

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 972

Introduced by REP. AUGUSTO BOBOY SYJUCO

EXPLANATORY NOTE

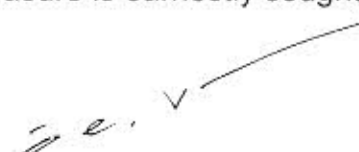
Shipbuilding and ship repair are a major base for employment. Shipyards originally catered to wooden hulled vessels. With the advancement in technology and the use of steel, a shift was made by our shipyards and improved capabilities allowed them to build and repair steel hulled vessels.

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 the international clarification societies.

A re-fleeting and replacement plan centered on a vessel modernization program will help develop and enhance our shipbuilding and ship capabilities. It will also create a viable ship breaking industry that can be used as a base for developing 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 hereof, immediate passage of this measure is earnestly sought.


AUGUSTO BOBOY SYJUCO
2nd District, Province of Iloilo

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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 the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title – This Act shall be known as the “Shipbuilding and Ship Repair Industry Incentives Act of 2010”

SECTION 2. Declaration of Policy –To ensure that the shipbuilding and ship repair industry shall become a potent force in accelerating the growth and development of the economy, it is hereby declared policy of the State to provided incentives to the shipbuilding and ship repair industry, with the end view of promoting industrialization and full employment.

SECTION 3. Incentives. – Shipbuilding and ship repair yards duly registered with the Maritime Industry Authority (MARINA) shall b e entitled to the following incentives:

- a.) Exemption from import duties and taxes. P The importation of machinery, equipment and materials for shipbuilding and/or ship repair, as well as replacement and spare parts for the repair and overhaul of vessels such as steel plates, electrical machinery and electronic parts shall be exempted from the payment of custom duties: *Provided, however,* That the MARINA certifies that the item or items are not produced locally in sufficient quantity and that the importation is directly and actually needed in the construction, repair, alteration or overhaul or merchant vessels and other watercrafts: *Provided, further,* That if the above machinery, equipment, materials and spare parts are resold to non-tax exempt persons or entities, the corresponding duties and taxes shall be paid by the original importer; and
- b.) Exemption from Value Added Tax. – The gross receipts derived by shipbuilders and those involved in ship repair in the ordinary course of business shall be exempt from the Value Added Tax as provided in Section 102 of the National Internal Revenue Code, during the effectivity of their registration with the MARINA

SECTION 4. Implementing Rules and Regulations. – The MARINA shall hold consultations with the Board of Investments, the Department of Finance and the associations or groups of shipbuilders and those involved in ship repair for the purpose

of promulgating rules and regulations to ensure the proper and efficient implementation of this Act.

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

SECTION 6. SEPARABILITY CLAUSE. – If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in force and effect.

SECTION 7. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent herewith are hereby repealed or modified accordingly.

SECTION 8. EFFECTIVITY. - This Act shall take effect fifteen (15) days after its publication in any two (2) newspapers of general circulation.

Approved,