

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

SENATE
OFFICE OF THE SECRETARY

7 JUL -3 P5:54

SENATE

S. B. No. 888

RECEIVED BY: _____

Introduced by SENATOR EDGARDO J. ANGARA

EXPLANATORY NOTE

There is a need to expedite the rehabilitation and development of the Mindanao Region (the "Region") given the lack of development in certain areas on the Region as well as the debilitating effects of the recent conflicts.

Unfortunately, the public sector cannot provide enough funds for the total development and rehabilitation of Mindanao. The recent hostilities have also scared away numerous private investors fearful of the peace and order in the Region. There is, therefore, a crucial need to attract private investors to invest in Mindanao.

The approach to developing Mindanao should therefore be two-pronged—by providing the Executive enough powers to expedite the development and rehabilitation of the Region, and by attracting private investors through a series of incentives over and above the existing incentives provided to other areas of the country and under existing laws.

The proposed Mindanao Development Incentives Act will provide the following incentives and powers:

1. Fiscal Incentives

- 1.1 Duty-free importation of raw materials and capital equipment, as well as exemption from value added tax;
- 1.2 5% tax in lieu of all taxes except real property tax;
- 1.3 Tax credit of 200% of value of labor training expenses, and 300% in the case of labor training expenses for Muslims and other ethnic minorities;
- 1.4 Tax credit of 200% of research and development expense;
- 1.5 Allowance to carry over net operating loss for ten (10) years;
- 1.6 Reimbursement of cost for feasibility studies in areas deemed in critical need of investments;
- 1.7 Interest assistance by line departments for all loans availed of by registered investing enterprise.

2. Non-Fiscal Incentives

- 2.1 Nationality requirements shall not be required except those provided under the Constitution;
- 2.2 Labor disputes must be referred to a labor center for amicable settlement;
- 2.3 Infrastructure development and construction may be on build-operate-transfer basis, or other contractual arrangement, with the registered investor allowed to charge tolls and other fees;


- 2.4 Government financial assistance through Land Bank and DBP;
- 2.5 Incentives to expatriates such as multiple entry visas, final tax of 15% of gross income, tax and duty free importation of personal and household effects, travel tax exemptions;
- 2.6 Exemption of private agricultural lands used by registered enterprises from CARL coverage under certain conditions;
- 2.7 Basic rights and guarantees on repatriation of investments, remittance of earnings and freedom from expropriation.

3. Powers of the President

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

The foregoing incentives and powers are sufficient to encourage investment in Mindanao and ensure growth in the region.

For the above-mentioned reasons, approval of this bill is earnestly urged.



EDGARDO J. ANGARA
Senator

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

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

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

3
4 **SECTION 2. *Declaration of Policy.*** - The State recognizes the need
5 to promote and accelerate the growth and development of the Mindanao
6 Region, hereinafter referred to as the Region, in order to make it, at the least,
7 at par with the other regions of the country and promote the overall growth of
8 the Region in particular and national economy in general. The State takes
9 note of the centuries-old conflict between the government and Muslim
10 Mindanao and of the need to find a lasting solution rooted in the social,
11 economic and cultural realities. The State further recognizes the vast
12 potential of the Region, including its immense natural resources, which
13 remain largely untapped, and the need for public and private investment in
14 infrastructure and spending to ensure the development of the Region.

15 Pursuant thereto, and in order to address effectively the conflict
16 between government and Muslim Mindanao, it is the declared policy of
17 government to actively encourage, promote, induce and accelerate a sound
18 and balanced agricultural, industrial, economic and social development in the
19 Region in order to alleviate poverty therein, provide jobs to the people,
20 especially those in the rural areas, increase their productivity and their
21 individual and family income, and thereby improve the level and quality of
22 their living condition and hence secure peace and stability in the Region
23 through the provision of economic and fiscal incentives and through measures

1 that shall effectively attract legitimate and productive local and foreign
2 investments. The government shall furthermore undertake efforts to promote
3 the development of the Region into the hub of investment, trade and
4 commerce in the East Asian region through private capital and investment
5 which shall serve as the engines of growth and development of the Region,
6 creating jobs, providing increased income and productivity, and bringing new
7 technology.

8 9 **SECTION 3. *Creation of the Mindanao Incentives Development***

10 ***Authority.***- There is hereby created a body corporate to be known as the
11 Mindanao Incentives Development Authority, hereinafter referred to as
12 MIDA. The MIDA shall have a Director-General with the rank of a
13 department undersecretary who shall be appointed by the President. The
14 director-general shall be at least forty (40) years of age, of proven probity and
15 integrity, and have a strong knowledge or background in agriculture,
16 investments , economics, business, public administration, law or their
17 equivalent.

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

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

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

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SECTION 4. *Functions and Powers of the Board.* - The Board shall have the following functions and powers:

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

SECTION 5. *General Powers and Functions of the MIDA.* - The MIDA shall have the following powers and functions:

- (a) To administer and supervise the incentive schemes of the Region according to the principles set forth in this Act;
- (b) To register the enterprises in the Region in an efficient and expeditious manner;
- (c) To coordinate with regional development councils and other development bodies in the identification and preparation of development programs and projects in the Region;
- (d) To recommend to the President and Congress such other incentives, concessions or preference necessary to fully implement the letter and spirit of this Act;

- 1 (e) To adopt, alter and use a corporate seal; make contracts, lease,
2 own or otherwise dispose of personal or real property; sue and be
3 sued; and otherwise carry out its duties and functions as provided
4 for in this Act;
- 5 (f) To consult on a regular basis with the local government units,
6 private sector and civil society on plans and policies to be
7 formulated and promulgated;
- 8 (g) To monitor and evaluate the development and requirements of
9 entities within the Region and recommend to the local
10 government units or other appropriate authorities the location,
11 incentives, basic services, utilities and infrastructure required or
12 to be made available for said entities; and
- 13 (h) To accept any local or foreign investment, business or enterprise,
14 subject only to such rules and regulations to be promulgated by
15 the MIDA in conformity with the policies of the MIDA without
16 prejudice to the nationalization requirements provided for in the
17 Constitution.

18
19 Within thirty (30) days from its constitution, the MIDA shall
20 promulgate a priority investment plan over the Region in order to accomplish
21 the intent of this Act.

22
23 **SECTION 6. Powers and Functions of the Director General.** - The
24 Director General shall provide overall supervision over the operations of the
25 MIDA. He shall recommend to the Board the structure and the staffing
26 pattern and personnel complement of the MIDA and establish regional
27 offices, when necessary, subject to the approval of the MIDA Board.

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

- 30 (a) To safeguard all the lands, buildings, records, monies, credits and
31 other properties and rights of the MIDA;
- 32 (b) To ensure that all revenues of the MIDA are collected and applied
33 in accordance with its budget;
- 34 (c) To ensure that the employees of the MIDA are properly discharging
35 their respective duties;

- 1 (d) To give such information and recommend such measures to the
2 Board, as he shall deem advantageous to the Region;
- 3 (e) To submit to the Board, the ongoing and proposed projects, work
4 and financial program, annual budget or receipts, and expenditures
5 of MIDA;
- 6 (f) To represent the MIDA in all its business matters and sign on its
7 behalf after approval of the Board, all its contracts, agreements and
8 obligations made in accordance with this Act;
- 9 (g) To perform such other duties and exercise such powers as may be
10 prescribed by the Board, and to implement the policies, rules and
11 regulations set by the MIDA.
- 12

13 **SECTION 7. *Autonomy of Local Government Units.*** Except as
14 herein provided, the local government units comprising the Region shall
15 retain their basic autonomy and identity. The cities shall be governed by
16 their respective charters and the municipalities shall operate and function in
17 accordance with the Local Government Code.

18

19 **SECTION 8. *Qualifications of a Registered Enterprise.*** - To be
20 entitled to registration under this Act, an applicant must satisfy to the Board
21 that:

- 22 (a) He is a citizen of the Philippines, if an individual, or in case of a
23 corporation, partnership or association, it is organized under
24 Philippine laws and that at least sixty percent (60%) of the capital
25 stock outstanding and entitled to vote is owned and held by
26 Philippine nationals as defined in Republic Act No. 7042. If it does
27 not possess the required degree of ownership as mentioned above,
28 It will engage in an activity that is not within the activities
29 reserved by the Constitution to Philippine citizens or corporation
30 owned and controlled by Philippine citizens;
- 31 (b) It shall make an initial investment in the Region in an amount
32 not less than the equivalent of Two Hundred Fifty Thousand
33 Dollars (US\$250,000), United States currency, unless a higher
34 amount of investment is required under existing laws;
- 35 (c) The applicant will engage in an activity which will necessitate the
36 employment of at least fifty (50) local employees;

- 1 (d) The applicant is capable of operating on a sound and efficient
2 basis and of contributing to the development of the Region in
3 particular and of the national economy in general; and
4 (e) If the applicant is engaged in undertakings or activities outside
5 the Region, it has installed or undertakes to install an accounting
6 system adequate to identify the investments, revenues, costs, and
7 profits or losses of the project to be undertaken in the Region from
8 the aggregate investment, revenues, costs, and profits or losses of
9 the whole enterprise or to establish a separate corporation for the
10 project to be undertaken in the Region if the Board so requires.
11

12 **SECTION 9. *Basic Rights and Guarantee.*** - All investors and
13 registered enterprises are entitled to the basic rights and guarantees
14 provided in the Constitution. Among the other rights recognized by the
15 Government of the Philippines are the following:

- 16 (a) *Repatriation of Investments.* In the case of foreign investments,
17 the right to repatriate the entire proceeds of the liquidation of the
18 investment in the currency in which the investment was
19 originally made and at the exchange rate prevailing at the time of
20 repatriation.
21 (b) *Remittance of Earnings.* In the case of foreign investments, the
22 right to remit earnings from the investment in the currency in
23 which the investment was originally made and at the exchange
24 rate prevailing at the time of remittance.
25 (c) *Foreign Loans and Contracts.* The right to remit at the exchange
26 rate prevailing at the time of remittance such sums as may be
27 necessary to meet the payments of interest and principal on
28 foreign loans and foreign obligations arising from technological
29 assistance contracts.
30 (d) *Freedom from Expropriation.* Except as provided in Section 9 (e)
31 below, there shall be no expropriation by the government of the
32 property represented by investments or of the property of the
33 registered enterprise.
34 (e) *Requisition of Investment.* There shall be no requisition of the
35 property represented by the investment or of the property of the
36 registered enterprise, except in the event of war.

1
2 **SECTION 10. Policies.** - The Region shall be subject to the following
3 policies:

4 (a) Within the framework and subject to the mandate and limitations
5 of the Constitution and the pertinent provisions of the Local
6 Government Code, the Region shall be developed into a self-
7 sustaining agricultural, agro-industrial, industrial, commercial,
8 financial and investment center to generate employment
9 opportunities in and around the Region and to attract and
10 promote productive investments;

11 (b) Merchandise, raw materials, supplies, equipment, machinery,
12 spare parts and wares of every description, agricultural and
13 fisheries inputs brought into the Region by a registered enterprise
14 to be sold within the Region, stored, broken up, repacked,
15 assembled, installed, sorted, cleaned, graded or otherwise
16 processed, manipulated, manufactured, mixed with foreign or
17 domestic merchandise whether directly or indirectly related in
18 such activity and brought out of the Philippines, shall not be
19 subject to customs and internal revenue laws and regulations of
20 the Philippines, including value added tax, nor to local tax
21 ordinances;

22 (c) The provision of existing laws, rules and regulations to the
23 contrary notwithstanding, no taxes, national and local except real
24 property tax, shall be imposed upon registered enterprises located
25 within the Region. In lieu of paying taxes, three percent (3%) of
26 the gross income earned by all registered enterprises within the
27 Region shall be remitted to the National Government, one percent
28 (1%) each to the local government unit having jurisdiction over
29 the particular registered enterprise. In addition, there is hereby
30 established a development fund of one percent (1%) of the gross
31 income earned by all registered enterprises within the Region to
32 be utilized for the development of the Region.

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

1 (d) Registered enterprises establishing their production, processing or
2 manufacturing plants in an area within the Region which the
3 Board designates as necessary for the proper dispersal of the
4 industry or in an area which the Board finds deficient in
5 infrastructure, public utilities, and other facilities, such as
6 irrigation, drainage and other similar waterworks infrastructure
7 may apply in payment of taxes due from it to the government an
8 amount equivalent to 100% of the necessary and major
9 infrastructure works it may have undertaken with the prior
10 approval of the Board under such terms and conditions as the
11 Board may determine and in consultation with other government
12 agencies concerned, provided that:

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

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

21
22 Provided, that in cases where the Board may certify that
23 infrastructure or the rehabilitation thereof is urgently needed in specific
24 areas, the registered enterprise undertaking the construction of
25 infrastructure or rehabilitation thereof may apply in payment of taxes due
26 from it to the government an amount equivalent to 200% of the necessary and
27 major infrastructure works it may have undertaken with the prior approval
28 of the Board.

29 Provided, further, that a registered enterprise shall be encouraged to
30 undertake infrastructure and development projects, including but not limited
31 to, power plants, highways, ports, airports, canals, dams, hydropower
32 projects, water supply, irrigation, telecommunications, railroads and
33 railways, transport systems, land reclamation projects, markets,
34 slaughterhouses, warehouses, solid waste management, information
35 technology networks and database infrastructure, education and
36 development projects as may be authorized by the appropriate agency

1 pursuant to this Act. Such projects shall be undertaken through contractual
2 arrangements as defined hereunder and under Republic Act No. 6957, as
3 amended, and such other variations as may be approved by the President of
4 the Philippines.

5 For the construction stage of these infrastructure projects, the project
6 proponents may obtain financing from foreign and/or domestic sources and/or
7 engage the services of a foreign and/or Filipino contractor: Provided, That in
8 case an infrastructure or a development facility's operation requires a public
9 utility franchise, the facility operator must be Filipino or if a corporation, it
10 must be duly registered with the Securities and Exchange Commission and
11 owned up to at least sixty percent (60%) by Filipinos: Provided, further, That
12 in the case of foreign contractors, Filipino labor shall be employed or hired in
13 the different phases of the construction where Filipino skills are available:
14 Provided, finally, That subjects which would have difficulty in sourcing funds
15 may be financed partly from direct government appropriations and/or from
16 Official Development Assistance (ODA) of foreign governments or institutions
17 not exceeding fifty percent (50%) of the project cost, and the balance to be
18 provided by the project proponent.

19 All government infrastructure agencies, including government-owned
20 and -controlled corporations and local government units are hereby
21 authorized to enter into contracts with any duly prequalified project
22 proponent for the financing, construction, operation and maintenance of any
23 financially viable infrastructure or development facility through any of the
24 projects authorized in this Act and other laws. Said agencies, when entering
25 into such contracts, are enjoined to solicit the expertise of individuals, groups,
26 or corporations in the private sector who have extensive experience in
27 undertaking infrastructure or development projects.

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

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

1 Provided, that in case at least ten percent (10%) of the trainees or
2 apprentices shall be Muslim or belong to other ethnic minorities, a registered
3 enterprise shall be allowed to deduct from its gross income earned three
4 hundred percent (300%) of the value of the labor training expenses incurred
5 for upgrading the productivity and efficiency of the unskilled labor and
6 apprentices belonging to the Muslim or other ethnic minorities.

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

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

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

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

26 (i) Private agricultural lands that have not been distributed and
27 upon which no Certificates of Land Ownership Award have been
28 issued shall be exempt from the coverage of Republic Act No.
29 6657, known as the Comprehensive Agrarian Reform Law
30 ("CARL"); Provided, that such lands shall be directly and
31 exclusively used by registered enterprises within the Region.

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

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

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

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

10

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

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

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

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

29

30 **SECTION 12. *Government Assistance.*** Upon the recommendation of
31 the MIDA Board and subject to the qualifications under its relevant charters,
32 the Development Bank of the Philippines, Land Bank of the Philippines and
33 similar government financial institutions are mandated to render financial
34 assistance to registered enterprises in the Region which may be secured by
35 an undertaking from the Government, through the Department of Finance, to

1 issue a guarantee in favor of the aforementioned registered enterprise
2 whenever warranted by the circumstances.

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

7
8 **SECTION 13. *Other Incentives.*** The expatriates employed by the
9 registered enterprises shall be entitled to the following incentives:

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

18 The visa shall be valid for a period of five (5) years to
19 enter the Philippines. The admission and stay shall be co-
20 terminus with the validity of the multiple entry visa. The stay,
21 however, is extendible to five (5) years upon submission to the
22 Bureau of Immigration of a sworn certification by a responsible
23 officer of the registered enterprise that is licensed to operate or
24 registration remains valid and subsisting and that the registered
25 enterprise has withheld tax due on compensation and the same
26 has been paid to the Bureau of Internal Revenue.

27 Non-immigrants who have been admitted under the
28 multiple entry special visa, as well as their respective spouses and
29 dependents, shall be exempt from: the payment of all fees due
30 under immigration and alien registration laws; securing alien
31 certificates of registration; and obtaining emigration clearance
32 certificates, except reasonable administrative costs. They are also
33 exempt from all types of clearances required by any government
34 department or agency, except that upon final departure from the
35 Philippines the employer of the said non-immigrants shall so
36 advise in writing the Bureau of Immigration at least five (5)

1 working days prior to the immigrant's departure and the finally
2 departing non-immigrant employee shall be required to submit to
3 the said office a tax clearance from the Bureau of Internal
4 Revenue.

- 5 (b) Alien executives occupying managerial and technical positions
6 employed by the registered enterprise shall be subject for each
7 taxable year upon their gross income received as salaries, wages,
8 annuities, compensations, remuneration and emoluments to a
9 final tax equal to fifteen percent (15%) of such gross income.

10 The same tax treatment is applicable to Filipinos employed and
11 occupying the same positions as those aliens employed by
12 registered enterprises, regardless of whether or not there is an
13 alien executive occupying the same position.

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

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

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

31
32 **SECTION 14. *Simplified Public Bidding.*** As a general rule,
33 contracts for infrastructure development, construction, repair, rehabilitation,
34 improvement or maintenance should be conducted through public bidding
35 pursuant to Republic Act No. 6957, as amended. However, in the exigency of
36 public service and national interest as may be determined by the President,

1 and in order to achieve the objectives of this Act, simplified bidding through
2 sealed canvass of at least three (3) pre-qualified investors may be resorted to.
3 The process of selecting the prospective lessees and private investors shall be
4 transparent, where procedures and selection process adapted are made public
5 through newspaper advertisements and similar other means.

6
7 **SECTION 15. Authority to Declare Economic Zones.** The
8 President is authorized to declare certain areas within the Region as
9 economic, free trade, agro-industrial, agricultural, agri-tourism, or industrial
10 zones qualified and eligible for all incentives provided for under this Act and
11 other existing laws. The President is further authorized to declare areas
12 within the Region as underdeveloped and therefore entitled to incentives and
13 support over and above those provided in this Act.

14
15 **SECTION 16. Applicability to Existing Enterprises in the**
16 **Region.** The basic rights incentives granted under this Act may be availed of
17 existing business enterprises within the Region provided that these
18 enterprises possess the minimum qualification as set forth in Section 8 and
19 they register with the MIDA within six (6) months from the effectivity of the
20 rules implementing this Act.

21
22 **SECTION 17. Coordination with Various Government**
23 **Organizations.** – The Board shall consult and coordinate with existing
24 government organizations including the Autonomous Region of Muslim
25 Mindanao, Mindanao Economic Development Council, Southern Mindanao
26 Development Authority, Special Zone of Peace and Development in
27 formulating policies and programs.

28
29 **SECTION 18. Implementing Rules and Regulations.** - To
30 implement the provisions of this Act, the Department of Agriculture, the
31 Department of Trade and Industry and the Department of Finance shall
32 formulate the implementing rules and regulations of this Act within thirty
33 (30) days after its approval. Such rules and regulations shall take effect
34 fifteen (15) days after their publication in a newspaper of general circulation
35 in the Philippines.

1 **SECTION 19. *Separability Clause.*** - If any part or section of this
2 Act is declared unconstitutional for any reason or whatsoever, such parts not
3 so declared shall remain in full force and effect.

4

5 **SECTION 20. *Repealing Clause.*** - All laws, decrees, orders, rules
6 and regulations or issuances or parts thereof inconsistent with the provisions
7 of this Act are hereby repealed or modified accordingly.

8

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

12

13 *Approved,*