

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

H. B. No. 389

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

EXPLANATORY NOTE

The Aurora Pacific Economic Zone and Freeport Authority (APECO) is a government owned and controlled corporation (GOCC) that is expected to generate revenues out of its management and operation of the ecozone and free port. Thus, the APECO, like other GOCCs, should be subject to taxes based on the principles of tax equity and neutrality, and financial and operational self-sufficiency in the public corporate sector. This is especially true since it pays dividends to the national government, being a recipient of capital infusions from the National Government.

Realizing, however, the need to pour in resources in order to develop the zone, I respectfully propose that 100% of the share of the National Government from the gross income tax (3%) be appropriated to the APECO for ten (10) years for infrastructure development purposes. A special trust fund shall be created in the Treasury for the purpose, and revenues shall be remitted first to the National Government but shall specifically accrue to this trust fund for the stated special purpose. In this manner, the zone is assured for funding support from National Government while National Government is able to record tax revenues without impacting on its tax effort.

For these reasons, I earnestly seek the approval of this bill.



JUAN EDGARDO "SONNY" M. ANGARA
Representative
Lone District, Province of Aurora

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
AMENDING REPUBLIC ACT NO. 9490, AS AMENDED BY REPUBLIC ACT NO.
10083, OTHERWISE KNOWN AS "AURORA PACIFIC ECONOMIC ZONE AND
FREEPORT ACT OF 2010"

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

SECTION 1. Section 5 (C) of Republic Act No. 9490, as amended by Republic Act No. 10083 shall be amended to read as follows:

"SEC. 5. *Incentives to Registered Enterprises.* – The Aurora Pacific Economic Zone and Freeport Authority (APECO) may administer the following incentives to the registered enterprises located therein to the extent of the activity/project:

x x x

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

- (a) Three percent (3%) to the national government;
- (b) One percent (1%) shall be remitted by the business establishments in equal shares to the respective treasurer's office of the province and the municipality where the enterprise is located; and
- (c) One percent (1%) shall be remitted by the registered enterprises to the APECO.

All persons and service establishments in the Aurora Ecozone shall be subject to national and local taxes under the National Internal Revenue Code of 1997, as amended, and the Local Government Code, **PROVIDED, THAT FROM THE SHARES OF THE NATIONAL GOVERNMENT FROM THE FIVE PERCENT (5%) TAX, ONE HUNDRED PERCENT (100%) SHALL BE APPROPRIATED OVER A TEN-YEAR PERIOD TO AN INFRASTRUCTURE**

DEVELOPMENT TRUST FUND TO BE CREATED BY THE BUREAU OF THE
TREASURY FOR THE PURPOSE OF FINANCING THE INFRASTRUCTURE
REQUIREMENTS OF THE AURORA PACIFIC ECONOMIC ZONE AND
FREEPORT."

SEC. 2. Section 12-A of Republic Act No, 9490, as introduced by Republic Act No. 10083 shall be deleted. Thereafter, the existing Section 12-B of Republic Act No, 9490, as introduced by Republic Act No. 10083, shall be re-numbered as Section 12-A.

SEC. 3. *Effectivity.* This Act shall take effect immediately after its publication in a national newspaper of general circulation. This publication shall not be later than seven (7) days after the approval hereof.

Approved,