGISTER AND AVAIL OF
17 THE INCENTIVES GRANTED UNDER
18 THIS ACT FOR THE PRESCRIBED
19 PERIOD, SUBJECT TO THE CRITERIA
20 AND CONDITIONS SET FORTH IN THE
21 SIPP. THE QUALIFIED EXPANSION
22 PROJECT OR ACTIVITY MAY ALSO BE
23 ENTITLED TO VAT EXEMPTION ON
24 IMPORTATION AND VAT ZERO-RATING

1 ON LOCAL PURCHASES UNDER
2 SECTION 294(E) AND DUTY
3 EXEMPTION ON IMPORTATION
4 UNDER SECTION 294(D).

5 (B) FOR DOMESTIC MARKET
6 ENTERPRISE UNDER THE SIPP, ITH OF
7 FOUR (4) TO SEVEN (7) YEARS,
8 FOLLOWED BY EDR FOR TWENTY (20)
9 YEARS, OR EDR FOR A MAXIMUM
10 PERIOD OF TWENTY-FOUR (24) TO
11 TWENTY-SEVEN (27) YEARS,
12 DEPENDING ON LOCATION AND
13 INDUSTRY PRIORITIES: *PROVIDED*,
14 THAT APPLICATION FOR EXTENSION
15 OF AVAILMENT OF INCENTIVES
16 SHALL BE ALLOWED FOR THE SAME
17 REGISTERED PROJECT OR ACTIVITY
18 ONLY IF EMPLOYMENT LEVEL FOR
19 SUCH PROJECT OR ACTIVITY
20 EMPLOYS AT LEAST TEN THOUSAND
21 (10,000) DIRECT LOCAL EMPLOYEES
22 AND MAINTAINS THE SAID NUMBER
23 DURING ITS REGISTRATION, EVEN IF
24 THE REGISTERED PROJECT OR

1 ACTIVITY NO LONGER COMPLIES
2 WITH THE CONDITIONS AND
3 QUALIFICATIONS SET FORTH IN THE
4 SIPP: *PROVIDED, FURTHER*, THAT THE
5 EXTENSION OF AVAILMENT OF
6 INCENTIVES SHALL NOT EXCEED TEN
7 (10) YEARS, SUBJECT TO THE
8 PERFORMANCE REVIEW BY THE
9 FISCAL INCENTIVES REVIEW BOARD.
10 NOTWITHSTANDING ANY PROVISION
11 TO THE CONTRARY, NO ITH SHALL BE
12 GRANTED TO DOMESTIC MARKET
13 ENTERPRISES THAT HAVE APPLIED
14 FOR EXTENSION OF AVAILMENT OF
15 INCENTIVES FOR THE SAME PROJECT
16 OR ACTIVITY.

17 A QUALIFIED EXPANSION
18 PROJECT OR ACTIVITY REGISTERED
19 UNDER THIS ACT MAY QUALIFY TO
20 AVAIL OF EDR FOR THIRTEEN (13)
21 YEARS, SUBJECT TO THE PROVISIONS
22 OF SECTION 294(C), QUALIFICATIONS
23 SET FORTH IN THE SIPP, AND
24 PERFORMANCE REVIEW BY THE

1 INVESTMENT PROMOTION AGENCY
2 OR FISCAL INCENTIVES REVIEW
3 BOARD, AS THE CASE MAY BE:
4 *PROVIDED*, THAT EXISTING
5 REGISTERED PROJECTS OR
6 ACTIVITIES PRIOR TO THE
7 EFFECTIVITY OF THIS ACT MAY
8 QUALIFY TO REGISTER AND AVAIL OF
9 THE INCENTIVES GRANTED UNDER
10 THIS ACT FOR THE PRESCRIBED
11 PERIOD, SUBJECT TO THE CRITERIA
12 AND CONDITIONS SET FORTH IN THE
13 SIPP. THE QUALIFIED EXPANSION
14 PROJECT OR ACTIVITY MAY ALSO BE
15 ENTITLED TO VAT EXEMPTION ON
16 IMPORTATION AND VAT ZERO-RATING
17 ON LOCAL PURCHASES UNDER
18 SECTION 294(E) AND DUTY
19 EXEMPTION ON IMPORTATION
20 UNDER SECTION 294(D).

21 THE PERIOD OF AVAILMENT OF
22 THE FOREGOING INCOME-TAX BASED
23 INCENTIVES SHALL COMMENCE FROM
24 THE ACTUAL START OF COMMERCIAL

1 OPERATIONS WITH THE RBE AVAILING
 2 OF THE TAX INCENTIVES WITHIN
 3 THREE (3) YEARS FROM THE DATE OF
 4 REGISTRATION, UNLESS OTHERWISE
 5 PROVIDED IN THE SIPP AND ITS
 6 CORRESPONDING GUIDELINES.

7 THE PERIOD OF AVAILMENT OF
 8 INCENTIVES BASED ON THE
 9 COMBINATION OF BOTH LOCATION
 10 AND INDUSTRY PRIORITIES, AS
 11 DETERMINED IN THE SIPP, SHALL BE
 12 AS FOLLOWS:

13 FOR EXPORTERS:

LOCATION/INDUSTRY TIERS	TIER I	TIER II	TIER III
NATIONAL CAPITAL REGION	4 ITH + 20 SCIT/EDR, OR 24 SCIT/EDR	5 ITH + 20 SCIT/EDR, OR 25 SCIT/EDR	6 ITH + 20 SCIT/EDR, OR 26 SCIT/EDR

LOCATION/ INDUSTRY TIERS	TIER I	TIER II	TIER III
METROPOLITAN AREAS OR AREAS CONTIGUOUS AND ADJACENT TO THE NATIONAL CAPITAL REGION	5 ITH + 20 SCIT/EDR, OR 25 SCIT/EDR	6 ITH + 20 SCIT/ED R, OR 26 SCIT/ED R	7 ITH + 20 SCIT/EDR OR 27 SCIT/EDR
ALL OTHER AREAS	6 ITH + 20 SCIT/EDR, OR 26 SCIT/EDR	7 ITH + 20 SCIT/ED R, OR 27 SCIT/ED R	7 ITH + 20 SCIT/EDR, OR 27 SCIT/EDR

1

FOR DOMESTIC MARKET ACTIVITIES:

LOCATION/ INDUSTRY TIERS	TIER I	TIER II	TIER III
NATIONAL CAPITAL REGION	4 ITH + 20 EDR, OR 24 EDR	5 ITH + 20 EDR, OR 25 EDR	6 ITH + 20 EDR, OR 26 EDR
METROPOLITAN AREAS OR AREAS CONTIGUOUS AND ADJACENT TO THE NATIONAL CAPITAL REGION	5 ITH + 20 EDR, OR 25 EDR	6 ITH + 20 EDR, OR 26 EDR	7 ITH + 20 EDR, OR 27 EDR
ALL OTHER AREAS	6 ITH + 20 EDR, OR 26 EDR	7 ITH + 20 EDR, OR 27 EDR	7 ITH + 20 EDR, OR 27 EDR

1 RBEs MAY CONTINUE TO AVAIL OF
2 THE VAT ZERO-RATING ON LOCAL
3 PURCHASES AND VAT EXEMPTION ON
4 IMPORTATION UNDER SECTION 294(E),
5 AND DUTY EXEMPTION ON
6 IMPORTATION UNDER SECTION 294(D),
7 FOR THE ENTIRE REGISTRATION
8 PERIOD AS AN RBE, RECKONED FROM
9 THE DATE OF REGISTRATION, IF THE
10 RBEs CONTINUE TO MEET THE TERMS
11 AND CONDITIONS OF THEIR
12 REGISTRATION WITH THEIR
13 RESPECTIVE INVESTMENT
14 PROMOTION AGENCIES AND IF THE
15 FOLLOWING REQUIREMENTS ARE MET
16 FOR THE IMMEDIATELY PRECEDING
17 YEAR:

18 (1) REGISTERED EXPORT
19 ENTERPRISES MAINTAIN AT
20 LEAST SEVENTY PERCENT (70%)
21 OF TOTAL ANNUAL PRODUCTION
22 OR OUTPUT AS EXPORT SALES;

23 (2) HIGH-VALUE DOMESTIC
24 MARKET ENTERPRISES SATISFY

1 THE INVESTMENT CAPITAL OR
2 EXPORT REQUIREMENT UNDER
3 SECTION 293(J) OF THIS CODE.
4 QUALIFIED HIGH-VALUE
5 DOMESTIC MARKET ENTERPRISES
6 MAY AVAIL OF THE SAID
7 INCENTIVES FROM THE DATE OF
8 REGISTRATION UNTIL THE
9 EXPIRATION OF THE INCOME TAX-
10 BASED INCENTIVES GRANTED IN
11 THIS SECTION.

12 REGISTERED DOMESTIC MARKET
13 ENTERPRISES MAY AVAIL OF DUTY
14 EXEMPTION FROM THE DATE OF
15 REGISTRATION UNTIL THE
16 EXPIRATION OF THE INCOME TAX-
17 BASED INCENTIVES GRANTED IN THIS
18 SECTION.

19 AFTER THE EXPIRATION OF THE
20 ENTITLEMENT TO VAT ZERO-RATING
21 ON LOCAL PURCHASES AND VAT-
22 EXEMPTION ON IMPORTATION UNDER
23 THIS TITLE, REGISTERED EXPORT
24 ENTERPRISES MAY AVAIL OF THE VAT

1 ZERO-RATING ON LOCAL PURCHASES
2 AND VAT-EXEMPTION ON
3 IMPORTATION UNDER SECTIONS 106,
4 108, AND 109 OF THIS CODE: *PROVIDED*,
5 THAT THEY COMPLY WITH THE
6 REQUIREMENTS AS SET FORTH
7 THEREIN.

8 IN ADDITION TO THE INCENTIVES
9 PROVIDED IN THE TIERS ABOVE,
10 PROJECTS OR ACTIVITIES OF
11 REGISTERED ENTERPRISES LOCATED
12 IN AREAS RECOVERING FROM ARMED
13 CONFLICT OR A MAJOR DISASTER, AS
14 DETERMINED BY THE OFFICE OF THE
15 PRESIDENT, SHALL BE ENTITLED TO
16 TWO (2) ADDITIONAL YEARS OF
17 INCOME TAX-BASED INCENTIVES.

18 PROJECTS OR ACTIVITIES
19 REGISTERED PRIOR TO THE
20 EFFECTIVITY OF THIS ACT OR UNDER
21 THE INCENTIVE SYSTEM PROVIDED
22 HEREIN THAT COMPLETELY
23 RELOCATE FROM THE NATIONAL
24 CAPITAL REGION, WITHIN THE

1 DURATION OF THEIR INCENTIVES,
2 SHALL BE ENTITLED TO THREE (3)
3 ADDITIONAL YEARS OF INCOME TAX-
4 BASED INCENTIVES: *PROVIDED*, THAT
5 THE ADDITIONAL INCENTIVE SHALL
6 COMMENCE UPON THE COMPLETION
7 OF THE RELOCATION OF OPERATIONS.”

8 SEC. 21. Section 297 of the National Internal
9 Revenue Code of 1997, as amended, is hereby further
10 amended to read as follows:

11 “SEC. 297. *Expanded Functions of the*
12 *Fiscal Incentives Review Board.* – The
13 functions and powers of the Fiscal Incentives
14 Review Board created under Presidential
15 Decree No. 776, as amended, shall be
16 FURTHER expanded as follows:

17 (A) To exercise policy-making [~~and~~],
18 oversight, REGULATORY, AND QUASI-
19 JUDICIAL functions on the administration
20 and grant of tax incentives by the
21 Investment Promotion Agencies and other
22 government agencies administering tax

1 incentives. In particular, the Fiscal
2 Incentives Review Board shall:

3 (1) Determine the target performance
4 metrics as conditions to avail of tax
5 incentives;

6 (2) Review and audit the compliance of
7 INVESTMENT PROMOTION
8 AGENCIES AND other government
9 agencies administering tax incentives,
10 with respect to the administration and
11 grant of tax incentives and impose
12 sanctions such as, but not limited to,
13 withdrawal, suspension, or
14 cancellation of their AUTHORITY
15 [~~power~~] to grant tax incentives UNDER
16 THIS TITLE, WITHOUT PREJUDICE
17 TO THE CONDUCT OF INQUIRY,
18 INVESTIGATION, AND FILING OF
19 APPROPRIATE CRIMINAL AND
20 ADMINISTRATIVE CASES AGAINST
21 ERRING OFFICIALS AND
22 EMPLOYEES IN ACCORDANCE
23 WITH THE PROCEDURES

1 PRESCRIBED UNDER EXISTING
2 LAWS;

3 ~~[(3) Determine the minimum~~
4 ~~contiguous land area that vertical~~
5 ~~economic zones should comply with;]~~

6 ~~[(4)~~ (3) Conduct regular monitoring
7 and evaluation of investment and non-
8 investment tax incentives, such as
9 using cost-benefit analysis (CBA) to
10 determine their impact on the economy
11 and whether agreed performance
12 targets are met; PRESCRIBE DATA
13 REQUIREMENTS, REPORTING
14 STANDARDS, PROCESSES, AND
15 PROCEDURES FOR THE
16 APPLICATION OF INCENTIVES
17 FOR THE CALCULATION OF COSTS
18 AND BENEFITS UPON
19 APPLICATION; ~~and]~~

20 ~~[(5)~~ (4) Check and verify, as necessary,
21 the compliance of [~~registered business~~
22 ~~enterprise]~~ RBEs, THROUGH THE
23 INVESTMENT PROMOTION

1 AGENCIES, with the terms and
2 conditions of their availment, in
3 particular the agreed target
4 performance metrics, rules and
5 regulations of this Act, and other
6 relevant laws or issuances;

7 (5) PROVIDE INVESTMENT
8 PROMOTION AGENCIES WITH
9 CAPACITY-BUILDING ACTIVITIES
10 TO ENSURE THAT THEY ARE
11 EQUIPPED TO COMPLY WITH
12 REPORTORIAL REQUIREMENTS;
13 AND

14 (6) ASSESS ITS ORGANIZATIONAL
15 STRUCTURE, WITH A FOCUS ON
16 THE ADEQUACY OF ITS HUMAN
17 RESOURCES FOR REGULATORY
18 AND QUASI-JUDICIAL FUNCTIONS.
19 IF NECESSARY, THE FISCAL
20 INCENTIVES REVIEW BOARD
21 SHALL SUBMIT TO THE
22 DEPARTMENT OF BUDGET AND
23 MANAGEMENT THE PROPOSED
24 ORGANIZATIONAL CHANGES TO

1 STRENGTHEN ITS HUMAN
2 RESOURCES IN ACCORDANCE
3 WITH EXISTING LAWS AND
4 REGULATIONS.

5 FOR THIS PURPOSE, ALL
6 INVESTMENT PROMOTION AGENCIES
7 AND OTHER GOVERNMENT AGENCIES
8 ADMINISTERING TAX INCENTIVES
9 SHALL ANNUALLY FURNISH THE
10 FISCAL INCENTIVES REVIEW BOARD
11 WITH ALL ISSUANCES RELATED TO
12 THE GRANT AND ADMINISTRATION OF
13 INCENTIVES.

14 (B) To approve or disapprove, the grant
15 of tax incentives to the extent of the
16 registered project or activity LISTED IN
17 THE SIPP upon the recommendation of the
18 Investment Promotion Agency: *Provided,*
19 That the application for tax incentives shall
20 be duly accompanied by a cost-benefit
21 analysis: *Provided, further,* That the
22 INVESTMENT PROMOTION AGENCIES
23 SHALL USE THE Fiscal Incentives Review
24 Board—PRESCRIBED [~~shall prescribe the~~]

1 data requirements AND
2 METHODOLOGIES for the application of
3 incentives [~~to allow for the calculation of~~] IN
4 CALCULATING THE costs and benefits
5 upon application: *Provided, further*, That the
6 INVESTMENT PROMOTION AGENCIES
7 SHALL grant THE [øf] tax incentives to
8 registered projects or activities LISTED IN
9 THE SIPP with investment capital of [~~One~~]
10 FIFTEEN billion pesos
11 (P[±]15,000,000,000.00) and below [~~shall be~~
12 ~~delegated by the Fiscal Incentives Review~~
13 ~~Board to the concerned Investment~~
14 ~~Promotion Agency to the extent of the~~
15 ~~registered project or activity~~]: *Provided,*
16 *furthermore*, That the Fiscal Incentives
17 Review Board, IN CONSULTATION WITH
18 THE INVESTMENT PROMOTION
19 AGENCIES, may increase the threshold
20 amount of FIFTEEN billion pesos
21 (P[±]15,000,000,000.00);

22 (C) To approve applications for tax
23 subsidies to government-owned or -
24 controlled corporations, government

1 instrumentalities, government
2 commissaries, and state universities and
3 colleges.

4 For this purpose, the other government
5 agencies shall ensure complete submission
6 of applications, documents, records, books,
7 or other relevant data or material;

8 (D) To formulate ADDITIONAL TIME-
9 BOUND OR place-specific PROJECTS OR
10 ACTIVITIES FOR INCLUSION IN THE
11 ~~[strategie investment plans]~~ SIPP during
12 periods of recovery from calamities and post-
13 conflict situations and where the Fiscal
14 Incentives Review Board determines that
15 there is a need to attract many classes,
16 firms, AND OTHER INVESTORS that
17 would accelerate the growth of a region's
18 flagship industries, in accordance with the
19 Medium-Term Development Plan AND
20 REPUBLIC ACT NO. 11962 OR THE
21 'TRABAHO PARA SA BAYAN ACT', ~~[The~~
22 ~~Fiscal Incentives Review Board may~~
23 ~~formulate and approve place-specific~~
24 ~~strategie investment plans]~~ and recommend

1 incentives to the President~~[-following the~~
2 ~~same procedure in Section 297]~~;

3 (E) To cancel, suspend, or withdraw,
4 AFTER DUE PROCESS, the enjoyment of
5 fiscal incentives of concerned [~~registered~~
6 ~~business—enterprises]~~ RBEs on its own
7 initiative or upon the recommendation of the
8 Investment Promotion Agency for
9 FLAGRANT AND material violations of any
10 of the conditions imposed in the grant of
11 fiscal incentives, including, but not limited
12 to, the non-compliance [of] WITH the agreed
13 performance commitments, and endorse
14 [~~registered—business—enterprises]~~ RBEs
15 whose incentives are cancelled, suspended,
16 or withdrawn to the concerned revenue
17 agencies for the assessment and collection of
18 taxes and duties due commencing from the
19 first year of availment;

20 (F) x x x

21 (G) To require Investment Promotion
22 Agencies and other government agencies
23 administering tax incentives to submit,

1 regularly or when requested, summaries of
2 approved investment and incentives
3 granted, and firm- or entity-level tax
4 incentives and benefits data as input to the
5 Fiscal Incentives Review Board's review and
6 audit function, and evaluation of
7 performance of recipients of tax incentives.
8 For this purpose, the Fiscal Incentives
9 Review Board shall maintain a masterlist of
10 registered products and services for export
11 or domestic consumption that are entitled to
12 incentives: *Provided*, That to facilitate
13 compliance with the foregoing, the
14 Department of Trade and Industry, in
15 coordination with relevant regulatory
16 bodies, shall cause the registration and
17 reporting by [~~registered—business~~
18 ~~enterprises~~] RBEs of the types of services
19 rendered whether domestically or to foreign
20 clients; types of products manufactured
21 domestically, products imported and sold
22 locally, and products exported;

23 (H) To publish regularly, per firm, the
24 data pertaining to the amount of tax

1 incentives, tax payments, and other related
2 information, including benefits data,
3 SUBJECT TO THE PROVISIONS OF
4 CHAPTER V OF THIS TITLE;

5 (I) x x x

6 (J) x x x

7 (K) To decide on issues, on its own
8 initiative or upon the recommendation of the
9 Investment Promotion Agency, after due
10 hearing, concerning the approval,
11 disapproval, cancellation, suspension,
12 withdrawal, or forfeiture of tax incentives or
13 tax subsidy in accordance with this Act. The
14 Fiscal Incentives Review Board shall decide
15 on the matter within ninety (90) days from
16 the date when the Fiscal Incentives Review
17 Board declares the issues submitted for
18 resolution. A business enterprise adversely
19 affected by the decision of the Fiscal
20 Incentives Review Board may, within thirty
21 (30) days from receipt of the adverse
22 decision, appeal the same to the Court of Tax
23 Appeals;

1 (L) To promulgate such rules and
2 regulations as may be necessary to
3 implement the intent and provisions of this
4 [~~Section~~] TITLE. THE FISCAL
5 INCENTIVES REVIEW BOARD MAY USE
6 ANY ELECTRONIC MEANS OF
7 PUBLICATION IN THE OFFICIAL
8 GAZETTE OR ITS OFFICIAL WEBSITE;

9 (M) xxx;

10 (N) xxx;

11 (O) TO RECOMMEND POLICIES TO
12 PREVENT ABUSE OF FISCAL
13 INCENTIVES AVAILMENT AND TAX
14 EVASION UNDER THIS CODE AND
15 SMUGGLING ACTIVITIES; AND

16 (P) [~~(O)~~] To exercise all other powers
17 necessary or incidental to attain the
18 purposes of this Act and other laws vesting
19 additional functions on the Fiscal
20 Incentives Review Board.

21 xxx.”

1 SEC. 22. A new Section 297-A shall be introduced
2 in the National Internal Revenue Code of 1997, as
3 amended. The new Section 297-A shall read as follows:

4 “SEC. 297-A. *PROCESSING OF TAX*
5 *INCENTIVE APPLICATIONS.* – THE FIRB
6 AND IPAs SHALL ISSUE A DECISION ON
7 APPLICATIONS FOR TAX INCENTIVES
8 WITHIN TWENTY (20) WORKING DAYS
9 FROM THE RECEIPT OF ALL REQUIRED
10 DOCUMENTS, IN ACCORDANCE WITH
11 SECTION 9 OF REPUBLIC ACT NO. 11032,
12 OTHERWISE KNOWN AS THE ‘EASE OF
13 DOING BUSINESS AND EFFICIENT
14 GOVERNMENT SERVICE DELIVERY ACT
15 OF 2018’. AN EXTENSION OF THE
16 PROCESSING PERIOD MAY BE
17 PERMITTED ONLY ONCE, AND SHALL
18 IN NO CASE EXCEED AN ADDITIONAL
19 TWENTY (20) WORKING DAYS.”

20 SEC. 23. Section 300 of the National Internal
21 Revenue Code of 1997, as amended, is hereby further
22 amended to read as follows:

23 “SEC. 300. *Strategic Investment Priority*
24 *Plan.* – The Board of Investments, ~~is~~

1 ~~coordination~~] IN CONSULTATION with the
2 Fiscal Incentives Review Board, AND THE
3 Investment Promotion Agencies, other
4 government agencies administering tax
5 incentives, and the private sector, shall
6 formulate the [~~Strategic Investment Priority~~
7 ~~Plan~~] SIPP to be submitted to the President
8 for approval, which may contain
9 recommendations for types of non-fiscal
10 support needed to create high-skilled jobs to
11 grow a local pool of enterprises, particularly
12 micro, small and medium enterprises
13 (MSMEs), that can supply to domestic and
14 global value chains, to increase the
15 sophistication of products and services that
16 are produced and/or sourced domestically, to
17 expand domestic supply and reduce
18 dependence on imports, and to attract
19 significant foreign capital or investment.
20 THE SIPP MAY INCLUDE AREAS OF
21 INVESTMENT THAT ARE SPECIFIC TO
22 AN AREA OR REGION, TAKING INTO
23 CONSIDERATION THE PROJECT OR
24 ACTIVITY THAT THE INVESTMENT

1 PROMOTION AGENCIES IN THOSE
2 AREAS OR REGIONS DEEM FIT TO
3 PROMOTE, IN ORDER TO FOSTER
4 REGIONAL GROWTH AND ATTRACT
5 INVESTMENTS: *PROVIDED, THAT*, THE
6 PROJECT OR ACTIVITY IDENTIFIED BY
7 THE INVESTMENT PROMOTION
8 AGENCIES SHALL BE CONSISTENT
9 WITH THE PHILIPPINE DEVELOPMENT
10 PLAN AND REPUBLIC ACT NO. 11962 OR
11 THE 'TRABAHO PARA SA BAYAN ACT'.
12 The [~~Strategic Investment Priority Plan~~]
13 SIPP shall be valid for a period of three (3)
14 years, subject to review and amendment
15 every three (3) years thereafter unless there
16 would be a supervening event that would
17 necessitate its review[-]: *PROVIDED, THAT*
18 THE BOARD OF INVESTMENTS SHALL
19 CAUSE THE PUBLICATION OF THE
20 RULES AND REGULATIONS
21 IMPLEMENTING THE SIPP, INCLUDING
22 ANY AMENDMENTS THEREOF, IN THE
23 OFFICIAL GAZETTE OR NEWSPAPER OF
24 GENERAL CIRCULATION, AND ON ITS

1 OFFICIAL WEBSITE, TO BE
2 EFFECTIVE.

3 The [~~Strategic Investment Priority~~
4 ~~Plan~~] SIPP shall contain the following:

5 (A) Priority projects or activities that
6 are included in the Philippine Development
7 Plan or its equivalent, or other government
8 programs, taking into account any of the
9 following:

10 x x x

11 (B) Scope and coverage of location and
12 industry tiers in Section 296; and

13 [~~(C) Terms and conditions on the grant~~
14 ~~of enhanced deductions under Section~~
15 ~~294(C).~~]

16 All sectors or industries that may be
17 included in the [~~Strategic Investment~~
18 ~~Priority Plan~~] SIPP shall undergo an
19 evaluation to determine the suitability and
20 potential of the industry or the sector in
21 promoting long-term growth and sustainable
22 development, and the national interest. In
23 no case shall a sector or industry be included
24 in the [~~Strategic Investment Priority Plan~~]

1 SIPP unless it is supported by a formal
2 evaluation process or report.

3 xxx

4 In no case shall the Investment
5 Promotion Agencies accept applications
6 unless the project or activity is listed in the
7 [~~Strategic Investment Priority Plan~~] SIPP.
8 Projects or activities not listed in the
9 [~~Strategic Investment Priority Plan~~] SIPP
10 shall be automatically disapproved.”

11 SEC. 24. Section 301 of the National Internal
12 Revenue Code of 1997, as amended, is hereby further
13 amended to read as follows:

14 “SEC. 301. *Power of the President to*
15 *Grant Incentives.* – Notwithstanding the
16 provisions of Sections 295, [~~and~~] 296, AND
17 296-A, the President may, in the interest of
18 national economic development, [~~and~~] OR
19 upon the recommendation of the Fiscal
20 Incentives Review Board, modify the mix,
21 period or manner of availment of incentives
22 provided under this Code or craft the
23 appropriate [~~financial~~] FISCAL AND NON-

1 FISCAL support package for a highly
2 desirable project or a specific industrial
3 activity based on defined development
4 strategies for creating high-value jobs,
5 building new industries to diversify
6 economic activities, and attracting
7 significant foreign and domestic capital or
8 investment, and the fiscal requirements of
9 the activity or project, subject to maximum
10 incentive levels recommended by the Fiscal
11 Incentives Review Board: *Provided*, That the
12 grant of [~~income tax holiday~~] ITH shall not
13 exceed [~~eight—(8)~~] TEN (10) years
14 FOLLOWED BY [~~and thereafter, a special~~
15 ~~corporate income tax rate~~] SCIT of five
16 percent (5%) OR EDR; OR SCIT OR EDR,
17 WHICH MAY BE IMMEDIATELY
18 GRANTED AT THE START OF
19 COMMERCIAL OPERATIONS [~~may be~~
20 ~~granted~~]: *Provided, further*, That the total
21 period of INCOME TAX-BASED incentive
22 availment shall not exceed forty (40) years.

23 The Fiscal Incentives Review Board
24 shall determine whether the benefits that

1 the Government may derive from such
2 investment are clear and convincing and far
3 outweigh the cost of incentives that will be
4 granted in determining whether a project or
5 activity is highly desirable.

6 THE DETERMINATION BY THE
7 FISCAL INCENTIVES REVIEW BOARD
8 SHALL GUIDE THE PRESIDENT IN
9 CALIBRATING EITHER OR BOTH THE
10 MAGNITUDE OF THE INCENTIVES TO
11 BE GRANTED AND THE AGREED
12 PERFORMANCE TARGET
13 CORRESPONDING TO THE GRANT.

14 The ~~[exercise by the]~~ President ~~[of his]~~
15 MAY EXERCISE THE powers under this
16 Section: ~~[shall be based on a positive~~
17 ~~recommendation from the Fiscal Incentives~~
18 ~~Review Board, upon its determination]~~
19 *PROVIDED, That* the following conditions
20 are satisfied:

21 (1) The project has a comprehensive
22 sustainable development plan with
23 clear inclusive business approaches,

1 and high level of sophistication and
2 innovation; and

3 (2) Minimum investment capital of
4 Fifty billion pesos (P50,000,000,000.00)
5 or its equivalent in US dollars, or a
6 minimum direct local employment
7 generation of at least ten thousand
8 (10,000) within three (3) years from the
9 issuance of the certificate of
10 entitlement.

11 *Provided*, That the threshold shall
12 be subject to a periodic review by the Fiscal
13 Incentives Review Board every three (3)
14 years, taking into consideration
15 international standards or other economic
16 indicators: *Provided, further*, That if the
17 project fails to substantially meet the
18 projected impact on the economy and agreed
19 performance targets, the Fiscal Incentives
20 Review Board shall recommend to the
21 President the cancellation of the tax
22 incentive or FISCAL AND NON-FISCAL
23 [~~financial~~] support package or the modified
24 period or manner of availment of incentives,

1 after due hearing and an adequate
2 opportunity to substantially comply with the
3 agreed performance targets and outputs.

4 For this purpose, THE PRESIDENT
5 MAY GRANT [~~financial~~] NON-FISCAL
6 support PACKAGE LIMITED TO THE
7 [~~includes~~] utilization of government
8 resources such as [~~land-use~~] USE OF LAND
9 [~~, water appropriation, power provision,~~] and
10 budgetary support provision under the
11 annual General Appropriations Act.

12 This power of the President, in as far
13 as it commands additional public sector
14 expenditures in support of investors, is
15 suspended during fiscal years when, an
16 [~~unimaginable~~] UNMANAGEABLE fiscal
17 deficit is declared by the President on the
18 advice of the Development Budget
19 Coordination Committee with a consequence
20 that even core budgetary obligations, such
21 as, but not limited to, mandatory revenue
22 allotments for local government units and
23 budget for the National Economic and
24 Development Authority's core public

1 investments program, cannot be fully
2 financed.

3 Notwithstanding the provisions in the
4 preceding paragraphs, tax and duty
5 incentives granted through legislative
6 franchises shall be [~~excepted~~] EXEMPTED
7 from the foregoing powers of the President to
8 review, withdraw, suspend, or cancel tax
9 incentives and subsidies.”

10 SEC. 25. Section 308 of the National
11 Internal Revenue Code of 1997, as amended, is
12 hereby further amended to read as follows:

13 “SEC. 308. *Penalties for Noncompliance*
14 *with Filing and Reportorial Requirements.* -
15 Any [~~registered business enterprise~~] RBE or
16 other registered enterprise, which fails to
17 comply with filing and reportorial
18 requirements with the appropriate
19 Investment Promotion Agencies or other
20 government agencies administering tax
21 incentives and/or, which fails to show proof
22 of filing of tax returns using the electronic
23 system for filing and payment of taxes of the

1 Bureau of Internal Revenue under Section
2 305 hereof, shall be imposed the following
3 penalties by the appropriate Investment
4 Promotion Agency or other government
5 agency administering tax incentives:

6 (A) First (1st) Violation - Payment of a
7 fine amounting to One hundred thousand
8 pesos (P100,000.00);

9 (B) Second (2nd) Violation - Payment of
10 a fine amounting to Five hundred thousand
11 pesos (P500,000.00); and

12 (C) Third (3rd) Violation – Cancellation
13 by the [~~Fiscal Incentives Review Board,~~]
14 INVESTMENT PROMOTION AGENCY of
15 the registration of the [~~registered business~~
16 ~~enterprise~~] RBE [~~or registered entity the~~
17 ~~Investment Promotion Agency or other~~
18 ~~government agency administering tax~~
19 ~~incentives~~].

20 *Provided,* That if the failure to show
21 such proof is not due to the fault of the
22 [~~registered business enterprises~~] RBEs or
23 other registered enterprises, the same shall

1 not be a ground for the suspension of the
2 Income Tax Holiday (ITH) and/or other tax
3 incentives availment: *Provided, further,*
4 That collections from the penalties shall
5 accrue to the general fund.

6 After due process, [~~the Fiscal~~
7 ~~Incentives Review Board or~~] the concerned
8 Investment Promotion Agency [~~as the case~~
9 ~~may be,~~] may cancel the registration,
10 suspend the enjoyment of incentive benefits
11 of any registered enterprise, and/or require
12 refund of incentives enjoyed by such
13 enterprise, including interests and monetary
14 penalties, for any WILLFUL AND material
15 misrepresentation of information OR
16 SUBMISSION OF FALSIFIED OR
17 MISLEADING INFORMATION OR
18 DOCUMENTS for the purpose of availing
19 OF more incentives than what it is entitled
20 to under this Code[-]: *PROVIDED,*
21 *FURTHER,* THAT IN CASE OF
22 CANCELLATION OF THE CERTIFICATE
23 OF REGISTRATION, THE PROJECT OR
24 ACTIVITY OF THE RBE SHALL CEASE

1 TO BE REGISTERED AND SHALL BE
2 REQUIRED TO PAY ALL APPROPRIATE
3 TAXES AND DUTIES FROM THE DATE
4 THE CANCELLATION ORDER HAS
5 BECOME FINAL AND EXECUTORY.

6 *Provided*, That the [~~Fiscal Incentives~~
7 ~~Review~~——~~Board~~] INVESTMENT
8 PROMOTION AGENCY with the
9 recommendation of the Commissioner, may
10 revoke or suspend incentives granted by [~~an~~]
11 THE Investment Promotion Agency, and/or
12 order a business closure of [~~a registered~~
13 ~~business enterprise~~] THE RBE that violates
14 Title VI (Excise Taxes on Certain Goods) and
15 Title X (Statutory Offenses and Penalties) of
16 this Code and other related revenue
17 regulations, orders, or issuances of the
18 government: *Provided, further*, That such
19 authority shall cover the acts of the
20 [~~registered~~——~~business~~——~~enterprise~~] RBE
21 committed even in the first year of availment
22 of incentives. Notwithstanding the
23 provisions of this Section, the Department of
24 Finance, the Bureau of Internal Revenue,

1 and the Bureau of Customs shall retain their
2 respective mandates, powers and functions
3 as provided for under this Act and related
4 laws.

5 Any government official or employee
6 who fails without justifiable reason to
7 provide or furnish the required tax
8 incentives report or other data or
9 information as required under Sections 306
10 and 307 of this Act shall be penalized, after
11 due process, by a fine equivalent to the
12 official's or employee's basic salary for a
13 period of one (1) month to six (6) months or
14 by suspension from government service for
15 not more than one (1) year, or both, in
16 addition to any criminal and administrative
17 penalties imposable under existing laws.”

18 SEC. 26. Section 309 of the National
19 Internal Revenue Code of 1997, as amended, is
20 hereby further amended to read as follows:

21 “SEC. 309. *Prohibition on Registered*
22 *Activities.* – EXCEPT AS ALLOWED
23 UNDER THIS PROVISION, [A] A qualified

1 registered project or activity under an
2 Investment Promotion Agency
3 administering an economic zone or freeport
4 shall be exclusively conducted or operated
5 within the geographical boundaries of the
6 zone or freeport being administered by the
7 Investment Promotion Agency in which the
8 project or activity is registered: *Provided,*
9 That [~~a registered business enterprise~~] AN
10 RBE may conduct or operate more than one
11 qualified registered project or activity within
12 the same zone or freeport under the same
13 Investment Promotion Agency: *Provided,*
14 *further,* That any project or activity
15 conducted or performed outside the
16 geographical boundaries of the zone or
17 freeport shall not be entitled to the
18 incentives provided in this Act[~~, unless such~~
19 ~~project or activity is conducted or operated~~
20 ~~under another Investment Promotion~~
21 ~~Agency~~]: *PROVIDED, FURTHERMORE,*
22 THAT RBEs MAY BE ALLOWED TO
23 INSTITUTE A ‘TELECOMMUTING’
24 PROGRAM AS DEFINED UNDER

1 REPUBLIC ACT NO. 11165, OTHERWISE
2 KNOWN AS THE ‘TELECOMMUTING
3 ACT,’ INCLUDING WORK-FROM-HOME
4 ARRANGEMENTS, WHICH SHALL NOT
5 COVER MORE THAN FIFTY PERCENT
6 (50%) OF THE TOTAL WORKFORCE,
7 SUBJECT TO THE RULES AND
8 REGULATIONS FORMULATED BY THE
9 INVESTMENT PROMOTION AGENCIES.
10 IN DOING SO, THE RBES SHALL
11 CONTINUE TO AVAIL OF ALL THE
12 INCENTIVES PROVIDED UNDER THIS
13 ACT AND UNDER THEIR
14 REGISTRATION WITH ANY
15 APPLICABLE INVESTMENT
16 PROMOTION AGENCY: *PROVIDED*,
17 THAT DOUBLE REGISTRATION FOR
18 PURPOSES OF AVAILING OF OTHER
19 INCENTIVES UNDER SPECIAL LAWS
20 SHALL NOT BE ALLOWED.”

21 SEC. 27. Section 310 of the National Internal
22 Revenue Code of 1997, as amended, is hereby further
23 amended to read as follows:

1 “SEC. 310. *Establishment of One-Stop*
2 *Action Center AND INITIAL POINT OF*
3 *CONTACT FOR FOREIGN INVESTMENT*
4 *LEADS.* – All Investment Promotion
5 Agencies shall establish a one-stop shop or
6 one-stop action center that will facilitate and
7 expedite, to the extent possible, the setting
8 up and conduct of registered projects or
9 activities, including assistance in
10 coordinating with the local government units
11 and other government agencies to comply
12 with Republic Act No. 11032, otherwise
13 known as the Ease of Doing Business and
14 Efficient Government Service Delivery Act of
15 2018: *Provided, however,* That the
16 enterprises shall continue to avail of the one-
17 stop shop facility notwithstanding the
18 expiration of their incentives under this
19 Code.

20 UNLESS OTHERWISE PROVIDED
21 UNDER SPECIAL LAWS, LOCAL
22 GOVERNMENT UNITS MAY DELEGATE
23 TO INVESTMENT PROMOTION
24 AGENCIES, THROUGH APPROPRIATE

1 MEMORANDA OF AGREEMENT, THE
2 FUNCTIONS OF ACCEPTING,
3 PROCESSING, AND GRANTING
4 BUSINESS PERMITS AND LICENSES.

5 INVESTMENT PROMOTION
6 AGENCIES MAY ALSO ASSIST RBEs IN
7 OBTAINING LICENSES AND PERMITS
8 FROM NATIONAL GOVERNMENT
9 AGENCIES BY ACCEPTING AND
10 SUBMITTING DOCUMENTARY
11 REQUIREMENTS FOR SUCH LICENSES
12 AND PERMITS, ON BEHALF OF RBEs TO
13 THE APPROPRIATE NATIONAL
14 GOVERNMENT AGENCIES.

15 INVESTMENT PROMOTION
16 AGENCIES MAY UNDERTAKE
17 ACTIVITIES NECESSARY TO PERFORM
18 THE FUNCTION AS THE INITIAL POINT
19 OF CONTACT FOR FOREIGN
20 INVESTMENT LEADS. SUCH ACTIVITIES
21 SHALL INCLUDE ASSISTING
22 POTENTIAL FOREIGN INVESTORS TO
23 ESTABLISH THEIR BUSINESS
24 ENTERPRISES IN THE INVESTMENT

1 PROMOTION AGENCY OR IN THE
2 ECONOMIC ZONE MOST SUITED TO
3 THEIR SPECIFIC NEEDS.”

4 SEC. 28. Section 311 of the National Internal
5 Revenue Code of 1997, as amended, is hereby further
6 amended to read as follows:

7 “SEC. 311. *Investments Prior to the*
8 *Effectivity of [~~this Act~~] REPUBLIC ACT NO.*
9 *11534. – [~~Registered business enterprises~~]*
10 RBEs with incentives granted prior to the
11 effectivity of [~~this Act~~] REPUBLIC ACT NO.
12 11534 shall be subject to INCENTIVES
13 GRANTED IN THEIR CERTIFICATE OF
14 REGISTRATION OR CERTIFICATE OF
15 REGISTRATION AND TAX EXEMPTION,
16 AND TO THE following rules:

17 (A) xxx;

18 (B) [~~Registered business enterprises~~]
19 RBEs, whose projects or activities were
20 granted an [~~income tax holiday~~] ITH prior to
21 the effectivity of [~~this Act~~] REPUBLIC ACT
22 NO. 11534 and that are entitled to the five
23 percent (5%) tax on gross income earned

1 incentive after the [~~income tax holiday~~] ITH,
2 shall be allowed to avail of the five percent
3 (5%) tax on gross income earned incentive
4 based on Subsection (C), INCLUDING ALL
5 CORRESPONDING EXEMPTIONS FROM
6 NATIONAL TAXES AND LOCAL TAXES,
7 FEES, AND CHARGES UNTIL
8 DECEMBER 31, 2034; [~~and~~]

9 (C) [~~Registered business enterprises~~]
10 RBEs currently availing of the five percent
11 (5%) tax on gross income earned granted
12 prior to the effectivity of [~~this Act~~]
13 REPUBLIC ACT NO. 11534 shall be allowed
14 to continue availing OF the said tax
15 incentive at the rate of five percent (5%),
16 INCLUDING ALL CORRESPONDING
17 EXEMPTIONS FROM NATIONAL TAXES
18 AND LOCAL TAXES, FEES AND
19 CHARGES [~~for ten (10) years.~~] UNTIL
20 DECEMBER 31, 2034; AND

21 (D) RBEs AVAILING OF DUTY
22 EXEMPTION ON IMPORTATION UNDER
23 SECTION 294(D), VALUE-ADDED TAX
24 (VAT) EXEMPTION ON IMPORTATION,

1 AND VAT ZERO-RATING ON LOCAL
2 PURCHASES UNDER SECTION 294(E)
3 PRIOR TO THE EFFECTIVITY OF
4 REPUBLIC ACT NO. 11534 SHALL BE
5 ALLOWED TO CONTINUE AVAILING OF
6 THE SAID TAX INCENTIVES UNTIL
7 DECEMBER 31, 2034: *PROVIDED*, THAT
8 REGISTERED EXPORT ENTERPRISES
9 SHALL CONTINUE TO AVAIL OF THE
10 SAID INCENTIVES THEREAFTER, IN
11 ACCORDANCE WITH TITLE IV OF THIS
12 CODE AND PROVISIONS OF THE
13 CUSTOMS MODERNIZATION AND
14 TARIFF ACT, AS AMENDED, AND OTHER
15 APPLICABLE LAWS.”

16 SEC. 29. *Appropriations.* – The Secretary of
17 Finance shall immediately include in the Department’s
18 program the operationalization of the electronic
19 processing of the VAT refund system, the funding of
20 which shall be included in the annual General
21 Appropriations Act.

22 SEC. 30. *Transitory Provisions.* – The following
23 provisions shall apply prospectively to projects or

1 activities granted with tax incentives under Republic
2 Act No. 11534 upon the effectivity of this Act:

3 (1) The exemption from national and local
4 taxes, including local fees and charges for projects
5 or activities availing of SCIT pursuant to Section
6 294(B) of Title XIII;

7 (2) The availment of additional enhanced
8 deductions provided under Section 294(C)(6), (7),
9 (8), and (9) of Title XIII;

10 (3) The imposition of the two percent (2%)
11 RBEs local tax under Section 294(F) of Title XIII,
12 to RBEs availing of ITH or EDR; and

13 (4) The conditions for the availment of the
14 duty and VAT exemption on importation and VAT
15 zero-rating on local purchases under Sections
16 295(C) and (D) of Title XIII.

17 No tax refund or credit shall be granted to RBEs
18 covered by Section 19 of this Act.

19 SEC. 31. *Implementing Rules and Regulations.* –
20 Within ninety (90) days from the effectivity of this Act,
21 the Secretary of Finance, upon the recommendation of
22 the Commissioner of Internal Revenue, shall
23 promulgate the necessary rules and regulations for its
24 effective implementation: *Provided*, That for the

1 provisions under Title XIII of the National Internal
2 Revenue Code of 1997, as amended, the Secretary of
3 Finance and the Secretary of Trade and Industry shall
4 jointly promulgate the necessary rules and regulations
5 thereof within the same period, after due consultation
6 with the Bureau of Internal Revenue, Bureau of
7 Customs, the Board of Investments, and other
8 Investment Promotion Agencies, for its effective
9 implementation. Failure to promulgate the rules and
10 regulations shall not prevent the implementation of
11 this Act upon its effectivity.

12 SEC. 32. *Separability Clause.* – If any provision of
13 this Act is declared unconstitutional, the remaining
14 parts or provisions hereof not affected thereby shall
15 remain in full force and effect.

16 SEC. 33. *Repealing Clause.* – All laws, decrees,
17 executive orders, implementing rules and regulations,
18 issuances, or any part thereof inconsistent with the
19 provisions of this Act are deemed repealed, amended,
20 or modified accordingly.

21 SEC. 34. *Effectivity.* – This Act shall take effect
22 after fifteen (15) days following its publication in the
23 *Official Gazette* or in a newspaper of general
24 circulation.

Approved,