


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

9 JAN 13 P 2:05

SENATE
S. B. No. 2983

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INTRODUCED BY HONORABLE MAR ROXAS

EXPLANATORY NOTE

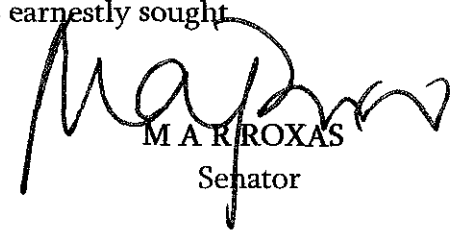
Section 5 of Republic Act No. 7916, also known as the *"Special Economic Zone Act of 1995"* cites Sarangani as a priority area for the establishment of economic zones. To wit, *"To ensure the viability and geographic dispersal of ECOZONES through a system of prioritization, the following areas are initially identified as ECOZONES xxx (e) So much as may be necessary of that portion of the Province of Sarangani."*

Sarangani is strategically located at the southernmost tip of Mindanao directly facing Indonesia and other neighbor East ASEAN countries, which makes it the gateway to BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia and the Philippines - East ASEAN Growth Area) and country's backdoor to international linkage. This strategic geographical location gives Sarangani great potential for industry complementation with its proximate neighbor countries. It is in a unique position to marshal its resources, entice tourists and investors, compete in an international market and harness vast investment possibilities.

This bill, therefore, seeks to boost the naturally endowed economic capability of Sarangani by creating Maasim-Kiamba-Maitum Industrial Triangle (MAKIMA-IT) Special Economic Zone covering three (3) municipalities of Sarangani, namely, Maasim, Kiamba and Maitum. Specifically, it aims to facilitate employment generation, increased family standards and improved human development for Sarangani through enabling an environment of increased equity investments, supervised by the Sarangans themselves. The special economic zone shall be considered as a separate customs territory and will have a governing tax system comparable to other successful economic zones across the country.

Further, this bill aims to increase the economic activity not only in the MAKIMA municipalities but, also province-wide and within the region where raw materials for production and support services shall come from resulting in increased incomes and Gross Domestic Product (GDP). It is also envisioned to enhance linkages among MAKIMA, Sarangani, regional and national government agencies and private business enterprises resulting to better coordination and relations.

In view of the foregoing, approval of this bill is earnestly sought.


MAR ROXAS
Senator

FOURTEENTH CONGRESS OF THE)
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OFFICE OF THE SECRETARY

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

Be 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 "*Maasim-Kiamba-Maitum*
2 *Industrial Triangle Special Economic Zone Act of 2009.*"

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

11 SEC. 3. *Creation of the Maasim-Kiamba-Maitum Industrial Triangle Special Economic*
12 *Zone.* - In pursuit of the foregoing declared policy and subject to the concurrence of the
13 concerned local government units (LGUs) of Sarangani Province affected by the zone, there

1 is hereby established a special economic zone in the Province of Sarangani, hereinafter
2 referred to as the Maasim-Kiamba-Maitum Industrial Triangle Special Economic Zone or the
3 MAKIMA-IT Ecozone. The MAKIMA-IT Ecozone shall cover the entire area embraced by:
4 Sitio Seguil, Barangay Tinoto and Barangays Kamanga, Malbang and Colon in the
5 Municipality of Maasim; Kling Plantation and Barangays Nalu and Tambilil in the
6 Municipality of Kiamba; and Barangays Kalaong, Mabay and Old Poblacion in the
7 Municipality of Maitum. The specific metes and bounds of the MAKIMA-IT Ecozone shall
8 be more particularly described and defined as follows:

9 (a) IN THE MUNICIPALITY MAASIM:

10 Sitio Seguil, Barangay Tinoto with a land area of 573.9409 hectares – its perimeter
11 beginning at a point marked “1” on the mouth of Tapat creek (125.15, 5.55) following its
12 course upstream to point 2 with a distance of 1,398.1924 meters. Thence 4,737.5478 meters
13 due north to point 3. Thence 2,598.9690 meters on the course downstream to point 4 at the
14 mouth of Seguil River. Thence 4,558.4607 meters following the coastal line southward to the
15 point of beginning.

16 Portions of Barangay Kamanga, Malabang and Colon with an aggregate land area of
17 1,637.8349 hectares – its perimeter beginning at a point marked “1” (125.05, 5.416666)
18 336.1009 meters due north to point 2. Thence N76-00W 3,409.0859 meters to point 3.
19 Thence 647.7688 meters due north to point 4. Thence 4,684.8956 meters due east to point 5.
20 Thence N65-00E 3,281.8566 meters to point 6. Thence S65-00E 2,148.52 meters to point 7.
21 Thence 3,433.6432 meters following the coastal line westward to point 8. Thence 383.8778
22 meters due north to point 9. Thence 1,129.2888 meters due west to point 10. Thence
23 430.3896 meters following Kamanga River downstream to point 11. Thence 2,864.7673
24 meters following the coastal line westward to the point of beginning.

25 (b) IN THE MUNICIPALITY OF KIAMBA

1 Kling Plantation, Barangay Kling, with a land area of 458.6395 hectares – its
2 perimeter beginning at a point marked “1” thence S22-50W 2,380.06 meters to point 2.
3 Thence N69-40E 592.87 meters to point 3. Thence S23-09E 571.11 meters to point 4. Thence
4 N39-53W 848.33 meters to point 5. Thence S27-06W 1,401.22 meters to point 6. Thence
5 S89-58W 417.78 meters to point 7. Thence S57-55W 300.86 meters to point 8. Thence S45-
6 02E 269.33 meters to point 9. Thence S59-31W 666.45 meters to point 10. Thence S85-19W
7 416.08 meters to point 11. Thence S63-52E 390.16 meters to point 12. Thence S04-57W
8 354.57 meters to point 13. Thence N88-04W 448.77 meters to point 14. Thence S76-37E
9 754.78 meters to point 15. Thence S59-39W 480.49 meters to point 16. Thence S26-22W
10 428.59 meters to point 17. Thence S10-55E 325.30 meters to point 18. Thence S73-00E
11 986.32 meters to point 19. Thence N61-22W 1,204.25 meters to point 20. Thence N61-29W
12 1,272.89 meters to point 21. Thence N17-46E 522.61 meters to point 22. Thence N49-48E
13 524.77 meters to point 23. Thence N27-14E 1,261.13 meters to point 24. Thence S80-55W
14 292.41 meters to point 25. Thence N57-30W 834.24 meters to point 26. Thence N59-39W
15 1,135.82 meters to point 27. Thence N31-11E 373.53 meters to point 28. Thence N52-47E
16 320.08 meters to point 29. Thence N08-33E 226.76 meters to point 30. Thence N44-35E
17 314.95 meters to point 31. Thence N87-34W 716.37 meters to point 32. Thence N10-20E
18 359.07 meters to point 33. Thence N19-46E 372.12 meters to point 34. Thence N56-09E
19 347.59 meters to point 35. Thence S77-26E 295.86 meters to point 36. Thence N79-32E
20 356.06 meters to point 37. Thence S67-03E 417.05 meters to point 38. Thence N70-41E
21 781.05 meters to point 39. Thence S48-50E 195.91 meters to point 40. Thence S73-02E
22 1,355.47 meters to point 41. Thence N81-51E 1,129.46 meters to the point of beginning.

23 Portions of Barangay Nalus with an aggregate land area of 249.1030 hectares – its
24 perimeter beginning at a point marked “1” thence N33-35W 361.33 meters to point 2.
25 Thence S89-23E 3,435.03 meters to point 3. Thence S84-32E 806.26 meters to point 4.

1 Thence S00-51E 2,478.97 meters to point 5. Thence S73-03W 379.35 meters to point 6.
2 Thence N38-28W 988.61 Meters to point 7. Thence N62-18W 2,181.01 meters to point 8.
3 Thence N62-12W 1,317.44 meters to the point of beginning.

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

12 (c) IN THE MUNICIPALITY OF MAITUM:

13 Portions of Barangay Kalaong with an aggregate land area of 151.5394 hectares – its
14 perimeter beginning at a point marked “1”. Thence N11-19E 1,381.30 meters to point 2.
15 Thence S80-16E 564.58 meters to point 3. Thence N59-27E 839.24 meters to point 4. Thence
16 N48-38E 524.90 meters to point 5. Thence S34-38E 1,400.29 meters to point 6. Thence N78-
17 16W 494.26 meters to point 7. Thence S19-28E 700.50 meters to point 8. Thence S32-40W
18 587.22 meters to point 9. Thence S83-32W 597.25 meters to point 10. Thence S05-03W
19 666.02 meters to point 11. Thence S01-31E 801.96 meters to point 12. Thence N76-26W
20 262.49 meters to point 13. Thence N46-30W 910.83 meters to point 14. Thence N11-31W
21 783.73 meters to point 15. Thence N79-34W 578.38 meters to the point of beginning.

22 Portions of Barangay Mabay with an aggregate land areas of 168.7388 hectares – its
23 perimeter beginning at a point marked “1” thence S02-45E 507.39 meters to point 2. Thence
24 N31-40E 328.29 meters to point 3. Thence N86-15E 560.80 meters to point 4. Thence N70-
25 58W 744.74 meters to point 5. Thence N54-04E 1,940.88 meters to point 6. Thence N19-00E

1 321.55 meters to point 7. Thence N88-54W 162.98 meters to point 8. Thence S72-49E 395.78
2 meters to point 9. Thence S73-23E 1,150.48 meters to point 10. Thence S33-22W 1,603.10
3 meters to point 11. Thence N86-37W 1,102.62 meters to point 12. Thence S18-57W 464.35
4 meters to point 13. Thence N26-01W 567.47 meters to point 14. Thence N35-09W 101.43
5 meters to point 15. Thence N83-37W 609.47 meters to the point of beginning.

6 Portions of Barangay Old Poblacion with an aggregate land area of 164.9358 hectares
7 --its perimeter beginning at a point marked "1" thence S52-24E 2,296.72 meters to point 2.
8 Thence S34-47W 792.71 meters to point 3. Thence S74-20W 386.33 meters to point 4.
9 Thence N89-59W 212.16 meters to point 5. Thence S34-33W 2,050.56 meters to point 6.
10 Thence N62-28E 784.01 meters to point 7. Thence N17-03W 282.765 meters to point 8.
11 Thence N77-41W 2,394.85 meters to point 9. Thence N31-21E 981.65 meters to point 10.
12 Thence S23-58E 121.02 meters to point 11. Thence N77-14E 416.20 meters to point 12.
13 Thence N62-42E 1,218.16 meters to point 13. Thence N05-26E 1,366.79 meters to the point
14 of beginning.

15 **SEC. 4. *Governing Principles.*** - The MAKIMA-IT Special Economic Zone shall be
16 managed by the MAKIMA-IT Special Economic Zone Authority, hereinafter referred to as
17 the MITSEZA, created under Section 10 of this Act under the following principles:

18 (a) Within the framework and limitation of the Constitution and applicable provisions
19 of the Local Government Code, the MAKIMA-IT Ecozone shall be developed into and
20 operated as a decentralized, self-reliant and self-sustaining industrial, commercial/trading,
21 agro-industrial, tourist, banking, financial and investment center with residential areas.

22 (b) The MAKIMA-IT Ecozone shall be provided with transportation,
23 telecommunications and other facilities needed to attract legitimate and productive
24 investments, generate linkage industries and employment opportunities for the people of
25 Sarangani and its neighboring towns and cities.

1 (c) The MAKIMA-IT Ecozone may establish mutually beneficial economic relations
2 with other entities or enterprises within the country or, subject to the administrative
3 guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone
4 Authority (PEZA) and/or the Department of Trade and Industry (DTI), with foreign
5 entities or enterprises.

6 (d) Foreign citizens and companies owned by non-Filipinos in whatever proportions
7 may set up enterprises in the MAKIMA-IT Ecozone, either by themselves or in joint
8 venture with Filipinos in any sector of industry, international trade and commerce within
9 the MAKIMA-IT Ecozone.

10 (e) The areas comprising the MAKIMA-IT Ecozone may be expanded or reduced when
11 necessary. For this purpose, the MITSEZA, in consultation with the LGUs, shall have the
12 power to acquire either by purchase, negotiation or condemnation proceedings, any private
13 land within or adjacent to the MAKIMA-IT Ecozone for the following purpose: (1)
14 consolidation of lands for MAKIMA-IT Ecozone development; (2) acquisition of right of
15 way to the MAKIMA-IT Ecozone; and (3) the protection of watershed areas and natural
16 assets valuable to the prosperity of the MAKIMA-IT Ecozone.

17 (f) Goods manufactured by a MAKIMA-IT Ecozone enterprise shall be made for
18 immediate retail sale in the domestic market, subject to the payment of corresponding taxes
19 on raw materials and other regulations that maybe formulated by the MITSEZA, together
20 with the PEZA, the Bureau of Customs, and the DTI. However, in order to protect
21 domestic industries, a negative list of industries shall be drawn up and regularly updated by
22 the PEZA. Enterprises engaged in industries included in such negative list shall be allowed
23 to sell their products locally.

24 (g) The national government shall maintain its ability to coordinate with the MAKIMA-
25 IT Ecozone and the local government units.

1 **SEC. 5. *Incentives to Registered Enterprises.*** - MAKIMA-IT Special Economic Zone
2 Authority (MITSEZA) may administer the following incentives to the registered enterprises
3 located therein to the extent of the activity/project:

4 (A) Income Tax Holiday (ITH) – Registered domestic enterprises shall be entitled to
5 an income tax holiday from the start of their commercial operations to the extent of their
6 activity under the following categories;

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

10 Category B – Registered domestic enterprises on the following shall be entitled to a
11 six-year income tax holiday;

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

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

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

20 Registered enterprises embarking on new investments that are listed in the current
21 Investment Priorities Plan (IPP) shall be entitled to incentives provided herein pertaining to
22 the new investments and subject to such terms and conditions as the BOI may determine.

23 For this purpose, a registered enterprise shall be defined as any person, natural or
24 juridical, licensed to do business in the Philippines and registered with the MAKIMA-IT
25 Special Economic Zone Authority (MITSEZA) to transact business within the MAKIMA-IT

1 Special Economic Zone. A registered export enterprise shall be defined as any registered
2 enterprise engaged directly or indirectly in the production, manufacture or trade of products
3 or services which earns at least seventy percent (70%) of its normal operating revenues from
4 the sale of its products or service abroad for foreign currency. A registered domestic
5 enterprise, meanwhile, shall be defined as any registered enterprise not falling under the
6 definitions of a registered export enterprise.

7 Additional investments on the project shall be entitled to the income tax holidays
8 corresponding to such investments as may be determined by the BOI. Additional income tax
9 holiday may be granted for as long as the investment is made on the same project; *Provided,*
10 That the project is listed in the IPP at the same time the additional investment in the project
11 is made; *Provided, further,* That the entitlement period for additional investment shall not
12 exceed three times the period provided under this subsection; *Provided, however,* that the
13 total ITH period for an export enterprise availing of an eight-year ITH shall not exceed
14 twenty (20) years. Any unused incentives shall therefore be deemed forfeited if not used
15 during the incentive period.

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

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

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

1 (B) Net Operating Loss Carryover (NOLCO). - Net operating loss of the business or
2 enterprise during the first three years from the start of commercial operations which have
3 not been previously offset as deduction from gross income shall be carried over as a
4 deduction from gross income for the next five consecutive years immediately following the
5 year of such loss; *Provided, however,* That operating loss resulting from availment of
6 incentives provided in this Act shall not be entitled to NOLCO.

7 Registered enterprises availing of the ITH as herein provided shall not be entitled to
8 avail of the NOLCO.

9 (C) Imposition of a tax rate of the five percent (5%) on Gross Income Earned (GIE) –
10 Except for real property tax on land, no local and national taxes a prescribed under Republic
11 Act No. 8424, also known as “The National Revenue Code of 1997, as Amended” such as
12 income tax, excise tax and franchise taxes, shall be imposed on registered enterprises
13 operating within the MAKIMA-IT Ecozone. In lieu thereof, five percent (5%) of the gross
14 income earned shall be paid as follows:

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

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

18 All persons and service establishments in the MAKIMA-IT Ecozone shall be subject
19 to national and local taxes under the National Internal Revenue Code of 1997, as amended,
20 and Local Government Code.

21 (D) Accelerated Depreciation. - Accelerated depreciation of plant, machinery and
22 equipment that are reasonably needed and actually used for the production and transport of
23 goods and services may be allowed using a rate not exceeding twice the rate which would
24 have been used had the annual allowance been computed in accordance with the rules and

1 regulations prescribed by the Secretary of Finance and the provisions of the National
2 Internal Revenue Code of 1997, as amended.

3 (E) Capital Equipment Incentives. – (1) Importations of capital equipment, spare parts,
4 tools and dye, or those required for pollution abatement and control, cleaner production and
5 waste reduction including consignment thereof by registered enterprises upon effectivity of
6 this law, shall be exempted to the extent of one hundred percent (100%) of the taxes and
7 customs duties; *Provided*, That the imported items thereof shall be used exclusively by the
8 registered enterprise in its registered activity; *Provided, further*, That the importation of
9 machinery and equipment and accompanying parts shall comply with the following
10 conditions:

11 (i) They are not manufactured domestically in sufficient quantity, of comparable
12 quality and at reasonable prices;

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

18 (iii) Approval of the MITSEZA was obtained by the registered enterprise for the
19 importation of such machinery, equipment and spare parts.

20 Approval of the MITSEZA must be secured before any sale, transfer or disposition of
21 the imported capital equipment, machinery or spare parts is made; *Provide*, That if such sale,
22 transfers or disposition is made within the first five years from date of importation, any of
23 the following conditions must be present:

24 (1) the same is made to another enterprise enjoying tax and duty exemption on capital
25 equipment;

1 (2) the same is made to another enterprise, upon the payment of any taxes and duties
2 on the net book value of the capital equipment to be sold;

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

5 (4) proven technical obsolescence of the said equipment, machinery or spare parts.

6 When the aforementioned sale, transfer or disposition is made under any of the
7 conditions provided for in the foregoing paragraph other than paragraph (2) herein, the
8 registered firm shall not pay the taxes and duties waived on such items; *Provided, further,*
9 That if the registered enterprise shall sell, transfer or dispose the aforementioned imported
10 items without prior approval within five years from the date of importation, the registered
11 enterprise and the vendee, transferee or assignee shall be solidarily liable to pay twice the
12 amount of taxes and duties based on the net book value of the capital equipment, machinery
13 or spare parts if any of the registration terms and conditions has been violated. Otherwise,
14 they shall no longer be subject to the payment of the taxes and duties waived thereon.

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

19 The registered export-oriented enterprise shall be granted a tax credit equivalent to
20 the amount of duties that would have been waived on the machinery, capital equipment, raw
21 materials, supplies, parts and semi-finished products used in the fabrication of machinery and
22 capital equipment, had these items been imported, upon submission to the Department of
23 Finance (DOF) of the bill of materials evidencing the transaction value of such and other
24 documents, for verification and proper endorsement.

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

10 This incentive shall be deemed waived if application for tax credit under this
11 subsection was not filed within one year from date of delivery.

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

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

22 This incentive shall be deemed waived if application for tax credit under this
23 subsection was not filed within one (1) year from the date of delivery.

24 (H) Exemption from Wharfage Dues. - The provisions of law to the contrary
25 notwithstanding, exports by a registered enterprise shall be exempted from wharfage dues.

1 (I) Deferred Imposition of the Minimum Corporate Income Tax. - The Minimum
2 Corporate Income Tax (MCIT) of two percent (2%) of the gross income as of the end of the
3 taxable year shall be imposed when the MCIT is greater than the income tax computed under
4 the NIRC of 1997, as amended, for the taxable year; *Provided, however,* That said MICT shall
5 be imposed only after the enterprise's entitlement period to the income tax-based incentives
6 has expired.

7 (J) Tax Treatment of Merchandise in the MAKIMA-IT Ecozone. - (a) Domestic
8 merchandise sent from the MAKIMA-IT Ecozone to areas outside the said ecozone shall,
9 whether or not combined with or made part of other articles likewise of local origin or
10 manufactured in the Philippines while in the export processing zone, be subject to internal
11 revenue laws of the Philippines as domestic goods sold, transferred or disposed of for local
12 consumption.

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

18 (c) Articles produced or manufactured in the MAKIMA-IT Ecozone and
19 exported therefrom shall, on subsequent importation into the customs territory, be
20 subject to the import laws applicable to like articles manufactured in a foreign
21 country.

22 (d) Unless the contrary is shown, merchandise taken out of the MAKIMA-IT
23 Ecozone shall be considered for tax purposes to have been sent to customs territory.

1 (K) Tax Treatment of Raw Materials and Capital Equipment in the MAKIMA-IT
2 Ecozone. – Importations of raw materials and capital equipment shall be treated as in the
3 *Omnibus Investment Code*.

4 (L) Employment of Foreign Nationals. – Subject to the provisions of Section 29 of
5 Commonwealth Act No. 613, as amended, a registered enterprise may employ foreign
6 nationals in supervisory or technical positions for a period not exceeding ten (10) years from
7 its registration: *Provided*, That when the majority of the capital stock of a registered
8 enterprise is owned by foreign investors, the positions of the resident, treasurer and general
9 manager or their equivalents may be retained by foreign nationals beyond the period set
10 forth herein and such officer is the owner or a stockholder owning at least ten percent (10%)
11 of the outstanding capital stock of the registered enterprise and he remains the owner or
12 maintains his stockholdings therein.

13 Foreign nationals under employment contract within the purview of this incentive,
14 their spouses and unmarried children under twenty-one (21) years of age, who are not
15 excluded by Section 29 of Commonwealth Act No. 613, as amended, shall be permitted to
16 enter and reside in the Philippines during the period of employment of such foreign
17 nationals. They shall be entitled to a multiple entry visa, valid for a period of three years, and
18 shall be allowed to enter and leave the Philippines without further documentary
19 requirements other than valid passports or other travel documents in the nature of passports.
20 The validity of the multiple entry visa shall be extendible yearly.

21 The said foreign nationals admitted under this provision, as well as their respective
22 spouses and dependents shall be exempt from: (a) obtaining alien certificate of registration
23 and immigration clearance certificates; and (b) securing the Alien Employment Permit (AEP)
24 and all types of clearances, permits, licenses or their equivalents required by any government
25 department or agency.

1 **SEC. 6. *Incentive to Investors.*** – Any foreign national covered under Subsection (M)
2 of Section 5 of this Act, who invests an amount of US \$ 150,000.00, either in cash and/or
3 equipment, in a registered enterprise shall be entitled to an investor’s visa: *Provided, That,*

- 4 (1) He is at least eighteen (18) years of age;
- 5 (2) He has not been convicted of a crime involving moral turpitude;
- 6 (3) He is not afflicted with any loathsome, dangerous or contagious disease; and
- 7 (4) He has not been institutionalized for any mental disorder or disability.

8 *Provided, further, That* in securing the investor’s visa, the alien-applicant shall be
9 entitled to the same privileges provided for under paragraph (M), Section 5 hereof.

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

15 **SEC. 7. *Administration, Implementation and Monitoring Incentives.*** – The MITSEZA
16 shall be responsible for the administration and implementation of the incentives granted to
17 its respective registered enterprises shall be uniformly applied by MITSEZA.

18 The following are the duties and responsibilities of the MITSEZA in the
19 administration of incentives:

- 20 (A) To adopt consistent procedures of administering incentives in accordance
21 with the guidelines established by the BOI;
- 22 (B) To adopt and implement systems and procedures affecting trade and customs
23 policies in accordance with the requirements established by the Department of
24 Finance (DOF) and the BOI;

1 (C) To submit information on registered enterprises to the DOF and the BOI as
2 required by any of these agencies to ascertain consistency of investment policies
3 and incentives, including their implementation as provided in paragraph (a)
4 herein, and to ensure proper implementation of systems and procedures
5 affecting trade and customs policies as provided in paragraph (b) herein; and

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

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

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

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

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

24 The industries exempted from this provision shall be recommended by the BOI, with
25 the concurrence of the Secretaries of the Departments of Finance and Trade and Industry.

1 SEC. 10. *Creation of the MAKIMA-IT Special Economic Zone Authority.* - There is
2 hereby created a body corporate to be known as the MAKIMA-IT Special Economic Zone
3 Authority, hereinafter referred to as the MITSEZA, which shall manage and operate, in
4 accordance with the provisions of this Act, the MAKIMA-IT Special Economic Zone. this
5 corporate franchise shall expire in fifty (50) years counted from the first day of the fifth (5th)
6 calendar year after the effectivity of this Act, unless otherwise extended by Congress. It
7 shall be organized within one hundred eighty (180) days of effectivity of this Act.

8 SEC. 11. *Principal Office of the MITSEZA.* - The MAKIMA-IT Special Economic
9 Zone Authority shall maintain its principal office in the Municipality of Kiamba, but it may
10 establish branches within the Philippines as may be necessary for the proper conduct of its
11 business.

12 SEC. 12. *Powers and Functions of the MAKIMA-IT Special Economic Zone Authority*
13 *(MITSEZA)* - The MAKIMA-IT Special Economic Zone Authority shall have the following
14 powers and functions:

15 (a) To operate, administer, manage and develop the MAKIMA-IT Ecozone in an
16 efficient and decentralized manner, subject to existing laws:

17 (b) To register, regulate and supervise the enterprises in the MAKIMA-IT Ecozone in
18 an efficient and decentralized manner, subject to existing laws;

19 (c) To coordinate with local government units and exercise general supervision over
20 the development plans, activities and operations of the MAKIMA-IT Ecozone;

21 (d) To regulate and undertake the establishment, operation and maintenance of
22 utilities, other services and infrastructure in the MAKIMA-IT Ecozone such as but not
23 limited to heat, light and power, water supply, telecommunications, transport, toll roads and
24 bridges, port services, etc. and to fix just, reasonable and competitive rates, fares, charges and
25 prices thereof.

1 (e) To construct, acquire, own, lease, operate and maintain on its own or through
2 contracts, franchise, licenses, bulk purchases from the private sector or permits under any of
3 the schemes allowed in Republic Act No. 6957 (the Build-Operate-Transfer Law, as amended
4 by R.A. No. 7718) or joint venture, adequate facilities and infrastructures required or needed
5 for the operation and development of the MAKIMA-IT Ecozone, in coordination with
6 appropriation national and local government authorities and in conformity with applicable
7 laws thereon;

8 (f) To operate on its own, either directly or through a license to other tourist related
9 activities, including games, amusements, recreational and sports facilities.

10 (g) Subject to the approval of the President of the Philippines and the Monetary
11 Board of the *Bangko Sentral ng Pilipinas* and upon the recommendation of the Department
12 of Finance, to raise or borrow adequate and necessary funds from local or foreign sources to
13 finance its projects and programs under this Act, and for that purpose to issue bonds,
14 promissory notes, and other forms of securities, and to secure the same by a guarantee,
15 pledge, mortgage, deed of trust, or an assignment of all or part of its property or assets;

16 (h) To protect, preserve, maintain and develop the virgin forests, beaches, coral and
17 coral reefs and maintain ecological balance within the MAKIMA-IT Ecozone.

18 (i) To adopt, alter and use of corporate seal; make contracts, leases, own or otherwise
19 dispose of personal or real property; sue and be sued; and otherwise carry out its functions
20 and duties as provided for in this Act;

21 (j) To issue certificates of origin for products manufactured or processes in the
22 MAKIMA-IT Ecozone in accordance with prevailing rules of origin, and the pertinent
23 regulations of the PEZA, the DTI and/ or the Department of Finance (DOF);

1 (k) To issue working visas renewable every two (2) years to foreign executives and
2 foreign technicians with highly specialized skills which no Filipino possesses, as certified by
3 the Department of Labor and Employment;

4 (l) To report to the Bureau of Immigration the names of the foreigners who have been
5 granted permanent resident status and working visas within thirty (30) days after issuance of
6 such grant;

7 (m) To exercise such powers as may be essential, necessary or incidental to the powers
8 granted to it hereunder as well as those that shall enable it to carry out, implement and
9 accomplish the purposes, objectives and policies of this Act; and

10 (n) To issue rules and regulations consistent with the provisions of this Act as may be
11 necessary to accomplish and implement the purpose, objectives and policies provided herein.

12 **SEC. 13. *Banking Rules and Regulations.*** - Existing laws and regulations of the
13 *Bangko Sentral ng Pilipinas* (BSP) shall apply to banks and financial institutions to be
14 established in the MAKIMA-IT Ecozone, such as those governing foreign exchange and
15 other concurrent account transactions (trade and non-trade), local and foreign borrowings,
16 foreign investments, establishment and operation of local and foreign banks, foreign
17 currency deposit units, offshore banking units and other financial institutions under the
18 supervision of the BSP.

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

24 **SEC. 15. *Board of Directors of the MAKIMA-IT Special Economic Zone Authority.*** -
25 The powers of the MAKIMA-IT Special Economic Zone Authority shall be vested in and

1 exercised by a Board of Directors, hereinafter referred to as the Board, which shall be
2 composed of the following:

3 (a) The Chairman who shall come from among the members of the Board of
4 Directors;

5 (b) A Vice Chairman who shall come from among the members of the Board;

6 (c) Members consisting of:

7 (1) The Governor of the Province of Sarangani;

8 (2) The Congressional Representative of the lone district of Sarangani Province;

9 (3) The Mayors of the Municipalities of Maasim, Kiamba, and Maitum, all in the
10 Province of Sarangani;

11 (4) The Presidents of the Chambers of Commerce and Industry in the
12 Municipalities of Maasim, Kiamba, and Maitum, all in the Province of
13 Sarangani; and

14 (5) Three (3) representatives of Industry in Sarangani Province.

15 The Governor, the Congressional Representative and the Mayors and Presidents of
16 Chambers and Commerce and Industry of the Municipalities of Maasim, Kiamba, and
17 Maitum, Province of Sarangani, shall serve as *ex-officio* members of the Board, whose term
18 in the Board corresponds to their terms as elected officials.

19 The Chairman shall be appointed by the President of the Philippines upon the
20 nomination of the Board of Directors to serve for a term of six (6) years, unless separated
21 from service due to death, voluntary resignation or removal for cause. In case of death,
22 resignation or removal for cause, the replacement shall serve only the unexpired portion of
23 the term.

24 All members of the Board, whether *ex-officio* or chosen by the Board to represent the
25 Industry sector in Sarangani Province shall be appointed by the President of the Philippines

1 to serve for a term of six (6) years. In case of death, resignation or removal for cause, the
2 replacement shall serve only the unexpired portion of the term.

3 Except for representatives of the business and labor sectors, no person shall be
4 appointed by the President of the Philippines as member of the Board unless he is a Filipino
5 citizen, of good moral character, of proven probity and integrity, and a degree-holder in any
6 of the following fields: economics, business, public administration, law, management or their
7 equivalent, and with a least ten (10) years relevant working experience preferably in the field
8 of management or public administration.

9 The members of the Board shall each receive per diem at a rate to be determined by
10 the Department of Budget and Management in accordance with existing rules and
11 regulations; Provided, however, That the total per diem collected each month shall not
12 exceed the equivalent per diem for four (4) meetings. Unless and until the President of the
13 Philippines has fixed a higher per diem for the members of the Board, such per diem shall
14 not be more than ten thousand pesos (P10,000.00) for every Board meeting.

15 **SEC. 16. *Qualifications, Powers and Duties of the Administrator.*** - The
16 Administrator shall be appointed by the President of the Philippines for a six (6) year term,
17 upon the recommendation of the Board of Directors. *Provided,* That no person shall be
18 appointed as Administrator unless he is a Filipino citizen, of good moral character, of proven
19 probity and integrity, and a degree-holder in any of the following fields: economics, business,
20 public administration, law, management or their equivalent, and with a least ten (8) years
21 relevant working experience preferably in the field of management or public administration.

22 The Administrator shall have the following powers and duties:

23 (a) To direct and manage the affairs of the MITSEZA in accordance with the
24 policies set by the Board of Directors;

1 (b) To establish the internal organization of MITSEZA under such conditions that
2 Board of Directors may prescribe;

3 (c) To submit an annual budget and necessary supplemental budget to the Board
4 for its approval;

5 (d) To submit within thirty (30) days after the close of each fiscal year an annual
6 report to the Board and such other reports as may be required;

7 (e) To submit to the Board for its approval policies, systems, procedures, rules and
8 regulations that are essential to the operation of the MAKIMA-IT Ecozone;

9 (f) To create a mechanism in coordination with relevant agencies for the
10 promotion of industrial peace, the protection of the environment, and the advancement of
11 the quality of life in the MAKIMA-IT Ecozone; and

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

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

22 The officer or employee of the MITSEZA, including all members of the Board, shall
23 not engaged directly or indirectly in partisan activities nor take part in any election, except
24 to vote.

1 No officer or employee of the MITSEZA, subject to civil service rules and regulations,
2 shall be removed or suspended except for cause, as provided by law.

3 **SEC. 18. *Ipsa Facto Clause.*** Section 30-41 of Republic Act No. 7916 or the Special
4 Economic Zone Act of 1995, shall ipso facto apply to the MAKIMA-IT Special Economic
5 Zone.

6 **SEC. 19. *Capitalization.*** -. The MAKIMA-IT Special Economic Zone Authority shall
7 have an authorized capital stock of One Billion (1,000,000,000.00) no par shares with a
8 minimum issue of Ten Pesos (P10.00) each, the majority shares of which shall be subscribed
9 and paid for by the National Government and the Local Government Units (LGUs)
10 embracing the MAKIMA-IT Special Economic Zone. The Board of Convenors of the
11 MITSEZA may, with the written concurrent of the Secretary of Finance, sell shares,
12 representing not more than forty per centum (40%) of the capital stock of the MITSEZA to
13 the general public under such policy as the Board and the Secretary of Finance may
14 determine. The National Government and the LGUs shall, in no case, own less than sixty per
15 centum (60%) of the total issued and outstanding capital of the MAKIM-IT Special Economic
16 Zone Authority.

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

21 **SEC. 20. *Supervision.*** - The MAKIMA-IT Special Economic Zone shall be under the
22 direct control and supervision of the Philippine Economic Zone Authority (PEZA) for
23 purposes of policy direction and coordination

24 **SEC. 21. *Relationship with the Regional Development Council.*** - The MAKIMA-IT
25 Special Economic Zone Authority shall determine the development goals for the MAKIMA-

1 IT Ecozone within the framework of national development plans, policies and goals. The
2 Administrator shall, upon approval by the Board, submit the MAKIMA-IT Ecozone plans,
3 programs and projects to the Regional Development Council for inclusion and inputs to the
4 overall regional development plan.

5 **SEC. 22. *Relationship with Local Government Units.*** – Except as herein provided,
6 the local government units comprising the MAKIMA-IT Ecozone Zone shall retain their
7 basic autonomy and identity. The Municipalities of Maasim, Kiamba and Maitum, Sarangani
8 Province, and their component barangays and/or *sitios* where the MAKIMA-IT Industrial
9 Parks are located shall continue to operate and function in accordance with the Local
10 Government Code of 1991. In case of any conflict between the MITSEZA and the Province
11 of Sarangani and the Municipalities of Maasim, Kiamba and Maitum, on matters affecting the
12 MAKIMA-IT Ecozone other than defense and security matters, the decision of MITSEZA
13 shall prevail.

14 **SEC. 23. *Interpretation/ Construction.*** - The powers, authorities and functions that
15 are vested in the MITSEZA are intended to decentralize governmental functions and
16 authority and promote and efficient and effective working relationship between the
17 MAKIMA-IT Ecozone, the national government, and the local government units.

18 **SEC. 24. *Auditing.*** - The Commission on Audit shall appoint a representative who
19 shall be full time auditor of the MITSEZA and assign such number of personnel as may be
20 necessary to assist said representative in the performance of his/her duties. The salaries and
21 emoluments of the assigned auditor and personnel shall be in accordance with pertinent
22 laws, rules and regulations.

23 **SEC. 25. *Transitory Provision.*** – The existing Board of Convenors of the MAKIMA
24 Industrial Triangle, created by virtue of an inter-local agreement/memorandum of
25 cooperation among the municipalities of Maasim, Kiamba and Maitum in Sarangani

1 Province, shall act and perform the functions of the MAKIMA-IT Special Economic Zone
2 Authority Board pursuant to Section 15 of this Act until such time that the members of the
3 Board of Directors of the MAKIMA Industrial Triangle Special Economic Zone Authority
4 (MITSEZA) are appointed by the President of the Republic of the Philippines and have been
5 duly sworn-in or have entered into office

6 **SEC. 26. *Separability Clause.*** If, for any reason, any provision or part of this Act is
7 declared unconstitutional or invalid, such other parts not affected thereby shall remain in
8 full force and effect.

9 **SEC. 27. *Repealing Clause.*** - All laws, presidential decrees, administrative orders and
10 executive issuances or parts thereof inconsistent with the provisions of this Act are hereby
11 repealed or modified accordingly.

12 **SEC. 28. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication
13 in at least two (2) newspapers of general circulation.

Approved,