

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
Third Regular Session

House Bill No. 6097



Introduced by **Hon. Judy J. Syjuco**

EXPLANATORY NOTE

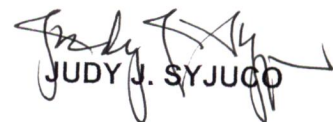
Shipbuilding and ship repair are a major base for employment. Shipyards originally catered to wooden hulled vessels. With the advancement in technology and the use of steel, a shift was made by our shipyards and improved capabilities allowed them to build and repair steel hulled vessels.

Our shipyards presently have the capacity to build new vessels. In recent years, vessels built by our shipyards have been exported to foreign markets. Regular dry-docking and other repair requirements of vessels operating in the domestic trade are ably served by our local shipyards. Work done meets international class requirements and passes standards set by international clarification societies.

A re-equipment and replacement plan centered on a vessel modernization program will help develop and enhance our shipbuilding and ship repair capabilities. It will also create a viable ship breaking industry that can be used as a base for developing an iron and steel industry.

A sustained and comprehensive incentives program is required by the industry to encourage the inflow of investments. Affordable financing is also needed so that it can have access to materials and equipment needed for its business.

In view thereof, immediate passage of this measure is earnestly sought.


JUDY J. SYJUCCO

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AN ACT
GRANTING INCENTIVES TO THE SHIPBUILDING AND SHIP REPAIR
INDUSTRY 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 “Shipbuilding and Ship Repair Industry Incentives Act of 2009.”

3 SEC. 2. *Declaration of Policy.* – To ensure that the shipbuilding
4 and ship repair industry shall become a potent force in accelerating the
5 growth and development of the economy, it is hereby declared the policy
6 of the State to provide incentives to the shipbuilding and ship repair
7 industry, with the end view of promoting industrialization and full
8 employment.

9 SEC. 3. *Incentives.* – Shipbuilding and ship repair yards duly
10 registered with the Maritime Industry Authority (MARINA) shall be entitled
11 to the following incentives:

12 (a) *Exemption from import duties and taxes.* – The importation
13 of machinery, equipment and materials for shipbuilding and/or ship repair,
14 as well as replacement and spare parts for the repair and overhaul of
15 vessels such as steel plates, electrical machinery and electronic parts
16 shall be exempt from the payment of customs duties: *Provided, however,*
17 That the MARINA certifies that the item or items are not produced locally
18 in sufficient quantity and that the importation is directly and actually

1 needed in the construction, repair, alteration or overhaul or merchant
2 vessels and other watercrafts: Provided, further, That if the above
3 machinery, equipment, materials and spare parts are resold to non-tax
4 exempt persons or entities, the corresponding duties and taxes shall be
5 paid by the original importer; and

6 (b) Exemption from Value Added Tax. – The gross receipts
7 derived by shipbuilders and those involved in ship repair in the ordinary
8 course of business shall be exempt from the Value Added Tax as provided
9 in Section 102 of the National Internal Revenue Code, during the
10 effectivity of their registration with the MARINA.

11 SEC. 4. *Implementing Rules and Regulations.* – The MARINA
12 shall hold consultations with the Board of Investments, the Department of
13 Finance and the associations or groups of shipbuilders and those involved
14 in ship repair for the purpose of promulgating rules and regulations to
15 ensure the proper and efficient implementation of this Act.

16 SEC. 5. *Penalty for Violation.* – Any violation of the tax exemption
17 privileges and incentives provided for in this Act, as well as the terms and
18 conditions for grant thereof, shall result in the forfeiture of all tax
19 exemptions and incentives granted herein, and the shipbuilder, those
20 involved in ship repair, or the original importer shall be subject to a three
21 hundred percent (300%) surcharge of all the taxes affected by the
22 particular violation.

23 SEC. 6. *Separability Clause.* – If any provision of this Act is
24 declared unconstitutional, the remaining provisions shall remain in force
25 and effect.

26 SEC. 6. *Repealing Clause.* – All laws, decrees, executive orders,
27 rules and regulations, or parts thereof, inconsistent herewith are hereby
28 repealed or modified accordingly.

- 1 SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days
2 after its publication in any two (2) newspapers of general circulation.

Approved,