

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 4152



*Introduced by Representative Feliciano Belmonte, Jr. and
Representative Neptali M. Gonzales II*

EXPLANATORY NOTE

In today's globalized and increasingly integrated markets, investments both domestic and foreign, have always been regarded as major pillars in economic development. Investments spur growth as more investments translate to more employment opportunities. It is therefore the policy of the State to ensure that investments incentives shall promote substantial social and economic spill-over and equitable development across income classes and across provinces.

Past administrations have worked for an economy that fosters an environment conducive for investments. It have been pursued several strategies which are provided under various laws. A balance has been sought to be formulated between the need to attract investments by offering fiscal incentives on one hand and the equally important need to exercise prudence in granting such incentives on the other. Hence, there is a need to legislate a law that will consolidate and rationalize investment incentives.

This proposed legislative measure seeks to provide guidelines for: 1.) Tax Incentive Provisions for all Investments Promotion Agencies (IPAs); 2.) Investments Priorities Plan (IPP); 3.) Fiscal Incentives to Registered Export Enterprises; 4.) Fiscal Incentives to Registered Domestic Enterprises; 5.) Incentives to Strategic Projects; 6.) Tax Incentives for Private Ecozone Developers; 7.) Sunset Provision for the Grant of Income Tax Holiday; 8.) Entry and Exit of Imported Articles in the Economic Zones and Free Ports; and 9.) Streamlining the Institutional Structure governing Tax Incentives, among others.

In light of the foregoing, approval of this Bill is earnestly sought.


FELICIANO BELMONTE, JR.

NEPTALI M. GONZALES II

1 FIFTEENTH CONGRESS OF THE)
2 REPUBLIC OF THE PHILIPPINES)
3 First Regular Session)
4
5

6 HOUSE OF REPRESENTATIVES

7 H.B. No. 4152
8
9

10 Introduced by Representative Feliciano R. Belmonte, Jr. and
11 Representative Neptali M. Gonzales II
12
13

14
15
16 AN ACT RATIONALIZING THE GRANT AND ADMINISTRATION OF FISCAL
17 INCENTIVES FOR THE PROMOTION OF INVESTMENTS AND GROWTH, AND FOR
18 OTHER PURPOSES
19

20
21 *Be it enacted by the House of Representatives and Senate in Congress of the*
22 *Philippines assembled:*
23

24 **SECTION 1. Title.** - This Act shall be known as "The Consolidated Investments
25 Incentives Code of the Philippines."
26

27 **SECTION 2. Declaration of Policy.** - In the grant and administration of fiscal
28 incentives for the promotion of investments and growth, the following are the declared
29 policies of the State:
30

31 a. The State shall ensure that investment incentives shall promote
32 substantial social and economic spillovers, equitable development across income
33 classes and across provinces, are fiscally sustainable, financially and economically
34 justifiable, and are consistent with international treaties. The State shall therefore
35 provide the means for ascertaining that these objectives are being attained.
36

37 b. The State shall grant the necessary investment incentives that encourage
38 long-term and recurrent investment, are simple to administer, time-bound and whose
39 performance and outcomes are easily verifiable. The State shall also endeavor to
40 streamline the procedures in the grant of investment incentives.
41

42 c. The State shall devote resources towards monitoring enterprises
43 benefiting from incentives, and shall vigorously prosecute abuses. The State shall also
44 closely monitor the level of tax expenditures arising from the provision of incentives
45 and shall ensure that concerned government agencies are well-informed of these
46 developments.
47

48 d. In granting fiscal incentives, the State will ascertain that the incentives are
49 not redundant, i.e., that the investments they benefit require and are truly motivated by
50 the incentives or that the incentives, as much as possible, are not given to investors
51 who would have made investments even in the absence of incentives.

1 e. The State shall extend to all foreign and domestic investors the basic rights
2 and guarantees provided under the Constitution and existing laws for the protection of
3 investments.

4 f. The State shall ensure that investments that are granted tax incentives shall
5 be conducted in a manner that respects all laws of the land including the protection of
6 the environment and natural resources, labor and good corporate governance
7 principles, among others.

8 **SECTION 3. Definition of Terms.** – As used herein,

9 a. *“Capital Equipment”* refers to machinery, equipment, major components
10 thereof, spare parts, accessories, tools, devices, apparatus, fixtures, fittings and
11 accompaniments which are directly and/or reasonably needed in the registered activity
12 of the enterprise and those required for pollution abatement and control, cleaner
13 production and water reduction/conservation.

14 b. *“Domestic enterprise”* shall mean a registered enterprise located in any of
15 the LESS DEVELOPED AREAS, which produces goods for sale or renders services
16 exclusively to the domestic market or does not comply with the minimum export
17 requirement of an export enterprise.

18 c. *“Ecozone developer”* shall refer to a business entity duly registered with PEZA
19 to develop, operate and maintain an ecozone that will put up the required infrastructure
20 facilities and utilities to include among others light and power system, water supply and
21 distribution system, sewerage and drainage system, pollution control devices,
22 communication facilities, paved road network, administration building, standard factory
23 buildings, and other facilities as may be required by enterprises registered with PEZA.

24 d. *“Export sales of goods”* shall mean the sales values and/or revenues paid
25 for in freely convertible foreign currency, determined from invoices, bills of lading,
26 inward letters of credit, landing certificates, or other commercial documents, of the
27 following:

28 i. the sale and actual shipment of goods from the Philippines to a foreign
29 country by a registered enterprise;

30 ii. sales of goods to an export enterprise registered in accordance with this
31 Code; to diplomatic missions and to agencies or institutions allowed to import
32 said goods tax and duty-free; to international shipping or international air
33 transport operations; and to foreign military aircraft or sea craft;

34 iii. sales to a nonresident buyer for delivery to a resident local export
35 enterprise of capital equipment, raw materials, production supplies, packaging
36 materials and other production requirements needed for the registered activity
37 of the export enterprise; or

38 iv. sales of goods to a nonresident buyer, except automobiles and non-
39 essential goods, manufactured or processed in the Philippines, for delivery to
40 a resident in the Philippines.

41 *Provided, That in the case of paragraph (ii) above, only sales to an export enterprise of*
42 *capital equipment, raw materials, production supplies, packaging materials, and other*

1 production requirements needed for the registered activity of the export enterprise; and
2 sales to international sea or air transport operations of goods, equipment, spare parts
3 and supplies, except fuel, to be used in the aircraft or sea craft and capital equipment
4 needed for the shipping or air transport operations, shall be entitled to incentives for
5 export enterprises under this Code.

6 Sales of locally manufactured or assembled goods for household and personal
7 use under the Internal Export Program and similar programs of the government shall be
8 deemed as "export sales."

9 e. *"Export sales of services"* shall mean the sales revenues, determined from
10 contracts, invoices, vouchers, official receipts, or other commercial documents of the
11 following:

12 i. services rendered for clients abroad by registered enterprises:

13 ii. services rendered for an export enterprise registered in accordance with
14 this Code; to diplomatic missions and to other agencies or institutions with tax
15 and duty-free privileges;

16 iii. services rendered to international airlines or shipping lines, or foreign
17 military aircraft or sea craft, or information and communication technology
18 enterprises, even if rendered locally.

19 *Provided*, That in the case of paragraph (ii) above, only services for an export enterprise
20 performed by subcontractors and/or contractors in the manufacture or processing of
21 goods; other services necessary for the registered activity of an export enterprise; and
22 in the case of paragraph (iii), only services for the overhaul, repair and maintenance for
23 international shipping or air transport operations, and foreign military aircraft or sea
24 craft, shall be entitled to incentives for export enterprises under this Code.

25 The foregoing notwithstanding, services rendered locally by registered
26 enterprises that are paid for in freely convertible foreign currency shall be considered as
27 "export sales".

28 f. *"Export enterprise"* shall mean a registered enterprise which is a
29 manufacturer, processor or service provider and whose export sale of its products or
30 services exceeds seventy percent (70%) of its total annual production of the preceding
31 taxable year.

32 An export trader that buys and sells for its own account products of micro and
33 small enterprises and earns one hundred percent (100%) of its annual sales from
34 exports of the same shall be deemed to be an export enterprise.

35 A PRODUCER THAT SELLS MORE THAN 70% OF ITS ANNUAL OUTPUT TO
36 A DIRECT EXPORTER SHALL BE DEEMED AN INDIRECT EXPORTER.

37 g. *"Freeport"* is an isolated and policed area adjacent to a port of entry as
38 defined by Section 3519 of the Tariff and Customs Code, which shall be operated and
39 managed as a separate customs territory to ensure free flow or movement of goods,
40 except those expressly prohibited by law, within, into and exported out in the freeport
41 zone where imported goods may be unloaded for immediate transshipment or stored,

1 repacked, sorted, mixed, or otherwise manipulated without being subject to import
2 duties.

3 h. *"Gross income earned"* refers to gross sales or gross revenues derived
4 from the registered activity less sales returns, discounts and allowances and cost of
5 goods sold and/or cost of services rendered, as defined under Section 27(E)(4) of the
6 NIRC of 1997, as amended.

7 i. *"Investment incentives or fiscal incentives or tax incentives"* shall refer to
8 the preferential tax treatment of a registered enterprise in terms of a tax holiday, lower
9 tax, tax or duty exemption, tax or duty refund, double deduction of expense for purposes
10 of computing one's income tax liability, accelerated depreciation, net loss carry-over,
11 among others.

12 j. *"Investments Priorities Plan or IPP"* shall refer to the short, focused,
13 targeted list of priority economic activities, comprising of exports and of three (3)
14 industry sectors only, which will be eligible for tax incentives under this Code, prepared
15 and determined in accordance with Section 5 of this Code.

16 k. *"Investments Promotion Agencies (IPAs)"* shall refer to government
17 entities that have been created by law to administer tax and non-tax incentives to their
18 registered enterprises or locators in the case of economic zones and free ports. The
19 IPAs shall include the Board of Investments (BOI), Philippine Economic Zone Authority
20 (PEZA), Bases Conversion Development Authority (BCDA), Subic Bay Metropolitan
21 Authority (SBMA), Clark Development Corporation (CDC), John Hay Management
22 Corporation (JHMC), Poro Point Management Corporation (PPMC), Bataan Technology
23 Park Inc. (BTPI), Cagayan Economic Zone Authority (CEZA), Zamboanga City Special
24 Economic Zone Authority (ZCSEZA), PHMDEC Industrial Authority (PIA), Aurora
25 Pacific Economic Zone and Freeport Authority (APECO), Authority of the Freeport Area
26 of Bataan (AFAB), Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and all
27 other IPAs that may be created by law in the future.

28 l. *"Less Developed Areas (LDAs)"* shall mean areas which are included in the
29 list prepared and determined by an inter-agency to be led by NEDA, taking into
30 consideration the following criteria: low per capita gross domestic product; low level of
31 investments; high rate of unemployment and/or underemployment; and low level of
32 infrastructure development including its accessibility to developed urban centers.

33 m. *"Registered Enterprise"* shall mean any individual, partnership,
34 corporation, Philippine branch of a foreign corporation or other entity incorporated
35 and/or organized and existing under Philippine laws and registered with an IPA, in
36 accordance with this Code: *Provided, however,* That the term "registered enterprise"
37 shall not include any of the following service enterprises such as, but not limited to,
38 those engaged in customs brokerage, trucking/forwarding services, parcel services,
39 janitorial services, security services, insurance and/or banking and other financial
40 services, consumers cooperatives, credit unions, consultancy services, restaurants or
41 such other services, within the economic zones, as may be determined by the IPA
42 Board, duly accredited and/or licensed by any of the IPAs and whose income derived
43 within the economic zones shall be subject to taxes under the National Internal
44 Revenue Code of 1997 (NIRC), as amended.

1 n. "Service enterprise" is an enterprise engaged or proposing to engage in
2 rendering technical, professional or other services listed in the IPP.

3 Service enterprise that earns more than seventy percent (70%) of its revenues in
4 foreign currency generated from non-resident clients shall be entitled to the incentives
5 provided to an "export" enterprise.

6 o. "Special Economic Zone or SEZ or ecozone" shall refer to a selected area
7 with highly developed or which has the potential to be developed into agro-industrial,
8 industrial, information technology, tourist/recreational, commercial, banking, investment
9 and financial centers whose metes and bounds are fixed or delimited by Presidential
10 Proclamations. An ecozone may contain any or all of the following: industrial estates
11 (IEs), export processing zones (EPZs), ICT parks and centers, free trade zones and
12 tourism estates; *Provided, however,* That areas where mining operations are
13 undertaken shall not be declared as ecozones.

14 p. "Source documents" shall refer to input materials and documents
15 reasonably needed by information technology (IT) and IT-enabled industries such as,
16 but not limited to, books, directories, magazines, newspapers, brochures, pamphlets,
17 medical records or files, legal records or files, instruction materials, drawings, blueprints,
18 or outlines.

19 **SECTION 4. Governing Tax Incentive Provision for All IPAs. –**

20 Notwithstanding the provisions of their respective charters, all existing and future IPAs
21 vested with the power to confer and administer tax incentives shall offer only tax
22 incentives granted under this Code: *Provided,* That the incentives granted under this
23 Code to a registered enterprise shall be applicable to the extent of the registered activity
24 or project: *Provided, however,* that for the existing registered enterprises inside the
25 economic zones and free ports which are expanding their registered activity or project
26 within two years from the effectivity of this law, the IPAs shall administer tax incentives
27 as provided in their original respective charters: *Provided, further,* That the grant of the
28 income tax holiday incentive by all IPAs concerned shall be conditioned on the country
29 of domicile of the shareholder of the export enterprise or of the head office of the
30 enterprise engaged in business in the Philippines through a branch office exempting
31 such dividends paid to the shareholder or such profits remitted to the head office, or
32 allowing tax sparing credit on such dividends or profits under the relevant tax treaty with
33 the Philippines.

34 **SECTION 5. Investments Priorities Plan (IPP). –**

35 The DTI, in coordination with
36 the NEDA and DOF, and upon consultation with concerned IPAs, other appropriate
37 government agencies, and representatives of the private sector, shall formulate the IPP
38 once every three (3) years and submit it to the President for approval. The 3-year IPP
39 shall be subject to annual review by the DTI upon consultation with the above-
mentioned agencies.

40 In the listing of the activity in the IPP, the following shall be complied with:

- 41 a. The activity shall be covered by the current Medium Term Philippine
42 Development Plan (MTPDP) and Medium Term Philippine Investment Plan
43 (MTPIP) or its equivalent;
44

b. The activity must have significant value-added and must satisfy the following conditions:

- i. Substantial amount of investments;
- ii. Considerable generation of employment; and
- iii. Installation of adequate environmental protection systems;

Further, the formulation of the IPP shall take into consideration measured capacity or the the estimated additional volume of production or service determined to be desirable in each preferred area of investment in order to supply the needs of the economy at reasonable prices, taking into account the export potential of the product, including economies of scale which would render such product competitive in the world market. Measured capacity shall not be less than the amount by which the measurable domestic and country's potential export market demand exceeds the existing productive capacity in said preferred areas. For export market industries, when warranted, measured capacity shall be based on the availability of domestic raw materials after deducting the needs of the domestic market therefrom: *Provided*, That measured capacities shall be regularly estimated, reviewed and updated by the NEDA to reflect changes in market supply and demand conditions: *Provided, further*, That measured capacity shall not result in a monopoly in any preferred area of investment which would unduly restrict trade and fair competition nor shall it be used to deny the entry of any enterprise in any field of endeavor or activity.

SECTION 6. Fiscal Incentives to Registered Export Enterprises. – All IPAs shall administer the following fiscal incentives to their respective registered export enterprises to the extent of their registered activity:

a. *Income tax-based incentive* – The registered export enterprise may choose any one of the following options as its income tax-based incentive, subject to the condition that its choice shall be final and cannot be changed during the duration of its registration.

A.1. For a registered export enterprise inside an economic zone or free port:

i. *Option 1: Full Income Tax Holiday (ITH).* – A registered export enterprise may be entitled to a full income tax holiday or a 100% exemption from income tax for a period of eight (8) years from the date of start of its commercial operations.

ii. *Option 2: Reduced Income Tax (RIT).* – A registered export enterprise may be entitled to a partial ITH equivalent to a 50% exemption from income tax for twenty-five (25) years.

In computing net taxable income, the enterprise may be entitled to deduct the following expenses, in addition to ordinary and necessary business expenses allowed under the NIRC of 1997, as amended:

1
2 *a.Enhanced Net Operating Loss Carry-over (NOLCO)* – The net
3 operating loss of the registered activity during the first five (5) years
4 from the start of commercial operation which had not been previously
5 offset as deduction from gross income may be carried over as
6 deduction from gross income for the next five (5) consecutive taxable
7 years immediately following the year of such loss.

8 *b.Accelerated Depreciation* – Plant, machinery, and equipment that are
9 reasonably needed and actually used for the production and transport
10 of goods and services may be depreciated using a rate not exceeding
11 twice the rate which would have been used had the annual allowance
12 been computed in accordance with the rules and regulations
13 prescribed by the Secretary of Finance and the provisions of the NIRC
14 of 1997, as amended.

15 *c.Double Deduction for Training Expenses* – Expenses incurred for
16 local training given to employees for the development of skills,
17 identified as necessary by the appropriate government agencies and
18 approved by the concerned IPA, may be claimed as deduction from
19 gross income to the extent of two hundred (200%) percent of the actual
20 amount of expenses incurred: *Provided*, that the training expense shall
21 be deductible on the taxable year the said training expenses were
22 incurred: *Provided further*, that the concerned IPA shall issue the
23 corresponding certificate of entitlement for its incentive upon filling of
24 an application, otherwise, the training incentive shall be deemed
25 waived.

26 *d.. Double Deduction for Research and Development* – Expenses
27 incurred for research and development conducted in the Philippines
28 relating to the business shall entitle the registered export enterprise to
29 a special deduction from taxable income equivalent to one hundred
30 percent (100%) of the total expenses over and above the allowable
31 ordinary and business deductions for said expenses under the NIRC of
32 1997, as amended: *Provided*, that the expenses for research and
33 development shall be deductible from gross income on the taxable
34 year the said research and development expenses were incurred:
35 *Provided further*, that the concerned IPA shall issue the corresponding
36 certificate of entitlement for this incentive upon filing of an application,
37 otherwise, the research and development incentive shall be deemed
38 waived.

39
40 *iii. Option 3: Five Percent (5%) Tax on Gross Income Earned (GIE).* – A
41 registered export enterprise may avail of a five percent (5%) tax on
42 gross income earned in lieu of all national and local taxes, except
43 value-added tax (VAT) and real property tax (RPT) on land owned by
44 private developers, for a period of twenty-five (25) years from the date
45 of registration: *Provided, however*, that the registered export enterprise

1 choosing this option cannot avail first of the full income tax holiday
2 under Option 1. If it desires the ITH-GIE sequential tax incentive
3 combination, it may choose Option 4.

4 In the allocation of the revenues from the 5% tax on GIE, three percent
5 (3%) shall be remitted to the National Government and two percent
6 (2%) shall be remitted to the treasurer's office of the municipality or city
7 where the registered export enterprise is located or in case of
8 enterprises inside an ecozone or free port, where the ecozone or free
9 port is located.

10 *iv. Option 4: ITH-GIE Tax Incentive Combination.* – A registered export
11 enterprise may avail of the full ITH for a period of five (5) years from
12 start of its commercial operation. After which, it may avail of the five
13 percent (5%) tax on GIE in lieu of all national and local taxes, except
14 (VAT) and the RPT on land owned by private developers, for a period
15 of twenty (20) years. The tax on GIE shall be remitted in the same
16 manner as provided in the 2nd paragraph of the preceding sub-section.

17 On availing of the income tax-related incentives, the BIR shall require a
18 registered export enterprise to secure a Certificate of Eligibility from the
19 appropriate IPA and attach the same to its Income Tax Return (ITR) or
20 Annual Information Return (AIR), whichever is applicable. Thereafter, the
21 registered export enterprise shall file its claim with the appropriate IPA for
22 validation. The IPA shall endorse the result of its validation to the BIR
23 after one year from the filing of a claim for ITH by the registered
24 enterprise.

25 Failure to secure and attach the certification to the ITR or AIR, and/or file
26 the ITH availment for validation by the appropriate IPA shall cause the
27 forfeiture of the ITH availment for the taxable period.

28 Within six (6) months from the effectivity of this law, the BIR shall review
29 its regulations on the computation of GIE to ensure that only direct costs,
30 or cost of goods sold and/or services rendered, shall be deductible from
31 gross revenues, and recommend stricter rules to the Secretary of Finance
32 if warranted.

33 *A.2. For a Registered Export Enterprise outside an economic zone or free*
34 *port*

35 *i. Option 1: Full Income Tax Holiday (ITH).* – A registered export enterprise
36 may be entitled to a full income tax holiday or a 100% exemption from
37 income tax for a period of eight (8) years from the date of start of its
38 commercial operations.

39 *ii. Option 2: Reduced Income Tax - Reduced Income Tax (RIT).* – A
40 registered export enterprise may be entitled to a partial ITH equivalent to a
41 50% exemption from income tax for twenty-five (25) years.
42
43

1 In computing net taxable income, the enterprise may be entitled to deduct
2 the following expenses, in addition to ordinary and necessary business
3 expenses allowed under the NIRC of 1997, as amended:
4

5 *a.Enhanced Net Operating Loss Carry-over (NOLCO)* – The net
6 operating loss of the registered activity during the first five (5) years
7 from the start of commercial operation which had not been previously
8 offset as deduction from gross income may be carried over as
9 deduction from gross income for the next five (5) consecutive taxable
10 years immediately following the year of such loss.

11 *b.Accelerated Depreciation* – Plant, machinery, and equipment that are
12 reasonably needed and actually used for the production and transport
13 of goods and services may be depreciated using a rate not exceeding
14 twice the rate which would have been used had the annual allowance
15 been computed in accordance with the rules and regulations
16 prescribed by the Secretary of Finance and the provisions of the NIRC
17 of 1997, as amended.

18 *c.Double Deduction for Training Expenses* – Expenses incurred for
19 local training given to employees for the development of skills,
20 identified as necessary by the appropriate government agencies and
21 approved by the concerned IPA, may be claimed as deduction from
22 gross income to the extent of two hundred (200%) percent of the actual
23 amount of expenses incurred: *Provided*, that the training expense shall
24 be deductible on the taxable year the said training expenses were
25 incurred: *Provided further*, that the concerned IPA shall issue the
26 corresponding certificate of entitlement for its incentive upon filing of
27 an application, otherwise, the training incentive shall be deemed
28 waived.

29 *d.. Double Deduction for Research and Development* – Expenses
30 incurred for research and development conducted in the Philippines
31 relating to the business shall entitle the registered export enterprise to
32 a special deduction from taxable income equivalent to one hundred
33 percent (100%) of the total expenses over and above the allowable
34 ordinary and business deductions for said expenses under the NIRC of
35 1997, as amended: *Provided*, that the expenses for research and
36 development shall be deductible from gross income on the taxable
37 year the said research and development expenses were incurred:
38 *Provided further*, that the concerned IPA shall issue the corresponding
39 certificate of entitlement for this incentive upon filing of an application,
40 otherwise, the research and development incentive shall be deemed
41 waived.

42
43 *b. Value-added Tax and Customs Duty Treatment of Imported Capital*
44 *Equipment and Raw Materials by Registered Export Enterprises. –*
45

1 b.1. Located Inside an Economic Zone and/or Freeport Zone: VAT and
2 Duty Exemption

3 (a) Importation of capital equipment, including consignment thereof, by
4 registered export enterprises may be exempted to the extent of one
5 hundred percent (100%) of the taxes and customs duties; *Provided*,
6 that the following conditions are complied:

7 (i) The capital equipment is directly and/or reasonably needed and
8 will be used exclusively in the registered activity of the export
9 enterprise unless prior approval of the IPA is secured for the part
10 time utilization of said equipment in a non-registered activity to
11 maximize usage thereof or the proportionate taxes and duties are
12 paid on a specific equipment and machinery being permanently
13 used for non-registered activities; They are not manufactured
14 domestically in sufficient quantity, of comparable quality and at
15 reasonable prices; and,

16 (ii) The approval of the IPA was obtained by the registered export
17 enterprise for the importation of such machinery, equipment and
18 spare parts.

19 Approval of the IPA must be secured before any sale, transfer or
20 disposition of the imported capital equipment is made: *Provided*, That if
21 such sale, transfer or disposition is made within the first five (5) years
22 from date of importation, any of the following conditions must be
23 present:

24 (i) If made to another enterprise enjoying tax and duty exemption
25 on imported capital equipment;

26 (ii) If made to another enterprise, upon payment of any taxes and
27 duties due on the net book value of the capital equipment to be
28 sold;

29 (iii) Exportation of capital equipment, machinery, spare parts or
30 source documents or those required for pollution abatement and
31 control; or

32 (iv) For reasons of proven technical obsolescence.

33 When the aforementioned sale, transfer or disposition is made under
34 any of the conditions provided for in the foregoing paragraphs other
35 than paragraph (ii), the registered export enterprise shall not pay the
36 taxes and duties waived on such items: *Provided further*, That if the
37 registered export enterprise sells, transfers or disposes the
38 aforementioned imported items without prior approval within five (5)
39 years from the date of importation, the registered export enterprise and
40 the vendee, transferee, or assignee shall be solidarily liable to pay
41 twice the amount of the tax and duty exemption given it: *Provided*
42 *finally*, That even if the sale, transfer or disposition of the capital
43 equipment is approved after five (5) years from the date of importation,

1 the registered export enterprise is still liable to pay the taxes and duties
2 based on the net book value of the capital equipment if it has violated
3 any of its registration terms and conditions. Otherwise, it shall no
4 longer be subject to the payment of the taxes and duties waived
5 thereon.

6 (b) Importation of raw materials, supplies, [spare parts] and semi-
7 finished products exclusively used by registered export enterprises
8 in the manufacture, processing or production of its export products
9 may be exempted from the payment of customs duties and taxes.

10 The registered export enterprises availing of the above incentives shall
11 be subject to the following: (a) that said importation will be used
12 exclusively by the registered export enterprise in its registered activity;
13 (b) that the capital equipment where the raw materials, supplies, parts
14 and semi-finished products were used would have qualified for tax and
15 duty-free importation; and (c) that the approval of the concerned IPA is
16 obtained by the registered export enterprise. If the registered export
17 enterprise sells, transfers or disposes of the imported capital
18 equipment, the provision in the preceding paragraphs for such
19 disposition shall apply.

20 b.2. Located outside Economic and/or Freeport Zones: VAT and Duty
21 Refund

22
23 Registered export enterprises located outside the ecozones or free
24 ports shall be subject to a VAT and Customs Duty Refund Mechanism
25 as provided in this Act.

26
27 The VAT and customs duty paid on imported capital equipment may be
28 refunded provided that the capital equipment is being used by the
29 registered export enterprise pursuant to its registered activity.

30
31 The amount of VAT and customs duty refund on a particular shipment
32 of raw materials shall be equivalent to the proportion of raw materials
33 used in the production of the exported goods to the total raw materials
34 imported multiplied by the amount of VAT and customs duty paid on
35 such importation. No claim for refund shall be allowed on VAT and
36 customs duty paid on raw materials which are not or no longer
37 intended to be used in the registered export activity.

38
39 In order to facilitate the immediate processing, clearance and release
40 of VAT and customs duty refunds as provided in this Act, a Trust
41 Liability Account (TLA) is hereby authorized to be established in the
42 Bureau of Treasury (BTr). All VAT and customs duty payments
43 pertaining to the importation of registered export enterprises of capital
44 equipment, raw materials or source documents in the case of IT export
45 enterprise shall be deposited in the TLA for the purpose of funding
46 valid VAT and customs duty refund claims. The claims for VAT and
47 customs duty refunds shall be made by the registered export

enterprise to the DOF – One Stop Shop Tax Credit and Duty Drawback Center (DOF-OSS) which, in turn, will process, approve and release the VAT and customs duty refund.

A registered export enterprise shall file a claim for VAT and customs duty refund within one (1) year from the date of actual exportation. All amounts paid but no longer allowed for refund shall immediately accrue to the general fund of the National Government.

All applications for VAT and customs duty refund shall be processed and acted upon within thirty (30) days after submission of complete documents. The refund shall be in a form of cash or managers/cashiers check payable to the registered export enterprise.

In cases of dispute under the VAT and customs duty refund mechanism provided in this section, the pertinent provisions of the National Internal Revenue Code of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended, shall apply.

b.3. Tax and Duty Free Importation of Source Documents. – The importation of source documents by ICT-registered export enterprises inside the zone shall be eligible for tax and duty free importation. The tax incentive may be granted to the registered export enterprise for a period of 10 years.

b.4. VAT Incentive on Local Sales to Registered Export Enterprises. –

i. The sale of raw materials, packaging materials and capital equipment, directly used in the registered activity, by a VAT – registered enterprise to a registered export enterprise shall be subject to zero percent (0%) VAT.

ii. The sale of services performed by subcontractors and/or contractors in processing, converting or manufacturing goods for a registered export enterprise shall be subject to zero percent (0%) VAT, in accordance with the provisions of the NIRC of 1977, as amended.

The VAT and duty incentives under this sub-section may be granted to the registered export enterprise for the duration of its registration with its respective IPA.

SECTION 7. Fiscal Incentives To Registered Domestic Enterprises -

Registered domestic enterprises, which invest in activities listed in the IPP, shall enjoy tax incentives only by locating in any of the less developed areas (LDAs). They may choose one of the two options but their choice shall be final and cannot be changed for the duration of their registration.

i. Option 1: Full Income Tax Holiday (ITH). – A registered export enterprise may be entitled to a full income tax holiday or a 100% exemption from income tax for a period of four (4) years from the date of start of its commercial operations.

1 *ii. Option 2: Reduced Income Tax - Reduced Income Tax (RIT).* – A
2 registered export enterprise may be entitled to a partial ITH equivalent to a
3 50% exemption from income tax for six (6) years.

4
5 In computing net taxable income, the enterprise may be entitled to deduct the
6 following expenses, in addition to ordinary and necessary business expenses
7 allowed under the NIRC of 1997, as amended:
8

9 *a. Enhanced Net Operating Loss Carry-over (NOLCO)* – The net operating
10 loss of the registered activity during the first five (5) years from the start of
11 commercial operation which had not been previously offset as deduction from
12 gross income may be carried over as deduction from gross income for the
13 next five (5) consecutive taxable years immediately following the year of such
14 loss.

15 *b. Accelerated Depreciation* – Plant, machinery, and equipment that are
16 reasonably needed and actually used for the production and transport of
17 goods and services may be depreciated using a rate not exceeding twice the
18 rate which would have been used had the annual allowance been computed
19 in accordance with the rules and regulations prescribed by the Secretary of
20 Finance and the provisions of the NIRC of 1997, as amended.

21 *c. Double Deduction for Training Expenses* – Expenses incurred for local
22 training given to employees for the development of skills, identified as
23 necessary by the appropriate government agencies and approved by the
24 concerned IPA, may be claimed as deduction from gross income to the extent
25 of two hundred (200%) percent of the actual amount of expenses incurred:
26 *Provided*, that the training expense shall be deductible on the taxable year the
27 said training expenses were incurred: *Provided further*, that the concerned
28 IPA shall issue the corresponding certificate of entitlement for its incentive
29 upon filing of an application, otherwise, the training incentive shall be
30 deemed waived.

31 *d. Double Deduction for Research and Development* – Expenses incurred for
32 research and development conducted in the Philippines relating to the
33 business shall entitle the registered export enterprise to a special deduction
34 from taxable income equivalent to one hundred percent (100%) of the total
35 expenses over and above the allowable ordinary and business deductions for
36 said expenses under the NIRC of 1997, as amended: *Provided*, that the
37 expenses for research and development shall be deductible from gross
38 income on the taxable year the said research and development expenses
39 were incurred: *Provided further*, that the concerned IPA shall issue the
40 corresponding certificate of entitlement for this incentive upon filing of an
41 application, otherwise, the research and development incentive shall be
42 deemed waived.

43 **SECTION 8. Strategic Projects.** - The President upon the joint
44 recommendation of the Secretary of Finance, Secretary of Trade and Industry and
45 Director-General for Economic Planning, may allow the registration of, and the grant of
46 tax incentives to, a strategic project that will undertake an activity that is not listed in the

1 IPP either as an export-oriented or domestic-oriented enterprise: *Provided*, That a
2 strategic project is a project that will significantly contribute to the country's economic
3 development in terms of pouring in a large amount of capital investment of at least US \$
4 500 Million, generating sizeable employment of at least 200, utilizing new and
5 internationally accepted high level of technology and creating high value added:
6 *Provided, further*, That the strategic project is locating in the country as a result of stiff
7 competition with other countries: *Provided, however*, that a Public-Private Partnership
8 (PPP) project approved by the PPP Center shall be considered a strategic project and
9 eligible for tax incentives: *Provided, finally*, That a strategic project registered as a
10 domestic enterprise may locate anywhere in the country.

11 **SECTION 9. Tax Incentive for Private Ecozone Developers.-**
12 Notwithstanding the provisions of RA 7916, as amended, PEZA may confer upon
13 private developers of PEZA ecozones the 5% tax on gross income earned in lieu of all
14 national and local taxes except the value-added tax and real property tax.

15 **SECTION 10. Sunset Provision for the Grant of Income Tax Holiday. -** When
16 any of the following benchmarks is attained, the grant of the full ITH shall be withdrawn:
17 *Provided*, that in the case of the ITH-GIE sequential tax incentive option, the ITH shall
18 be replaced by the RIT.

- 19 a. Ratio of National Government infrastructure budget to Gross Domestic
20 Product (GDP) equivalent to five percent (5%);
- 21 b. Per capita GDP equivalent to US\$ 10,000; or
- 22 c. Regular corporate income tax rate equivalent to twenty percent (20%).

23 **SECTION 11. Authority of the Bureau of Customs (BOC) to Examine the**
24 **Entry and Exit of Imported Articles in the Economic Zones and Free Ports. -** The
25 BOC shall have the authority to examine the entry and exit of imported articles into the
26 economic zones and free ports for the purpose of determining the quantity and
27 description of subject imported articles.

28 **SECTION 12. Percentage of Income Allowable from Sources within the**
29 **Customs Territory or Sources from Local Sales. -** Registered export enterprises
30 located in ecozones and free ports may generate income from sales to the customs
31 territory of up to thirty percent (30%) of their total income from all sources: *Provided*,
32 That should an enterprise's income from sources within the customs territory or from
33 local sales exceed 30% of its total income from all sources, then, its entire income
34 including income from within the customs territory or local sales shall be subject to the
35 regular income tax provisions of the national internal revenue code as amended. In
36 other words, it foregoes its privilege of enjoying all tax incentives for the pertinent
37 period.

38 **SECTION 13. No Double Registration of Enterprises. -** Export or domestic
39 enterprises shall not be allowed to register their export or domestic activity in more than
40 one IPA. In the event that an enterprise shall transfer to another PA, only the remaining
41 unutilized incentives shall be granted to the enterprise or the transferee, vendee or
42 assignee.

SECTION 14. Governance Rules. – The DTI, through the different IPAs, shall encourage the public listing of at least twelve (12) registered enterprises in the Philippine Stock Exchange or directly offer a portion of their capital stock to the public and/or their employees.

Further, accounting rules shall be refined so that incomes will be appropriately accounted for and expense allocations to the Philippine unit will not be abused.

SECTION 15. *Extension of Period of Availment of Incentives.* – The availment period of the incentives provided herein may be extended by the concerned IPA, with the concurrence of the DOF, in the event that the registered enterprise has suffered operational *force majeure* that has impaired the viability of the registered activity.

SECTION 16. *Administration, Implementation and Monitoring of Incentives.*

- The BOI, PEZA and the other IPAs shall be responsible for the administration and implementation of incentives granted to their respective registered enterprises. They shall submit to the DOF their respective tax expenditures based on the computed cost in terms of revenue foregone on the tax incentives granted to their registered enterprises, and other data related to the grant of investment incentives, on a quarterly basis and to cover all their registered enterprises including those whose incentives are provided by investment incentive laws prior to the effectivity of this Act. For proper monitoring, the DOF, together with the BIR and BOC, shall create a single database of all incentives provided by all IPAs. The DOF, BIR and BOC shall monitor and review the incentives granted and submit an annual report to the President and to the Chairman of the Committee on Ways and Means of both houses of Congress.

SECTION 17. *Membership in Boards of All IPAs.* – To ensure that the grant and administration of investment incentives are in accordance with the country's medium-term economic development plan, are fiscally-sustainable and contributes to the growth and competitiveness of industries, the National Economic and Development Authority (NEDA), Department of Finance (DOF) and the Department of Trade and Investment (DTI) shall sit as members in the governing boards of all IPAs: *Provided,* That the pertinent provisions of special laws and executive orders creating these IPAs are hereby amended accordingly.

TITLE IV

FINAL PROVISIONS

SECTION 18. *Vested Right.* - Notwithstanding any provision of law to the contrary, incentives granted to existing registered enterprises pursuant to contracts or agreements entered into with government instrumentalities/corporations shall continue to be legally binding in accordance with the terms and conditions stated in their respective contracts or agreements, as provided under existing laws.

SECTION 19. *Streamlining the Institutional Structure in Tax Incentive Policy Formulation, Promotion and Administration.* – Within one (1) year from the effectivity of this Act, the Executive Department shall propose to Congress a measure that will streamline the institutional structure governing investment incentives with the general thrusts of separating the policy-making and promotions functions from the regulatory and administrative functions.

1 **SECTION 20. Suspension and Forfeiture of Incentives of Registered**
2 **Enterprises, Refund and Penalties.** - When there is probable cause to believe that the
3 registered enterprise has violated its registration terms and conditions, the IPA may
4 suspend its availment of incentives, until proven otherwise.

5 The IPA may impose fines and penalties and/or forfeit the incentives granted to
6 its registered enterprises whenever there are violations of the registration terms and
7 conditions by the latter, without prejudice to the cancellation of the registration of said
8 enterprise.

9 In case of cancellation of the Certificate of Registration granted under this Code,
10 the IPA may, in appropriate cases, require the refund of incentives availed of and
11 impose corresponding fines and penalties.

12 Any enterprise which violates any provision of this Code, its implementing rules
13 and regulations, the terms and conditions of its registration, or of any lawful directive of
14 the IPA, shall be subject to a fine not to exceed One Million Pesos (P1,000,000.00),
15 without prejudice to the disapproval of its application for registration or cancellation of its
16 registration: *Provided*, That any willful commission of fraudulent misrepresentation in its
17 application for registration or submission of reports or gross violation of this Code and
18 its Implementing Rules and Regulations, a fine of at least One Million Pesos
19 (P1,000,000.00) but not to exceed Ten Million Pesos (P10,000,000.00) shall be
20 imposed, in addition to other penalties that may be imposed by the IPA.

21 The IPAs shall prepare a schedule of fines and penalties to be imposed on erring
22 registered enterprises depending on the violation incurred, which may be reduced in
23 exceptional cases.

24 Responsible officers of such enterprises, including duly appointed external
25 consultants-agents who knowingly commit, aid or abet the commission of any of the
26 acts mentioned above, shall be subject to a fine of not less than One Hundred
27 Thousand Pesos (P100,000.00) but not more than Three Hundred Thousand Pesos
28 (P300,000.00) without prejudice to disqualification from appearing or doing business
29 with any IPA.

30 Government officers and employees who participate directly or indirectly in the
31 commission of the foregoing acts shall likewise be liable to a fine of not less than One
32 Hundred Thousand Pesos (P100,000.00) but not more than Three Hundred Thousand
33 Pesos (P300,000.00), in addition to any criminal and administrative penalties imposable
34 under the Civil Service Law, Revised Penal Code, Republic Act No. 3019, otherwise
35 known as the "Anti-Graft And Corrupt Practices Act," Republic Act No. 6713, otherwise
36 known as the "Code Of Conduct And Ethical Standards For Public Officials," and other
37 applicable laws.

38 If the offender is a foreign national, in addition to the imposable fines and
39 penalties above, the foregoing acts shall be grounds for his summary deportation.

40 **SECTION 21: Revenue Savings from the Rationalization of Fiscal**
41 **Incentives.** - Revenue gains or savings from the implementation of this Act shall be
42 utilized exclusively for the following purposes: fifty per cent (50%) for infrastructure and
43 fifty per cent (50%) for educational purposes.

1 Such allocations shall be segregated as separate trust funds by the National
2 Treasury and shall be over and above the annual appropriations for similar purposes.

3 **SECTION 22. *Implementing Rules and Regulations (IRR).*** - The DTI, DOF
4 and NEDA, in consultation with the DBM, BOI, PEZA, other IPAs and other concerned
5 government agencies, shall jointly promulgate rules and regulations to implement the
6 intent and provisions of this Code within one hundred twenty (120) days from effectivity
7 of this Code. Such rules and regulations shall take effect fifteen (15) days following its
8 publication in a newspaper of general circulation in the Philippines.

9 The different IPAs shall implement the provisions of this act in accordance with
10 their respective mandates.

11 **SECTION 23. *Transitory Provision.***- Until the Implementing Rules and
12 Regulations of this Code take effect, the present rules and regulations under the old
13 investments laws shall apply.

14 **SECTION 24. *Separability Clause.*** - The provisions of this Code are hereby
15 declared to be separable and, in the event any of such provisions is declared
16 unconstitutional, the other provisions which are not affected thereby, shall remain in
17 force and effect.

18 **SECTION 25. *Repealing Clause.*** -

19 a. Pursuant to Section 15 of this Code, the following provisions are amended
20 accordingly:

- 21
22 i. Article 4 of EO 226, as amended, or "Omnibus Investment Code of 1987;"
23
24 ii. Section 9, 13 (c), and 16 of RA 7227, as amended, or "Bases Conversion
25 and Development Act of 1992;"
26
27 iii. Section 3 of EO 80 entitled "Creation of the Clark Development
28 Corporation;"
29
30 iv. Section 6 of EO 132 entitled "Creation of the Poro Point Management
31 Corporation;"
32
33 v. Section 7 of RA 7922 or "Cagayan Special Economic Zone Act of 1995;"
34
35 vi. Section 9 of RA 7903 or "Zamboanga City Special Economic Zone Act of
36 1995;"
37
38 vii. Section 15 of RA 9490, as amended, or "Aurora Pacific Economic Zone
39 and Freeport Act of 2010;"
40
41 viii. Section 14 of RA 9728 or "Freeport Area of Bataan Act of 2009;" and
42
43 ix. Section 65 of RA 9593 or "The Tourism Act of 2009;"

44 b. The following provisions on tax incentives are repealed accordingly:

- 45 i. Title III, Article 39 (A), (B), (D), (E), (G), (I), (J), (K), (L), (M) and (N);
46 Title IV, Article 40, (A) and (B); Book III, Chapter II, Articles 61 and 62;

- 1 Book III, Chapter III, Articles 63, 64, 65, 66 and 67; Book IV, Articles 69
2 And 70; and Book VI, Articles 77 and 78 of Executive Order No. 226,
3 Series of 1987 entitled "The Omnibus Investments Code Of 1987;"
- 4 ii. Sections 23 and 24 of RA No. 7916 entitled "An Act Providing For The
5 Legal Framework And Mechanisms For The Creation, Operation,
6 Administration, And Coordination Of Special Economic Zones In The
7 Philippines, Creating For The Purpose The Philippine Economic Zone
8 Authority (PEZA), And For Other Purposes (Special Economic Zone
9 Act of 1995);"
- 10 iii. Section 4 of RA No. 8748 entitled "An Act Amending Republic Act No.
11 7916, Otherwise Known As The Special Economic Zone Act Of 1995;"
- 12 iv. Section 17 (1) to (8) and Section 18 (A), (B), (C) and (F) of PD No. 66
13 entitled "An Act Creating The Export Processing Zone Authority And
14 Revising Republic Act No. 5490;"
- 15 v. 4th Paragraph of PD No. 529 (Restored y FIRB Resolution 19-87)
16 entitled "An Act Granting To Petroleum Exploration Concessionaires
17 Under The Petroleum Act Of 1949 Exemption From Customs Duty And
18 Compensating Tax On Importations Of Machinery And Equipment,
19 Spare Parts And Materials Required For Their Exploration Operations;"
- 20 vi. Sections 8, 9 and 2nd Sentence of the 1st Paragraph and 2nd Paragraph
21 of Sec. 10 of PD No. 538 entitled "An Act Creating And Establishing
22 The Phividec Industrial Authority And Making It A Subsidiary Agency
23 Of The Philippine Veterans Development Corporation, Defining Its
24 Powers, Functions And Responsibilities, And For Other Purposes;"
- 25 vii. Sections 36 (E) and (F), (1) and (2) of PD No. 705, or "Revising PD
26 No. 389, Otherwise Known As The Forestry Reform Code Of The
27 Philippines;"
- 28 viii. Section 16 (A), (B) and (C) and Section 17 (A) to (E) of PD 972,
29 Otherwise Known As "Promulgating an Act to Promote an Accelerated
30 Exploration, Development, Exploitation, Production And Utilization Of
31 Coal;"
- 32 ix. Section 3 of PD 1174, Amending Section 10 of PD 972, As Amended,
33 Entitled, "Amending PD 972, Otherwise Known as The Coal
34 Development Act Of 1976;"
- 35 x. Section 4 (A) and (D) of Presidential Decree No. 1442 - Restored by FIRB
36 Resolution 19-87, Otherwise Known As "An Act to Promote the
37 Exploration And Development Of Geothermal Resources;"
- 38
39 xi. Section 10 (1) to (6) of RA 7156 entitled "An Act Granting Incentives to
40 Mini-Hydro Electric Power Developers and For Other Purposes" (Mini-
41 Hydroelectric Incentive Act);"

- 1 xii. Section 16 (A), (C), (D), (E) And Section 17 of RA 7844 entitled "An
2 Act to Develop Exports as a Key towards the Achievement of the
3 National Goals towards the Year 2000 (Export Development Act Of
4 1994);"
- 5 xiii. Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92, 93 (A) and
6 (B) of RA No. 7942, entitled "An Act Instituting a New System of
7 Mineral Resources Exploration, Development, Utilization, and
8 Conservation (Philippine Mining Act Of 1995);"
- 9 xiv. Section 9 of RA No. 8479, entitled "An Act Deregulating the
10 Downstream Oil Industry, and for Other Purposes (Downstream Oil
11 Industry Deregulation Act Of 1998);"
- 12 xv. Section 3 (A) to (D) and (H) of RA No. 8502, entitled "An Act to
13 Promote the Development of the Jewelry Manufacturing Industry,
14 Providing Incentives Therefor and for other Purposes (Jewelry Industry
15 Development Act of 1998);"
- 16 xvi. Chapter II, Article II, Sec. 35 (B), (C) And (D) of RA No. 8550, entitled
17 "An Act Providing for the Development, Management and
18 Conservation of the Fisheries and Aquatic Resources, Integrating All
19 Laws Pertinent Thereto, and for other Purposes (The Philippine
20 Fisheries Code Of 1998);"
- 21 xvii. Section 1 and Section 2 (A) and (B) and Sec. 6 of EO No. 528, Series
22 of 2006, Amending EO No. 313, Series of 2004 – "Reducing the Rates
23 of Duty on Capital Equipment, Spare Parts and Accessories Imported
24 by BOI-Registered New and Expanding Enterprises;"
- 25 xviii. Section 4 (E) and (F) of RA No. 7903, entitled "An Act Creating Special
26 Economic Zone And Free Port in the City Of Zamboanga and
27 Establishing for this Purpose the Zamboanga City Special Economic
28 Zone Authority, Appropriating Funds Therefor, and for other Purposes;"
- 29 xix. Section 4 (B) and (C) of RA No. 7922, entitled "An Act Establishing a
30 Special Economic Zone and Free Port in the Municipality of Sta. Ana
31 and the Neighboring Islands in the Municipality of Aparri, Province of
32 Cagayan, Providing Funds Therefor, And For Other Purposes
33 (Cagayan Special Economic Zone Of 1995);"
- 34 xx. Section 1 (B) and (C), Sections 2, 3, 4, 5, 6 and 7 of RA No. 9400
35 Otherwise Known As "An Act Amending RA 7227, as amended,
36 otherwise known as The Bases Conversion and Development Act Of
37 1982, and for other Purposes;"
- 38 xxi. Section 1 of EO No. 619, entitled "Creating and Designating Special
39 Economic Zones Pursuant to Ra 7916, as Amended by RA 8784, in
40 Relation to RA No. 7227, as Amended by RA 9400, Inside The Clark
41 Freeport Zone";

- 1 xxii. Section 5 (A) to (M) and Section 9 of RA No. 9490, as amended,
2 entitled "Establishing the Aurora Pacific Economic and Freeport Zone
3 in the Province of Aurora, Creating for the Purpose the Aurora Pacific
4 Economic and Freeport Zone Authority, Appropriating Funds Therefor
5 and for other purposes;"
- 6 xxiii. Chapter II, Section 4 (A), (B), (C) and (D) and Chapter VIII, Section 19
7 (A), (B) and (C) of RA 9295, Entitled, "An Act Promoting the
8 Development of Philippine Domestic Shipping, Shipbuilding, Ship
9 Repair and Ship Breaking, Ordaining Reforms in Government Policies
10 Towards Shipping in The Philippines and For Other Purposes;"
- 11 xxiv. Sections 5 and 6 of RA 9728, entitled "An Act Converting the Bataan
12 Economic Zone Located in the Municipality of Mariveles, Province of
13 Bataan, Into the Freeport Area of Bataan (FAB), Creating for this
14 Purpose the Authority of the Freeport Area of Bataan (AFAB),
15 Appropriating Funds Therefor and for other Purposes;"
- 16 xxv. Subchapter V-A, Section 86 (A) to (F) and Section 88 (A) to (E) RA No.
17 9593 entitled "An Act Declaring a National Policy for Tourism as an
18 Engine of Investment, Employment, Growth and National
19 Development, and Strengthening the Department of Tourism and Its
20 Attached Agencies to Effectively and Efficiently Implement that Policy,
21 and Appropriating Funds Therefor;"
- 22 xxvi. Chapter VII, Sections 15, 19, 21, 22 and 23 of RA No. 9513, entitled
23 "Renewable Energy Act of 2008."

24 All other laws, acts, decrees orders and issuances or provisions thereof
25 inconsistent with any of the provisions of this act are hereby repealed or modified
26 accordingly.

27 **SECTION 26. Effectivity.** - This Act shall take effect fifteen (15) days following
28 its publication in a newspaper of general circulation in the Philippines.

29 Approved,