

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

FIFTEENTH CONGRESS
Second Regular Session

House Bill No. 5679



INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

Republic Act No. 9290, otherwise known as the Footwear, Leather Goods and Tannery Industries Development Act, was enacted April 2004 to recognize the footwear, leather goods and tannery industries' potential to generate employment, as well as, increase the country's foreign exchange earnings through exports and import substitutes.

Through the said Act the State sought to support, promote and encourage the growth and development of the small and medium scale enterprises (SMEs) belonging to the abovementioned industries. One of the more important provisions of the law included time-bound incentives for qualified enterprises in the form of tax credits, additional deduction on gross income, zero duty on imported capital equipment, and promotion, advertising and sale of locally manufactured finished products of these industries in the government's duty-free shops.

Almost a decade since the enactment of RA 9290, these industries are still facing a great obstacle with many firms closing or folding up. According to an NSO data from 2005 to 2009, the footwear industry suffered a 14% decline in employment and a 7% decline in establishments.

Thus, the proposed measure seeks to remove the limited period provided in Section 3 of Republic Act No. 9290 so industry players can continue to avail the incentives under the law and help them overcome the challenges of trade globalization.

In light of the foregoing, passage of this bill is earnestly sought.

A handwritten signature in dark ink, appearing to read "Marcelino Teodoro".

MARCELINO "MARCY" R. TEODORO
Representative, 1st District
City of Marikina

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AN ACT
REMOVING THE PERIOD WITHIN WHICH TO AVAIL THE DEVELOPMENT
INCENTIVES PROVIDED UNDER REPUBLIC ACT NO. 9290, OTHERWISE KNOWN
AS THE FOOTWEAR, LEATHER GOODS AND TANNERY INDUSTRIES
DEVELOPMENT ACT, AMENDING FOR THE PURPOSE SECTION 3 THEREOF

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

SECTION 1. Section 3 of the Republic Act No. 9290 is hereby amended and shall read as follows:

Section 3. Development Incentives. – The following incentives shall be available to qualified footwear, leather goods and tannery enterprises [for a maximum period of ten (10) years from the effectivity of this Act] :

- a. Entitlement to zero (0) duty on imported capital equipment, including machinery equipment, tools for basic components, parts and accessories, including chemicals falling within Chapter 69 of Section XIII, Chapter 82 of Section XV, Chapters 84 and 85 of Section XVI, and Chapter 90 of Section XVIII of the Tariff and Customs Code of the Philippines, as amended;
- b. Additional deduction from gross income of fifty percent (50%) of the expenses incurred in training programs approved by the appropriate agency which shall be deductible during the fiscal year when the expenses were incurred;
- c. Inclusion, promotion, advertising and sale of locally manufactured finished products of these industries in the government's duty-free shops; and
- d. Tax credits on domestically purchases supplies, raw materials and semi-manufactured products equivalent to one hundred percent (100%) of the value of national internal revenue taxes and customs duties that would have been paid had these items been imported.

SECTION 2. Implementing Rules and Regulations. - The Secretary of Finance, Governor of the Bangko Sentral ng Pilipinas, and Commissioner of the Securities and Exchange Commission shall promulgate and publish the necessary rules and regulations for the effective enforcement of the provisions of this Act.

SECTION 3. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,