

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **2481**

HOUSE OF REPRESENTATIVES

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INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Metropolitan Manila and Cebu, have been, and continue to be, the choice areas for investors. With its progressive infrastructure, modern utilities, including power, water and telecommunications, and of course, abundant supply of highly technical and skilled manpower, there is no need for enticements for capitalists to locate in said two areas.

As a result thereof, progress and development in the country have been confined to these two main areas.

In the early 90's special economic zones were established with the main objective of promoting the countryside as alternative areas of investments. It was to spur the development, through industrialization, of the far flung areas and rural areas in the provinces. It was to uplift the welfare of the rural folks and at the same time to decongest and arrest the cramming of the people to the cities.

Thus, when ecozones were established in the provinces, a variety of incentives was offered to prospective locators. Fiscal incentives were given such as tax holidays, tax exemptions, duty free importations and exportation of goods produced in the zones. On the other hand, non fiscal incentives that were granted, included, among others, permit free project expansion and product diversification, off-shore, local and international banking facilities, freedom from national import policy restrictions, liberal allowance of expatriate employment, and the disallowance of the formation of labor unions and/or strikes. More important, the enterprises conducted business in new, secured and protected industrial areas, with the necessary infrastructure, buildings, power, telecommunications, gas, and water facilities.

Lately however, in direct contravention to the said objective of countryside development, ecozones are being established even in the cities. Individual buildings, and not land facilities, situated in the middle of commercial centers, are being accredited as ecozones. Enterprises, long doing the same nature of business in the metropolis, are still being qualified as a locator of ecozones, thereby entitling them to the incentives provided.

Thus, the metropolitan areas continue to capture investments and enjoy progress. On the other hand, however, the countryside wallows in poverty.

There is a need to create new and more ecozones in the provinces. And one such province in dire need of an ecozone is the Province of Bohol.

Under this measure, a special economic zone is sought to be established in Bohol, particularly in the Municipality of Jagna.

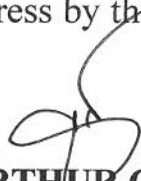
Jagna is a bustling port town in the eastern coast of Bohol. This municipality was first settled by immigrants from Loboc who transformed the wide valley into rice paddies. It became a rather prosperous community.

Jagna is the location of one of the busiest seaports in Bohol. The Jagna Seaport is considered as the gateway portal to Mindanao. It was once the main hub of maritime activities in Bohol. However, due to the upgrading of other ports of Bohol, the volume of passengers dwindled. Lately however, the Jagna Port was expanded. It is now part of the Strong Republic Nautical Highway (SRNH) system conceptualized by the government to interconnect by land and sea the island provinces of the country through RORO, cargo vessels, ferry boats, and fast crafts.

Because of its bustling port, Jagna is suitable to become the industrial center of the province. It is ready to become the catalyst of the development of this province, which economy is mostly anchored on tourism.

The Bohol Ecozone in Jagna shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment center with suitable residential areas. It shall be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments. It would generate linkage industries and employment opportunities for the people of the Province of Bohol.

It is in this view that the immediate passage of this bill, previously filed as House Bill No. 192 in the Sixteenth Congress by the undersigned, is earnestly sought.



ARTHUR C. YAP
Representative

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 2461

INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

AN ACT
ESTABLISHING THE BOHOL SPECIAL ECONOMIC
ZONE IN THE PROVINCE OF BOHOL, CREATING
FOR THE PURPOSE THE BOHOL SPECIAL
ECONOMIC ZONE AUTHORITY, APPROPRIATING
FUNDS THEREFOR 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 "Bohol Special Economic Zone Act of 2016".

3 **SECTION 2. Declaration of Policy.** — It is hereby declared the
4 policy of the State to actively encourage, promote, induce and accelerate the
5 sound and balanced industrial, economic and social development of the
6 country in order to provide jobs to the people, especially those in rural areas,
7 increase their productivity and their individual and family income, and
8 thereby improve the level and quality of their living conditions through the
9 establishment, among others, of special economic zones in suitable and

1 strategic locations in the country and through measures that shall effectively
2 attract legitimate and productive foreign investments.

3 **SECTION 3. Creation of the Bohol Special Economic Zone.**

4 — In pursuit of the foregoing declared policy and subject to the concurrence
5 of the concerned local government units (LGUs) of Bohol affected by the
6 zone, there is hereby established a special economic zone, hereinafter
7 referred to as the Bohol Ecozone. The Bohol Ecozone shall cover the entire
8 area embraced by Barangays _____, _____ and _____, all in the
9 Municipality of Jagna. The specific metes and bounds of the Bohol Ecozone
10 shall be more particularly described and defined as follows:

11 INSERT GEOGRAPHICAL DESCRIPTION HERE

12 **SECTION 4. Governing Principles.** — The Bohol Special
13 Economic Zone shall be managed and operated by the Bohol Special
14 Economic Zone Authority, hereinafter referred to as the BEZA, created
15 under Section 10 of this Act, under the following principles:

16 (a) Within the framework and limitations of the Constitution and
17 applicable provisions of the Local Government Code, the Bohol Ecozone
18 shall be developed into and operated as a decentralized, self-reliant and self-
19 sustaining industrial, commercial/trading, agro-industrial, tourist, banking,
20 financial and investment center with suitable residential areas.

21 (b) The Bohol Ecozone shall be provided with transportation,
22 telecommunications and other facilities needed to attract legitimate and
23 productive investments, generate linkage industries and employment
24 opportunities for the people of the Province of Bohol.

1 (c) The Bohol Ecozone may establish mutually beneficial
2 economic relations with other entities or enterprises within the country or,
3 subject to the administrative guidance of the Department of Foreign Affairs
4 (DFA), the Philippine Economic Zone Authority (PEZA) and/or the
5 Department of Trade and Industry (DTI), with foreign entities or enterprises.

6 (d) Foreign citizens and companies owned by non Filipinos in
7 whatever proportion may set up enterprises in the Bohol Ecozone, either by
8 themselves or in joint venture with Filipinos in any sector of industry,
9 international trade and commerce within the Bohol Ecozone.

10 (e) The areas comprising the Bohol Ecozone may be expanded or
11 reduced when necessary. For this purpose, the BEZA, in consultation with
12 the LGUs, shall have the power to acquire either by purchase, negotiation or
13 condemnation proceedings, any private land within or adjacent to the Bohol
14 Ecozone for the following purposes: (a) consolidation of lands for Bohol
15 Ecozone development; (2) acquisition of right of way to the Bohol Ecozone;
16 and (3) the protection of watershed areas and natural assets valuable to the
17 prosperity of the Bohol Ecozone.

18 (f) Goods manufactured by a Bohol Ecozone enterprise shall be
19 made available for immediate retail sale in the domestic market, subject to
20 the payment of corresponding taxes on raw materials and other regulations
21 that may be formulated by the BEZA, together with the PEZA, the Bureau of
22 Customs and the DTI. However, in order to protect domestic industries, a
23 negative list of industries shall be drawn up and regularly updated by the
24 PEZA. Enterprises engaged in industries included in such negative list shall
25 not be allowed to sell their products locally.

(g) The national government shall maintain its ability to coordinate with the Bohol Ecozone and the local government units.

SECTION 5. Incentives to Registered Enterprises. — The Bohol Special Economic Zone Authority (BEZA) may administer the following incentives to the registered enterprises located therein to the extent of the activity/project:

(A) Income Tax Holiday (ITH). — Registered enterprises shall be entitled to an income tax holiday from the start of their commercial operations to the extent of their activity under the following categories:

Category A — Registered domestic enterprise located in highly developed areas, as determined by the Board of Investments (BOI), shall be entitled to a four-year income tax holiday.

Category B — Registered domestic enterprise on the following shall be entitled to a six-year income tax holiday:

(1) Located in less developed areas as defined by the BOI; or

(2) Producing/rendering new products/services or having strong backward or forward linkages. EHSTDA

Category C — Registered export enterprise shall be entitled to a six-year income tax holiday: Provided, however, That if the export enterprise complies with the following: (1) large capital investments or sizeable employment generation; or (2) use high level of technology; or (3) located outside Metro Manila, it shall be entitled to an eight-year income tax holiday.

Registered enterprises embarking on new investments that are listed in the current Investment Priorities Plan (IPP) shall be entitled to incentives

1 provided herein pertaining to the new investments and subject to such terms
2 and conditions as the BOI may determine.

3 For this purpose, a registered enterprise shall be defined as any
4 person, natural or juridical, licensed to do business in the Philippines and
5 registered with the Bohol Special Economic Zone Authority (BEZA) to
6 transact business within the Bohol Special Economic Zone. A registered
7 export enterprise shall be defined as any registered enterprise engaged
8 directly or indirectly in the production, manufacture or trade of products or
9 services which earns at least seventy percent (70%) of its normal operating
10 revenues from the sale of its products or services abroad for foreign
11 currency. A registered domestic enterprise, meanwhile, shall be defined as
12 any registered enterprise not falling under the definition of a registered
13 export enterprise.

14 Additional investments in the project shall be entitled to the income
15 tax holidays corresponding to such investments as may be determined by the
16 BOI. Additional income tax holiday may be granted for as long as the
17 investment is made on the same project: Provided, That the project is listed
18 in the IPP at the same time the additional investment in the project is made:
19 Provided, further, That the entitlement period for additional investments
20 shall not exceed three times the period provided under this subsection:
21 Provided, however, That the total ITH period for an export enterprise
22 availing of an eight-year ITH shall not exceed twenty (20) years. Any
23 unused incentives shall therefore be deemed forfeited if not used during the
24 incentive period.

1 Enterprises registered with the BEZA are required to share in the
2 special development fund of the BOI for investment promotion projects of
3 the government equivalent to one percent (1%) of the ITH granted for every
4 application.

5 The Bureau of Internal Revenue (BIR) shall require a registered
6 enterprise availing of ITH or Net Operating Loss Carryover (NOLCO) to
7 secure a certificate of eligibility from the BEZA before submitting its
8 income tax return (ITR) with the BEZA for validation.

9 Failure to secure certification and/or to file the ITH or NOLCO
10 availment for validation by the BEZA within forty-five (45) days from the
11 last day of each statutory filing date for ITR shall cause the forfeiture of the
12 availment for the taxable period.

13 (B) Net Operating Loss Carryover (NOLCO). — Net operating loss
14 of the business or enterprise during the first three years from the start of
15 commercial operations which have not been previously offset as deduction
16 from gross income shall be carried over as a deduction from gross income
17 for the next five consecutive years immediately following the year of such
18 loss: Provided, however, That operating loss resulting from availment of
19 incentives provided in this Act shall not be entitled to NOLCO.

20 Registered enterprises availing of the ITH as herein provided shall not
21 be entitled to avail of the NOLCO.

22 (C) Imposition of a tax rate of five percent (5%) on Gross Income
23 Earned (GIE). — Except for real property tax on land, no local and national
24 taxes as prescribed under Republic Act No. 8424, also known as "The
25 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 Bohol 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; and

(b) Two percent (2%) shall be remitted by the business establishments to the treasurer's office of the municipality or city where the enterprise is located.

All persons and service establishments in the Bohol Ecozone shall be subject to national and local taxes under the National Internal Revenue Code of 1997, as amended, and the Local Government Code.

(D) Accelerated Depreciation. — Accelerated depreciation of plant, machinery and equipment that are reasonably needed and actually used for the production and transport of goods and services may be allowed using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Secretary of Finance and the provisions of the National Internal Revenue Code of 1997, as amended.

(E) Capital Equipment Incentives. — (1) Importations of capital equipment, spare parts, tools and dye, or those required for pollution abatement and control, cleaner production and waste reduction including consignment thereof by registered enterprises upon the effectivity of this law, shall be exempted to the extent of one hundred percent (100%) of the taxes and customs duties: Provided, That the imported items thereof shall be used exclusively by the registered enterprise in its registered activity:

1 Provided, further, That the importation of machinery and equipment and
2 accompanying parts shall comply with the following conditions:

3 (i) They are not manufactured domestically in sufficient quantity,
4 of comparable quality and at reasonable prices;

5 (ii) They are reasonably needed and will be used exclusively by the
6 registered enterprise in the manufacture of its products, unless prior approval
7 of the BEZA is secured for the part time utilization of said equipment in a
8 nonregistered activity to maximize usage thereof or the proportionate taxes
9 and duties are paid on a specific equipment and machinery being
10 permanently used for nonregistered activities; and

11 (iii) Approval of the BEZA was obtained by the registered
12 enterprise for the importation of such machinery, equipment and spare parts.

13 Approval of the BEZA must be secured before any sale, transfer or
14 disposition of the imported capital equipment, machinery or spare parts is
15 made: Provided, That if such sale, transfer or disposition is made within the
16 first five years from date of importation, any of the following conditions
17 must be present:

18 (1) the same is made to another enterprise enjoying tax and duty
19 exemption on imported capital equipment;

20 (2) the same is made to another enterprise, upon the payment of
21 any taxes and duties on the net book value of the capital equipment to be
22 sold;

23 (3) the exportation of the capital equipment, machinery, spare parts
24 or source documents or those required for pollution abatement and control;

25 or

1 (4) proven technical obsolescence of the said equipment,
2 machinery or spare parts.

3 When the aforementioned sale, transfer or disposition is made under
4 any of the conditions provided for in the foregoing paragraphs other than
5 paragraph (2) herein, the registered firm shall not pay the taxes and duties
6 waived on such items: Provided, further, That if the registered enterprises
7 sell, transfer or dispose the aforementioned imported items without prior
8 approval within five years from the date of importation, the registered
9 enterprise and the vendee, transferee or assignee shall be solidarily liable to
10 pay twice the amount of the tax and duty exemption given it: Provided,
11 finally, That even if the sale, transfer or disposition of the capital equipment,
12 machinery or spare parts is approved after five years from the date of
13 importation, the registered enterprises are still liable to pay the taxes and
14 duties based on the net book value of the capital equipment, machinery or
15 spare parts if any of the registration terms and conditions has been violated.
16 Otherwise, they shall no longer be subject to the payment of the taxes and
17 duties waived thereon.

18 (2) The purchase of machinery, capital equipment, raw materials,
19 supplies, parts and semi-finished products to be used in the fabrication of
20 machinery and capital equipment by a registered export-oriented enterprise
21 from a domestic manufacturer shall be subject to zero percent (0%) value-
22 added tax.

23 The registered export-oriented enterprise shall be granted a tax credit
24 equivalent to the amount of duties that would have been waived on the
25 machinery, capital equipment, raw materials, supplies, parts and semi-

1 finished products used in the fabrication of machinery and capital
2 equipment, had these items been imported, upon its submission to the
3 Department of Finance (DOF) of the bill of materials evidencing the
4 transaction value of such and other pertinent documents, for verification and
5 proper endorsement.

6 The availment by a registered export enterprise of the incentive stated
7 under the immediately preceding two paragraphs shall be subject to the
8 following conditions: (a) that said capital equipment, machinery and spare
9 parts will be used exclusively by the registered enterprise in its registered
10 activity; (b) that the capital equipment or machinery where the raw
11 materials, supplies, parts and semi-finished products were used would have
12 qualified for tax and duty-free importation; and (c) that the approval of the
13 BEZA is obtained by the registered enterprise. If the registered enterprise
14 sells, transfers or disposes of these machineries, capital equipment and spare
15 parts, the provision in the preceding paragraphs for such disposition shall
16 apply.

17 This incentive shall be deemed waived if application for tax credit
18 under this subsection was not filed within one year from the date of delivery.

19 ICHcaD

20 (F) The importation of source documents by information
21 technology-registered enterprises shall be eligible for tax and duty free
22 importation.

23 (G) Raw Materials Incentives. — Every registered export-oriented
24 enterprise shall enjoy a tax credit equivalent to the internal revenue taxes
25 and customs duties paid on the supplies, raw materials and semi-

1 manufactured products provided the same are not sufficient in quantity,
2 quality or are not competitively priced in the Philippines and which are used
3 in the manufacture, processing or production of its export products forming
4 part thereof, exported directly and indirectly by the registered export-
5 oriented enterprise, based on the actual taxes and duties paid for such
6 materials/supplies/semi-manufactured products by the registered enterprise.

7 This incentive shall be deemed waived if application for tax credit
8 under this subsection was not filed within one year from the date of
9 exportation of the final product.

10 (H) Incentives on Breeding Stocks and Genetic Materials. —
11 Importation of breeding stocks and genetic materials within ten (10) years
12 from the date of registration of commercial operation of the enterprise shall
13 be exempt from all taxes and duties: Provided, That such breeding stocks
14 and genetic materials are reasonably needed in the registered activity, and
15 approved by the BEZA.

16 The availment of the incentives by the registered enterprise shall be
17 subject to the following: (a) that said breeding stocks and genetic materials
18 would have been qualified for tax and duty-free importation under the
19 preceding paragraph; (b) that the breeding stocks and genetic materials are
20 reasonably needed in the registered activity; (c) that approval of the BEZA
21 has been obtained by the registered enterprise; and (d) that the purchase is
22 made within ten (10) years from the date of registration of commercial
23 operation of the registered enterprise.

24 This incentive shall be deemed waived if application for tax credit
25 under this subsection is not filed within one year from the date of delivery.

1 (I) Exemption from Wharfage Dues. — The provisions of law to
2 the contrary notwithstanding, exports by a registered enterprise shall be
3 exempted from wharfage dues.

4 (J) Deferred Imposition of the Minimum Corporate Income Tax.
5 — The Minimum Corporate Income Tax (MCIT) of two percent (2%) of the
6 gross income as of the end of the taxable year shall be imposed when the
7 MCIT is greater than the income tax computed under the NIRC of 1997, as
8 amended, for the taxable year: Provided, however, That said MCIT shall be
9 imposed only after the enterprise's entitlement period to the income tax-
10 based incentives has expired.

11 (K) Tax Treatment of Merchandise in the Bohol Ecozone. — (a)
12 Domestic merchandise sent from the Bohol Ecozone to areas outside the said
13 ecozone shall, whether or not combined with or made part of other articles
14 likewise of local origin or manufactured in the Philippines while in the
15 export processing zone, be subject to internal revenue laws of the
16 Philippines as domestic goods sold, transferred or disposed of for local
17 consumption.

18 (b) Merchandise sent from the Bohol Ecozone to areas outside the
19 said ecozone shall, whether or not combined with or made part of other
20 articles while in the zone, be subject to rules and regulations governing
21 imported merchandise. The duties and taxes shall be based on the value of
22 said imported materials (except when the final product is exempt).

23 (c) Articles produced or manufactured in the Bohol Ecozone and
24 exported therefrom shall, on subsequent importation into the customs

territory, be subject to the import laws applicable to like articles manufactured in a foreign country.

(d) Unless the contrary is shown, merchandise taken out of the Bohol Ecozone shall be considered for tax purposes to have been sent to customs territory.

(L) Tax Treatment of Raw Materials and Capital Equipment in the Bohol Ecozone. — Importations of raw materials and capital equipment shall be treated as in the Omnibus Investments Code.

(M) Importations of raw materials and capital equipment shall be treated as in the Omnibus Investments Code. Registered export-oriented enterprise shall have access to the utilization of the bonded warehousing system in accordance with the rules and regulations of the Bureau of Customs. DTAHEC

(N) Employment of Foreign Nationals. — Subject to the provisions of Section 29 of Commonwealth Act No. 613, as amended, a registered enterprise may employ foreign nationals in supervisory or technical positions for a period not exceeding ten (10) years from its registration: Provided, That when the majority of the capital stock of a registered enterprise is owned by foreign investors, the positions of the president, treasurer and general manager or their equivalents may be retained by foreign nationals beyond the period set forth herein and such officer is the owner or a stockholder owning at least ten percent (10%) of the outstanding capital stock of the registered enterprise and he remains the owner or maintains his stockholdings therein.

1 Foreign nationals under employment contract within the purview of
2 this incentive, their spouses and unmarried children under twenty-one (21)
3 years of age, who are not excluded by Section 29 of Commonwealth Act No.
4 613, as amended, shall be permitted to enter and reside in the Philippines
5 during the period of employment of such foreign nationals. They shall be
6 entitled to a multiple entry visa, valid for a period of three years, and shall be
7 allowed to enter and leave the Philippines without further documentary
8 requirements other than valid passports or other travel documents in the
9 nature of passports. The validity of the multiple entry visa shall be
10 extendible yearly.

11 The said foreign nationals admitted under this provision, as well as
12 their respective spouses and dependents shall be exempt from: (a) obtaining
13 alien certificates of registration and immigration clearance certificates; and
14 (b) securing the Alien Employment Permit (AEP) and all types of
15 clearances, permits, licenses or their equivalents required by any government
16 department or agency.

17 **SECTION 6. Incentive to Investors.** — Any foreign national
18 covered under subsection (M) of Section 5 of this Act, who invests an
19 amount of US \$150,000.00, either in cash and/or equipment, in a registered
20 enterprise shall be entitled to an investor's visa: Provided, That,

- 21 (1) He is at least eighteen (18) years of age;
22 (2) He has not been convicted of a crime involving moral turpitude;
23 (3) He is not afflicted with any loathsome, dangerous or contagious
24 disease; and

1 (4) He has not been institutionalized for any mental disorder or
2 disability:

3 Provided, further, That in securing the investor's visa, the alien-
4 applicant shall be entitled to the same privileges provided for under
5 subsection (M), Section 5 hereof.

6 As a holder of investor's visa, an alien shall be entitled to reside in the
7 Philippines while his investment subsists. For this purpose, he should submit
8 an annual report, in the form duly prescribed for the purpose, to prove that
9 he has maintained his investment in the country. Should said alien withdraw
10 his investments from the Philippines, then the investor's visa issued to him
11 shall automatically expire.

12 **SECTION 7. Administration, Implementation and**
13 **Monitoring of Incentives.** — The BEZA shall be responsible for the
14 administration and implementation of the incentives granted to its respective
15 registered enterprises: Provided, That any incentive administration policy
16 adopted by the BOI for registered enterprises shall be uniformly applied by
17 the BEZA.

18 The following are the duties and responsibilities of the BEZA in the
19 administration of incentives:

20 (A) To adopt consistent procedures of administering incentives in
21 accordance with the guidelines established by the BOI;

22 (B) To adopt and implement systems and procedures affecting trade
23 and customs policies in accordance with the requirements established by the
24 Department of Finance (DOF) and the BOI;

1 (C) To submit information on registered enterprises to the DOF and
2 the BOI as required by any of these agencies to ascertain consistency of
3 investment policies and incentives, including their implementation as
4 provided in paragraph (A) herein, and to ensure proper implementation of
5 systems and procedures affecting trade and customs policies as provided in
6 paragraph (B) herein; and

7 (D) To perform all other duties and responsibilities as may be
8 required by the President of the Philippines.

9 For proper monitoring, the BOI shall create a single database of all
10 incentives provided by all incentives granting agencies, including the BEZA,
11 and all information thereto. Double entry accounting shall be done by the
12 BOI in recording all incentives granted by the government for transparency
13 purposes.

14 **SECTION 8. Extension of Period of Availment.** — The
15 availment period of the incentives provided herein may be extended by the
16 BEZA, in the event that the registered enterprise suffers operational force
17 majeure or any event equivalent thereto, impairing its viability: Provided,
18 That the availment period shall not exceed the duration of the said force
19 majeure or equivalent event.

20 **SECTION 9. Duration of Incentives.** — Enterprises registered
21 with the BEZA may enjoy ITH or NOLCO granted by the latter prior to the
22 availment of the five percent (5%) GIE.

23 Fiscal incentives under this Act shall be terminated after a cumulative
24 period of twenty (20) years from the date of registration or start of
25 commercial operation, whichever is applicable, except that it could be

1 extended with regard to industries deemed indispensable to national
2 development.

3 The industries exempted from this provision shall be recommended by
4 the BOI, with the concurrence of the Secretaries of the Departments of
5 Finance and Trade and Industry.

6 **SECTION 10. Creation of the Bohol Special Economic Zone**

7 **Authority.** — There is hereby created a body corporate to be known as the
8 Bohol Special Economic Zone Authority, hereinafter referred to as the
9 BEZA, which shall manage and operate, in accordance with the provisions
10 of this Act, the Bohol Special Economic Zone. This corporate franchise shall
11 expire in fifty (50) years counted from the first day of the fifth (5th) calendar
12 year after the effectivity of this Act, unless otherwise extended by Congress.
13 It shall be organized within one hundred eighty (180) days after the
14 effectivity of this Act.

15 **SECTION 11. Principal Office of the BEZA.** — The Bohol

16 Special Economic Zone Authority shall maintain its principal office in the
17 Municipality of Jagna, but it may establish branches within the Philippines
18 as may be necessary for the proper conduct of its business.

19 **SECTION 12. Powers and Functions of the Bohol Special**

20 **Economic Zone Authority (BEZA).** — The Bohol Special Economic Zone
21 Authority shall have the following powers and functions:

22 (a) To operate, administer, manage and develop the Bohol Ecozone
23 according to the principles and provisions set forth in this Act;

24 (b) To register, regulate and supervise the enterprises in the Bohol
25 Ecozone in an efficient and decentralized manner, subject to existing laws;

1 (c) To coordinate with local government units and exercise general
2 supervision over the development plans, activities and operations of the
3 Bohol Ecozone;

4 (d) To regulate and undertake the establishment, operation and
5 maintenance of utilities, other services and infrastructure in the Bohol
6 Ecozone such as but not limited to heat, light and power, water supply,
7 telecommunications, transport, toll roads and bridges, port services, etc. and
8 to fix just, reasonable and competitive rates, fares, charges and prices
9 thereof;

10 (e) To construct, acquire, own, lease, operate and maintain on its
11 own or through contracts, franchise, licenses, bulk purchase from the private
12 sector or permits under any of the schemes allowed in Republic Act No.
13 6957 (the Build-Operate-Transfer Law, as amended by R.A. No. 7718), or
14 joint venture, adequate facilities and infrastructures required or needed for
15 the operation and development of the Bohol Ecozone, in coordination with
16 appropriate national and local government authorities and in conformity with
17 applicable laws thereon;

18 (f) To operate on its own, either directly or through a license to
19 other tourism-related activities, including games, amusements, recreational
20 and sports facilities;

21 (g) Subject to the approval of the President of the Philippines and
22 the Monetary Board of the Bangko Sentral ng Pilipinas and upon the
23 recommendation of the Department of Finance, to raise or borrow adequate
24 and necessary funds from local or foreign sources to finance its projects and
25 programs under this Act, and for that purpose to issue bonds, promissory

1 notes, and other forms of securities, and to secure the same by a guarantee,
2 pledge, mortgage, deed of trust, or an assignment of all or part of its property
3 or assets;

4 (h) To protect, preserve, maintain and develop the virgin forests,
5 beaches, coral and coral reefs and maintain ecological balance within the
6 Bohol Ecozone;

7 (i) To create, operate and/or contract to operate such functional
8 units of offices of the BEZA as it may deem necessary;

9 (j) To adopt, alter and use a corporate seal; make contracts, leases,
10 own, or otherwise dispose of personal or real property; sue and be sued; and
11 otherwise carry out its functions and duties as provided for in this Act;
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13 (k) To issue certificates of origin for products manufactured or
14 processed in the Bohol Ecozone in accordance with prevailing rules of
15 origin, and the pertinent regulations of the PEZA, the DTI and/or the
16 Department of Finance (DOF);

17 (l) To issue working visas renewable every two (2) years to
18 foreign executives and foreign technicians with highly specialized skills
19 which no Filipinos possesses, as certified by the Department of Labor and
20 Employment;

21 (m) To report to the Bureau of Immigration the names of the
22 foreigners who have been granted permanent resident status and working
23 visas within thirty (30) days after issuance of such grant;

24 (n) To exercise such powers as may be essential, necessary or
25 incidental to the powers granted to it hereunder as well as those that shall

1 enable it to carry out, implement and accomplish the purposes, objectives
2 and policies of this Act; and

3 (o) To issue rules and regulations consistent with the provisions of
4 this Act as may be necessary to accomplish and implement the purposes,
5 objectives and policies provided herein.

6 **SECTION 13. Banking Rules and Regulations.** — Existing laws
7 and rules/regulations of the Bangko Sentral ng Pilipinas (BSP) shall apply to
8 banks and financial institutions to be established in the Bohol Ecozone, such
9 as those governing foreign exchange and other concurrent account
10 transactions (trade and non-trade), local and foreign borrowings, foreign
11 investments, establishment and operation of local and foreign banks, foreign
12 currency deposit units, offshore banking units and other financial institutions
13 under the supervision of the BSP.

14 **SECTION 14. Remittance of Earnings.** — In the case of foreign
15 investments, a registered enterprise in the BEZA shall have the right to remit
16 earnings from the investment in the currency in which the investment was
17 originally made and at the exchange rate prevailing at the time of remittance,
18 subject to the provisions of Section 74 of Republic Act No. 265, as
19 amended.

20 **SECTION 15. Board of Directors of the Bohol Special Economic**
21 **Zone Authority.** — The powers of the Bohol Special Economic Zone
22 Authority shall be vested in and exercised by a Board of Directors,
23 hereinafter referred to as the Board, which shall be composed of the
24 following:

1 (a) The Chairman who shall, at the same time be the administrator
2 of the BEZA;

3 (b) A Vice Chairman who shall come from among the members of
4 the Board;

5 (c) Members consisting of:

6 (1) The Governor of the Province of Bohol;

7 (2) The Congressional Representative of the district covering the
8 site of the Bohol Ecozone;

9 (3) The mayor of the Municipality of Jagna, Province of Bohol;

10 (4) One representative from the domestic investors;

11 (5) One representative from the foreign investors; and

12 (6) Two representatives from the workers working in the Bohol
13 Ecozone.

14 The Governor, the Congressional Representative and the mayor of the
15 Municipality of Jagna, Province of Bohol shall serve as ex officio members
16 of the Board, whose term in the Board corresponds to their terms as elected
17 officials.

18 The Chairman and the members of the Board, except the ex officio
19 members, shall be appointed by the President of the Philippines to serve for
20 a term of six (6) years, unless sooner separated from service due to death,
21 voluntary resignation or removal for cause. In case of death, resignation or
22 removal for cause, the replacement shall serve only the unexpired portion of
23 the term.

24 Except for the representatives of the business and labor sectors, no
25 person shall be appointed by the President of the Philippines as a member of

1 the Board unless he is a Filipino citizen, of good moral character, of proven
2 probity and integrity, and a degree-holder in any of the following fields:
3 economics, business, public administration, law, management or their
4 equivalent, and with at least ten (10) years relevant working experience
5 preferably in the field of management or public administration.

6 The members of the Board shall each receive per diem at a rate to be
7 determined by the Department of Budget and Management in accordance
8 with existing rules and regulations: Provided, however, That the total per
9 diem collected each month shall not exceed the equivalent per diem for four
10 (4) meetings. Unless and until the President of the Philippines has fixed a
11 higher per diem for the members of the Board, such per diem shall not be
12 more than Ten thousand pesos (P10,000.00) for every Board meeting.

13 **SECTION 16. Powers and Duties of the Chairman-Administrator.**

14 — The Chairman-Administrator shall have the following powers and duties:

15 (a) To direct and manage the affairs of the BEZA in accordance
16 with the policies of the Board;

17 (b) To establish the internal organization of the BEZA under such
18 conditions that the Board may prescribe;

19 (c) To submit an annual budget and necessary supplemental budget
20 to the Board for its approval;

21 (d) To submit within thirty (30) days after the close of each fiscal
22 year an annual report to the Board and such other reports as may be
23 required;

(e) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the Bohol Ecozone;

(f) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Bohol Ecozone; and

(g) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SECTION 17. Organization and Personnel. — The board of directors of the BEZA shall provide for an organization and staff of its officers and employees. Upon recommendation of the Chairman-Administrator, the Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification: Provided, That the Board shall have exclusive and final authority to promote, transfer, assign or reassign officers of the BEZA, any provision of existing law to the contrary notwithstanding: Provided, further, That the Chairman-Administrator may carry out removal of such officers and employees.

The officers and employees of the BEZA, including all members of the Board, shall not engage directly or indirectly in partisan activities nor take part in any election, except to vote.

No officer or employee of the BEZA, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by law.

1 **SECTION 18. Ipso Facto Clause.** — Sections 30-41 of Republic Act
2 No. 7916, shall ipso facto apply to the Bohol Special Economic Zone.

3 **SECTION 19. Capitalization.** — The Bohol Special Economic Zone
4 Authority shall have an authorized capital stock of one billion
5 (1,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00)
6 each, the majority shares of which shall be subscribed and paid for by the
7 National Government and the local government units (LGUs) embracing the
8 Bohol Special Economic Zone. The board of directors of the BEZA may,
9 with the written concurrence of the Secretary of Finance, sell shares,
10 representing not more than forty per centum (40%) of the capital stock of the
11 BEZA to the general public under such policy as the Board and the Secretary
12 of Finance may determine. The National Government and the LGUs shall, in
13 no case, own less than sixty per centum (60%) of the total issued and
14 outstanding capital of the Bohol Special Economic Zone Authority.

15 The amount necessary to subscribe and pay for the shares of the
16 national government to the capital stock of the BEZA shall be included in
17 the annual General Appropriations Act. For LGUs, the funds shall be taken
18 from their internal revenue allotment and other local funds.

19 **SECTION 20. Supervision.** — The Bohol Special Economic Zone
20 shall be under the direct control and supervision of the Philippine Economic
21 Zone Authority (PEZA) for purposes of policy direction and coordination.

22 **SECTION 21. Relationship with the Regional Development**
23 **Council.** — The Bohol Special Economic Zone Authority shall determine
24 the development goals for the Bohol Ecozone within the framework of
25 national development plans, policies and goals. The Administrator shall,

1 upon approval by the Board, submit the Bohol Ecozone plans, programs and
2 projects to the Regional Development Council for inclusion and inputs to the
3 overall regional development plan.

4 **SECTION 22. Relationship with Local Government Units. —**

5 Except as herein provided, the local government units comprising the Bohol
6 Special Economic Zone shall retain their basic autonomy and identity. The
7 Barangays of _____, _____ and _____, all in the Municipality
8 of Jagna shall operate and function in accordance with the Local
9 Government Code of 1991. In case of any conflict between the BEZA and
10 the Province of Bohol on matters affecting the Bohol Ecozone other than
11 defense and security matters, the decision of the BEZA shall prevail.

12 **SECTION 23. Interpretation/Construction. —** The powers,

13 authorities and functions that are vested in the BEZA are intended to
14 decentralize governmental functions and authority and promote an efficient
15 and effective working relationship between the Bohol Ecozone, the national
16 government, and the local government units.

17 **SECTION 24. Auditing. —** The Commission on Audit shall appoint

18 a representative who shall be a full time auditor of the BEZA and assign
19 such number of personnel as may be necessary to assist said representative
20 in the performance of his/her duties. The salaries and emoluments of the
21 assigned auditor and personnel shall be in accordance with pertinent laws,
22 rules and regulations.

23 **SECTION 25. Separability Clause. —** If any provision of this Act

24 shall be held unconstitutional or invalid, the other provisions not otherwise
25 affected shall remain in full force and effect.

1 **SECTION 26. Repealing Clause.** — All laws, executive orders and
2 issuances, or any part thereof, which are inconsistent herewith are hereby
3 repealed or amended accordingly.

4 **SECTION 27. Effectivity Clause.** — This Act shall take effect
5 fifteen (15) days after its publication in at least two (2) national newspapers
6 of general circulation or in the Official Gazette, whichever comes earlier.

APPROVED.