

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



Thirteenth Congress
First Regular Session

HOUSE BILL NO. 3694

Introduced by Honorable Antonio Magsaysay Diaz

EXPLANATORY NOTE

Republic Act No. 7916 as amended by Republic Act 8748 otherwise known as the Special Economic Zone Act of 1995 was enacted to promote industrial zones in different parts of the country to spur economic growth. Indeed, it has enticed investors to venture into businesses in our country and has spurred economic growth. Republic Act 7916, as amended, exempt business enterprises and establishment, except land developer within the Economic Zone from payment of national and local taxes. And in lieu of payment of national and local taxes, business enterprises and establishments within the economic zone is dutied to pay five percent (5%) of their gross income to the National Government and the Municipality/City where the zone or enterprise is located. Clearly, only the National Government with three percent (3%) and the Municipal/City Government with two percent (2%) are the beneficiaries of the operation of economic zones designated under the PEZA laws.

It is only fair for the Provincial Government to receive a portion of the five percent that these enterprises and establishments are mandated to pay, given that they have territorial and political jurisdiction over the area where they operate.

With this, the immediate passage of this bill is earnestly sought.


ANTONIO M. DIAZ
Representative
2nd District of Zambales

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**AN ACT AMENDING REPUBLIC ACT 7916, AS AMENDED, OTHERWISE
KNOWN AS THE "SPECIAL ECONOMIC ZONE ACT OF 1995"**

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

SECTION 1. Chapter III, Section 24 of Republic Act No. 7916 is hereby amended to read as follows:

"Section 24. Exemption from National and Local Taxes. – Except for real property taxes on land owned by developers, no taxes, local and national, shall be imposed on business establishments operating within the ECOZONE. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the ECOZONE shall be paid and remitted as follows:

- (a) Two percent (2%) to the National Government;
- (b) Two percent (2%) which shall be directly remitted by the business establishments to the treasurer's office of the municipality or city where the enterprise is located;
- (c) One percent (1%), which shall be directly remitted by the business establishments to, the treasurer's office of the province having territorial jurisdiction over the area where the economic zone is located."

SEC. 2. Effectivity Clause – This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation whichever comes earlier.

Approved,