

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
Second Regular Session

HOUSE BILL NO. **7214**



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Introduced by Representatives HORACIO P. SUANSING, JR.  
and ESTRELLITA B. SUANSING

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AN ACT

AMENDING SECTIONS, 20, 22, 27, 28, 34, 40, 50, 220, 237, 237-A, 290, 291, 292 AND  
ADDING SECTIONS 293, 294, 295, 296, 297, 298, 298-A, 299, 300, 301, 302, 303, 304,  
305, AND 306 UNDER CHAPTERS I, II, III, IV, V AND VI, ALL UNDER THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

This bill is the second package of the Comprehensive Tax Reform Program (CTRP) envisioned by the administration of President Rodrigo Roa Duterte. It complements Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law. This bill seeks to lower the corporate income tax rate, reform the corporate income tax system and broaden the tax base by modernizing investment tax incentives to enhance fairness, improve competitiveness, plug tax leakages and achieve fiscal sustainability.

To achieve such purposes, this bill endeavors to address the following major policy issues:

1. The Philippines' corporate income tax system is characterized by a high rate and a narrow base. Despite having the highest corporate income tax rate in the ASEAN region at 30%, the country's tax collection efficiency is one of the lowest. This is due to very generous tax incentives that are given in perpetuity and in lieu of other taxes (including local taxes), and thus seriously erode the tax base.
2. The country's investment tax incentive system is very complex. It has 14 investment promotion agencies and around 123 laws that grant various types of investment tax incentives with little regard to cost-efficiency and effectiveness. Moreover, another 192 laws grant various non-investment tax incentives. All these result to a tax incentive system that is less transparent, less targeted, not time-bound and not performance-based.
3. The outdated tax code lacks adequate provisions to address transfer pricing and other tax avoidance practices that have led to an erosion in tax revenues.
4. Ironically, the Department of Finance (DOF), which is the steward of the government's fiscal health and mandated to formulate sound fiscal policy, has very little involvement in the formulation and granting of tax incentives to registered business enterprises. This is contrary to best practice employed in other government institutions where the finance minister holds a significant role in the decision-making process in matters relating to the design and granting of tax incentives. To date, tax incentives are being administered by the Department of Trade and Industry (DTI); through the Board of Investments (BOI) and Investments Promotion Agencies

- (IPAs).
5. Despite granting generous tax incentives, both foreign and domestic investments in the Philippines, and consequently the rate of job creation, have not increased significantly and are much lower than those of the country's ASEAN neighbors. Tax incentives play a critical role in attracting investments and addressing market failures, but they need to be modernized and disciplined to ensure that the country reaps the most benefit from forgoing its scarce tax revenues.
  6. Finally, incentives alone are not enough to attract investments, and consequently create jobs. A more comprehensive strategy is needed, and must include key investments and improvements in infrastructure, skilled labor, ease of doing business, and integration of the domestic supply chain. Implementing such strategy in order to develop a favorable investment climate requires, among others, a stable source of revenues.

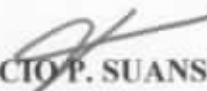
The cost of investment tax incentives to the country is significant. In 2015, the Department of Finance, using data required by the Tax Investment Management and Transparency Act (TIMTA) Law (Republic Act No. 10708) and other available data, estimated that the investment tax incentive system costs the government around Php 301 billion in forgone income tax, value added tax (gross of refund) and customs duties. This estimate does not yet include forgone local taxes and leakages that arise from tax avoidance and tax evasion due to the complicated system. While the country benefits from these incentives in terms of investments, jobs, exports and rural development, the staggering cost, which stands at more than 2% of the country's Gross Domestic Product (GDP), warrants the government to review its incentives system and make it time-bound, performance-based, transparent and targeted to ensure that redundant incentives are removed, that the benefits fully outweigh the costs and that fiscal prudence is maintained at all times.

It must be stressed that despite the Philippines being the most generous provider of tax incentives in the region, its share of investments and its export performance relative to its ASEAN neighbors is not high. This means that the government is not able to successfully translate its tax incentive scheme into investments and overseas business. The Philippines has one of the lowest export-to-GDP ratio among the ASEAN5, while its foreign direct investments-to-GDP ratio, while increasing in recent years, remains lackluster relative to its neighbors. The answer to this conundrum lies in the fact that investments and exports are mainly influenced by a country's ability to provide efficient infrastructure, modern logistics, effective governance, low cost of doing business and a productive workforce. In general, while tax incentives can help a country improve its competitiveness, these do not provide the real solution over the long-term and often only serve as band-aid solutions to compensate for a country's inability to provide reliable infrastructure and basic services. In line with this, the administration of President Duterte seeks to reform the tax system by removing redundant and costly tax incentives in order to generate more tax revenues which would be used to fund priority programs geared towards improving the country's investment climate in the long-term.

With tax incentives modernized and the tax base expanded, the corporate income tax rate can be reduced to correct the present inequitable and unjust system which benefits a few industries while negatively impacting the rest of the business community – notably micro-, small- and medium-size enterprises which are made to pay the regular 30% corporate income tax rate. The reduction in the corporate income tax rate would be a welcome relief that will benefit all corporate taxpayers – whether large or small, whether domestic or foreign – and will attract more investments. Further, the reduction in corporate income tax rate will also boost the Philippines' competitiveness in the global business landscape by making the country's CIT rate

Ultimately, this bill aims to yield benefits not just for the government, but more importantly, for Filipino taxpayers who have been diligently fulfilling their tax obligations by making the tax system more progressive, more efficient and simpler.

In view of the foregoing, urgent approval of this bill is earnestly sought.



**HORACIO P. SUANSING, JR.**  
2<sup>nd</sup> District of Sultan Kudarat



**ESTRELLITA B. SUANSING**  
1<sup>st</sup> District of Nueva Ecija

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2 HOUSE OF REPRESENTATIVES  
3 Quezon City

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8 HOUSE BILL NO. **7214**  
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11 and ESTRELLITA B. SUANSING

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13 AN ACT

14 AMENDING SECTIONS, 20, 22, 27, 28, 34, 40, 50, 220, 237, 237-A, 290, 291, 292 AND  
15 ADDING SECTIONS 293, 294, 295, 296, 297, 298, 298-A, 299, 300, 301, 302, 303, 304, 305,  
16 AND 306 UNDER CHAPTERS I, II, III, IV, V AND VI, ALL UNDER THE NATIONAL  
17 INTERNAL REVENUE CODE OF 1997, AS AMENDED  
18

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

22 SECTION 1. *Title.* This Act shall be known as the "Corporate Income Tax and Incentives  
23 Reform Act."  
24

25 SEC. 2. *Declaration of Policy.* The national economy shall be developed so as to enhance its  
26 global competitiveness by implementing corporate tax policies that are instrumental in inducing  
27 investments geared towards productivity enhancement, employment generation, and countrywide  
28 development, while maintaining fiscal prudence and stability at all times. To achieve these  
29 objectives, the state shall develop a tax incentives regime governed by the following major  
30 principles: performance-based, targeted, time-bound, and transparent. Accordingly, the following  
31 are the declared policies of the State:  
32

- 33 1. The State shall pursue a market-responsive and globally-competitive investment and tax  
34 incentive regime subject to the rules of fiscal prudence and discipline;
- 35 2. The State shall formulate targeted and performance-based industry and sectoral  
36 development programs;
- 37 3. The State shall pursue policies to enhance the progressivity of the tax system by  
38 reforming the Philippine internal and border revenue tax system, thereby promoting  
39 rapid, sustainable, and more inclusive economic growth;
- 40 4. The State shall improve the equity and efficiency of the corporate tax system by  
41 lowering the rate, widening the tax base, and reducing tax distortions and leakages to  
42 arrive at a tax incentive system that is performance-based, targeted, time-bound, and  
43 transparent;
- 44 5. The State shall endeavor to improve the productivity and competitiveness of the  
45 country through a fairer tax system relevant to the changing economic conditions of the  
46 country and aligned with its ASEAN neighbors;
- 47 6. The State shall ensure that the grant of tax incentives will promote substantial social and

- 1 economic spillovers and equitable development across income classes, across  
2 industries, and across regions/provinces;
- 3 7. The State shall ensure that the grant of tax incentives to investments shall be  
4 conducted in a manner that respects the laws of the land, including the protection of the  
5 environment, natural resources, labor, and good corporate governance principles.
- 6 8. The State shall recognize the indispensable role of the private sector, encourages  
7 private investments, and provides fiscally responsible and sustainable tax incentives  
8 necessary to boost economic growth.
- 9

10 SEC. 3. Section 20 of the National Internal Revenue Code of 1997, as amended is hereby further  
11 amended to read as follows:

12

13 “SEC. 20. *Submission of Report and Pertinent Information by the Commissioner.* –

14

15 (A) Xxx

16

17 (B) **SUBMISSION OF TAX-RELATED INFORMATION TO THE DEPARTMENT**  
18 **OF FINANCE.** – THE COMMISSIONER SHALL, UPON THE REQUEST OF  
19 THE SECRETARY OF FINANCE SPECIFICALLY IDENTIFYING THE  
20 NEEDED INFORMATION AND JUSTIFICATION FOR SUCH REQUEST,  
21 FURNISH THE SECRETARY PERTINENT TAXPAYER INFORMATION:  
22 **PROVIDED, HOWEVER,** THAT THE SECRETARY AND THE RELEVANT  
23 OFFICERS HANDLING SUCH SPECIFIC INFORMATION SHALL BE  
24 COVERED BY THE PROVISIONS OF SECTION 270, UNLESS TAXPAYER  
25 CONSENTS IN WRITING TO SUCH DISCLOSURE.

26

27 ~~(B)~~-(C) **Report to Oversight Committee.** - The Commissioner shall, with reference to  
28 Section 204 of this Code, submit to the Oversight Committee referred to in Section  
29 290 hereof, through the Chairmen of the Committee on Ways and Means of the  
30 Senate and House of Representatives, a report on the exercise of his powers pursuant to  
31 the said Section, every six (6) months of each calendar year.

32

33 SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended is hereby further  
34 amended to read as follows:

35

36 (A) Xxx

37 (B) Xxx

38 (C) Xxx

1 (D) Xxx

2  
3 (E) THE TERM '*CAPITAL EQUIPMENT*' REFERS TO MACHINERY,  
4 EQUIPMENT, MAJOR COMPONENTS THEREOF, FITTINGS AND  
5 ACCOMPANIMENTS WHICH FORM PART OF THE DIRECT COST AND  
6 ARE DIRECTLY AND REASONABLY NEEDED IN THE REGISTERED  
7 ACTIVITY OF THE REGISTERED ENTERPRISE.  
8

9 (F) THE TERM '*EXPORT ENTERPRISE*' SHALL MEAN A REGISTERED  
10 ENTERPRISE WHICH IS A MANUFACTURER, PROCESSOR, OR SERVICE  
11 PROVIDER AND WHOSE EXPORT SALE OF ITS PRODUCTS OR  
12 SERVICES IS AT LEAST NINETY PERCENT (90%) OF ITS TOTAL  
13 ANNUAL PRODUCTION OF THE PRECEDING TAXABLE YEAR.  
14 *PROVIDED, HOWEVER*, IT SHALL NOT INCLUDE ANY OF THE  
15 FOLLOWING ENTERPRISES SUCH AS, BUT NOT LIMITED TO, THOSE  
16 ENGAGED IN CUSTOMS BROKERAGE, TRUCKING OR FORWARDING  
17 SERVICES, PARCEL SERVICES, JANITORIAL SERVICES, SECURITY  
18 SERVICES, INSURANCE AND/OR BANKING, OR OTHER FINANCIAL  
19 SERVICES, CONSUMERS' COOPERATIVES, CREDIT UNIONS,  
20 CONSULTANCY SERVICES, RETAIL BUSINESS, RESTAURANTS, OR  
21 SUCH OTHER SERVICES, WITHIN THE FREEPORT AND/OR SPECIAL  
22 ECONOMIC ZONE, AS MAY BE DETERMINED BY THE BOARD OF THE  
23 CONCERNED AUTHORITY OR THE FISCAL INCENTIVES REVIEW  
24 BOARD (FIRB), DULY ACCREDITED AND/OR LICENSED BY ANY OF THE  
25 AUTHORITIES AND WHOSE INCOME DERIVED WITHIN THE  
26 FREEPORT AND/OR SPECIAL ECONOMIC ZONE SHALL BE SUBJECT  
27 TO TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997,  
28 AS AMENDED.  
29

30 (G) THE TERM '*DOMESTIC ENTERPRISE*' SHALL MEAN A REGISTERED  
31 ENTERPRISE WHICH PRODUCES GOODS FOR SALE OR RENDERS  
32 SERVICES EXCLUSIVELY TO THE DOMESTIC MARKET OR DOES NOT  
33 MEET THE MINIMUM EXPORT REQUIREMENT OF AN EXPORT  
34 ENTERPRISE.  
35

36 (H) THE TERM '*EXPORT SALES OF GOODS*' SHALL MEAN THE SALES  
37 REVENUES OF AN EXPORT ENTERPRISE PAID FOR IN FREELY  
38 CONVERTIBLE FOREIGN CURRENCY, DETERMINED FROM INVOICES,  
39 BILLS OF LADING, INWARD LETTERS OF CREDIT, LANDING  
40 CERTIFICATES, OR OTHER COMMERCIAL DOCUMENTS, OF THE  
41 FOLLOWING:

42 (1) THE SALE AND ACTUAL SHIPMENT OF GOODS FROM THE  
43 PHILIPPINES TO A FOREIGN COUNTRY BY AN EXPORT  
44 ENTERPRISE;

45 (2) SALES TO DIPLOMATIC MISSIONS AND INSTITUTIONS COVERED  
46 BY INTERNATIONAL TREATY;

(3) SALES OF AN EXPORT ENTERPRISE TO AN INTERNATIONAL SEA OR AIR TRANSPORT OPERATIONS OF GOODS, EQUIPMENT, SPARE PARTS, AND SUPPLIES, EXCEPT FUEL, FORMING PART OF DIRECT COSTS AND TO BE USED IN THE AIRCRAFT OR SEACRAFT, AND CAPITAL EQUIPMENT NEEDED FOR THE SHIPPING OR AIR TRANSPORT OPERATIONS;

(I) THE TERM '*EXPORT SALES OF SERVICES*' SHALL MEAN THE SALES REVENUES AND/OR GROSS RECEIPTS OF AN EXPORT ENTERPRISE, PAID FOR IN FREELY CONVERTIBLE FOREIGN CURRENCY, DETERMINED FROM CONTRACTS, INVOICES, VOUCHERS, OFFICIAL RECEIPTS, OR OTHER COMMERCIAL DOCUMENTS OF THE FOLLOWING:

- (1) SERVICES RENDERED TO NON-RESIDENT FOREIGN CLIENTS BY EXPORT ENTERPRISES;
- (2) SERVICES RENDERED TO DIPLOMATIC MISSIONS AND INSTITUTIONS COVERED BY INTERNATIONAL TREATY;
- (3) SERVICES FOR THE OVERHAUL, REPAIR, AND MAINTENANCE OF INTERNATIONAL SHIPPING, OR AIR TRANSPORT OPERATIONS.

[(E)] (J) The term '*non-resident citizen*' means: xxx

[(F)] (K) The term '*resident alien*' means: xxx

[(G)] (L) The term '*nonresident alien*' means: xxx

[(H)] (M) The term '*resident foreign corporation*' applies: xxx

[(I)] (N) The term '*nonresident foreign corporation*' applies: xxx

(O) THE TERM '*INVESTMENT PROMOTION AGENCIES*' (*IPAS*) SHALL REFER TO GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE ORDER, DECREE OR OTHER ISSUANCE, IN CHARGE OF PROMOTING INVESTMENT, ADMINISTERING TAX AND NON-TAX INCENTIVES, AND/OR OVERSEEING THE OPERATIONS FOR THE DIFFERENT ECONOMIC ZONES AND FREEPORTS IN ACCORDANCE WITH THEIR RESPECTIVE CHARTERS. THESE INCLUDE THE BOARD OF INVESTMENTS (BOI), PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC BAY METROPOLITAN AUTHORITY (SBMA), CLARK DEVELOPMENT CORPORATION (CDC), JOHN HAY MANAGEMENT CORPORATION (JHMC), PORO POINT MANAGEMENT CORPORATION (PPMC), BATAAN TECHNOLOGY PARK, INC. (BTPI), CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA), ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY (ZCSEZA), PHIVIDEK INDUSTRIAL AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE AND FREEPORT AUTHORITY (APECO), AUTHORITY OF THE FREEPORT AREA OF BATAAN (AFAB), TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY (TIEZA), AND ALL OTHER SIMILAR AUTHORITIES THAT MAY BE CREATED BY LAW IN THE FUTURE.

1  
2 (P)THE TERM '*REGISTERED ENTERPRISE*' SHALL MEAN ANY  
3 INDIVIDUAL, PARTNERSHIP, CORPORATION, PHILIPPINE BRANCH  
4 OF A FOREIGN CORPORATION, OR OTHER ENTITY INCORPORATED  
5 AND/OR ORGANIZED AND EXISTING UNDER PHILIPPINE LAWS AND  
6 REGISTERED WITH AN INVESTMENT PROMOTION AGENCY (IPA) AS  
7 DEFINED UNDER REPUBLIC ACT NO. 10708, OR THE TIMTA LAW, IN  
8 ACCORDANCE WITH THIS ACT. *PROVIDED, HOWEVER*, THAT THE  
9 TERM "REGISTERED ENTERPRISE" SHALL NOT INCLUDE ANY OF  
10 THE FOLLOWING SERVICE ENTERPRISES SUCH AS, BUT NOT  
11 LIMITED TO, THOSE ENGAGED IN CUSTOMS BROKERAGE,  
12 TRUCKING OR FORWARDING SERVICES, JANITORIAL SERVICES,  
13 SECURITY SERVICES, INSURANCE AND/OR BANKING, AND OTHER  
14 FINANCIAL SERVICES, CONSUMERS' COOPERATIVES, CREDIT  
15 UNIONS, CONSULTANCY SERVICES, RETAIL BUSINESS,  
16 RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS MAY BE  
17 DETERMINED BY THE IPA BOARD OR THE FIRB, IRRESPECTIVE OF  
18 LOCATION, WHETHER INSIDE OR OUTSIDE THE ZONES, DULY  
19 ACCREDITED AND/OR LICENSED BY ANY OF THE IPAS AND WHOSE  
20 INCOME DELIVERED WITHIN THE ECONOMIC ZONES SHALL BE  
21 SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL REVENUE  
22 CODE OF 1997, AS AMENDED.  
23

24 (Q) THE TERM '*SPECIAL ECONOMIC ZONE*' OR '*ECOZONE*' SHALL REFER  
25 TO A SELECTED AREA WITH HIGHLY DEVELOPED OR WHICH HAS  
26 THE POTENTIAL TO BE DEVELOPED INTO AGRO-INDUSTRIAL,  
27 INDUSTRIAL, INFORMATION TECHNOLOGY,  
28 TOURIST/RECREATIONAL, WHOSE METES AND BOUNDS ARE FIXED  
29 OR DELIMITED BY PRESIDENTIAL PROCLAMATIONS AND WITHIN A  
30 SPECIFIC GEOGRAPHICAL AREA. AN ECOZONE MAY CONTAIN ANY  
31 OR ALL OF THE FOLLOWING: INDUSTRIAL ESTATES (IES), EXPORT  
32 PROCESSING ZONES (EPZS), ICT PARKS AND CENTERS, AND FREE  
33 TRADE ZONES, *PROVIDED, HOWEVER*, THAT AREAS WHERE MINING  
34 EXTRACTIONS ARE UNDERTAKEN SHALL NOT BE DECLARED AS  
35 ECOZONES. *PROVIDED FURTHER*, THAT THE ECOZONES SHOULD  
36 COMPLY WITH THE MINIMUM CONTIGUOUS LAND AREA TO BE  
37 DETERMINED BY THE SECRETARY OF FINANCE.  
38

39 (R)THE TERM '*FREEPORT ZONES*' REFERS TO AN ISOLATED AND  
40 POLICED AREA ADJACENT TO A PORT OF ENTRY, WHICH SHALL BE  
41 OPERATED AND MANAGED AS A SEPARATE CUSTOMS TERRITORY  
42 TO ENSURE FREE FLOW OR MOVEMENT OF GOODS, EXCEPT THOSE  
43 EXPRESSLY PROHIBITED BY LAW, WITHIN, INTO, AND EXPORTED  
44 OUT IN THE FREEPORT ZONE WHERE IMPORTED GOODS MAY BE  
45 UNLOADED FOR IMMEDIATE TRANSSHIPMENT OR STORED,  
46 REPACKED, SORTED, MIXED, OR OTHERWISE MANIPULATED

1 WITHOUT BEING SUBJECT TO IMPORT DUTIES. HOWEVER,  
2 MOVEMENT OF THESE IMPORTED GOODS FROM THE FREE-TRADE  
3 AREA TO A NON-FREE TRADE AREA IN THE COUNTRY SHALL BE  
4 SUBJECT TO ALL APPLICABLE INTERNAL REVENUE TAXES AND  
5 DUTIES.

6 Letters (J) to (HH) under this section shall be re-lettered accordingly.  
7  
8

9 SEC. 5. Section 27 of the National Internal Revenue Code of 1997, as amended is hereby further  
10 amended to read as follows:  
11

12 *"SEC. 27. Rates of Income tax on Domestic Corporations. -*  
13

14 (A) *In General.* - Except as otherwise provided in this Code, **THE CORPORATE**  
15 **INCOME TAX (CIT) RATE SHALL BE THIRTY PERCENT (30%),** ~~[is hereby]~~  
16 imposed upon the taxable income derived during each taxable year from all sources  
17 within and without the Philippines by every corporation, as defined in Section 22(B) of  
18 this Code and taxable under this Title as a corporation, organized in, or existing under the  
19 laws of the Philippines. ~~[Provided, that effective January 1, 2009, the rate of income tax~~  
20 ~~shall be thirty percent (30%).]~~ **PROVIDED, THAT THE PRESIDENT, UPON THE**  
21 **RECOMMENDATION OF THE SECRETARY OF FINANCE, SHALL REDUCE**  
22 **THE CIT RATE BY ONE PERCENTAGE POINT EFFECTIVE JANUARY 1,**  
23 **2020 FOR EVERY 0.15% OF GROSS DOMESTIC PRODUCT (GDP)**  
24 **REDUCTION IN THE COST OF GRANTING TAX INCENTIVES TO BUSINESS**  
25 **INVESTMENTS, TWO YEARS PRIOR TO THE EFFECTIVITY OF THE NEW**  
26 **RATE. PROVIDED FURTHER, THAT THE CIT RATE SHALL NOT BE**  
27 **REDUCED TO LOWER THAN TWENTY FIVE PERCENT (25%).**  
28

29 In the case of corporations adopting the fiscal-year accounting period, the taxable income  
30 shall be computed without regard to the specific date when specific sales, purchases and  
31 other transactions occur. Their income and expenses for the fiscal year shall be deemed to  
32 have been earned and spent equally for each month of the period.  
33

34 The corporate income tax rate shall be applied on the amount computed by multiplying  
35 the number of months covered by the new rate within the fiscal year by the taxable  
36 income of the corporation for the period, divided by twelve.  
37

38 **FOR PURPOSES OF THIS SECTION, SECTION 28 (A) (1) AND SECTION 28**  
39 **(B), THE COST OF GRANTING TAX INCENTIVES SHALL BE DETERMINED**  
40 **THROUGH THE ANNUAL TAX EXPENDITURE REPORT BEING PREPARED**  
41 **BY THE DEPARTMENT OF FINANCE AND SUBMITTED TO THE**  
42 **DEPARTMENT OF BUDGET AND MANAGEMENT, AS MANDATED BY**  
43 **REPUBLIC ACT NO. 10708 OR THE TIMTA LAW.**  
44

45 ~~[Provided, further, That the President, upon the recommendation of the Secretary of~~  
46 ~~Finance, may effective January 1, 2000, allow corporations the option to be taxed at~~

1 fifteen-percent (15%) of gross income as defined herein, after the following conditions  
2 have been satisfied:

3  
4 (1) ~~A tax effort ratio of twenty percent (20%) of Gross National Product~~  
5 ~~(GNP);~~

6  
7 (2) ~~A ratio of forty percent (40%) of income tax collection to total tax revenues;~~

8  
9 (3) ~~A VAT tax effort of four percent (4%) of GNP; and~~

10  
11 (4) ~~A 0.9 percent (0.9%) ratio of the Consolidated Public Sector Financial~~  
12 ~~Position (CPSFP) to GNP;~~

13  
14 The option to be taxed based on gross income shall be available only to firms whose ratio  
15 of cost of sales to gross sales or receipts from all sources does not exceed fifty-five  
16 percent (55%);

17  
18 The election of the gross income tax option by the corporation shall be irrevocable for  
19 three (3) consecutive taxable years during which the corporation is qualified under the  
20 scheme;

21  
22 For purposes of this Section, the term '*gross income*' derived from business shall be  
23 equivalent to gross sales less sales returns, discounts and allowances and cost of goods  
24 sold. '*Cost of goods sold*' shall include all business expenses directly incurred to produce  
25 the merchandise to bring them to their present location and use;

26  
27 For a trading or merchandising concern, '*cost of goods sold*' shall include the invoice cost  
28 of the goods sold, plus import duties, freight in transporting the goods to the place where  
29 the goods are actually sold, including insurance while the goods are in transit;

30  
31 For a manufacturing concern, '*cost of goods manufactured and sold*' shall include all costs  
32 of production of finished goods, such as raw materials used, direct labor and  
33 manufacturing overhead, freight cost, insurance premiums and other costs incurred to  
34 bring the raw materials to the factory or warehouse;

35  
36 In the case of taxpayers engaged in the sale of service, '*gross income*' means gross  
37 receipts less sales returns, allowances and discounts;]

38  
39 ~~[(B) Proprietary Educational Institutions and Hospitals:—~~

40  
41 Proprietary educational institutions and hospitals which are nonprofit shall pay a tax of  
42 ten percent (10%) on their taxable income except those covered by Subsection (D)  
43 hereof: *Provided*, that if the gross income from '*unrelated trade, business or other*  
44 *activity*' exceeds fifty percent (50%) of the total gross income derived by such  
45 educational institutions or hospitals from all sources, the tax prescribed in Subsection (A)  
46 hereof shall be imposed on the entire taxable income. For purposes of this Subsection, the

term 'unrelated trade, business or other activity' means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. A 'proprietary educational institution' is any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education, Culture and Sports (DECS), or the Commission on Higher Education (CHED), or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations.]

(B) *Government-owned or -Controlled Corporations, Agencies or Instrumentalities.* - The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), AND the Philippine Health Insurance Corporation (PHIC), the local water districts (LWDs), and the local water districts, shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in similar business, industry, or activity.

xxx

SEC. 6. Section 28 of the National Internal Revenue Code of 1997, as amended is hereby further amended to read as follows:

"SEC. 28. *Rates of Income Tax on Foreign Corporations.* -

(A) *Tax on Resident Foreign Corporations.* -

(1) *In General.* - Except as otherwise provided in this Code, a corporation organized, authorized, or existing under the laws of any foreign country, engaged in trade or business within the Philippines, shall be subject to an income tax equivalent to **THIRTY PERCENT (30%)** [thirty-five percent (35%)] of the taxable income derived in the preceding taxable year from all sources within the Philippines. [:*Provided, That effective January 1, 2009, the rate of income tax shall be thirty percent (30%).*]- **PROVIDED, THAT THE PRESIDENT, UPON THE RECOMMENDATION OF THE SECRETARY OF FINANCE, SHALL REDUCE THE CIT RATE BY ONE PERCENTAGE POINT EFFECTIVE JANUARY 1, 2020 FOR EVERY 0.15% OF GROSS DOMESTIC PRODUCT (GDP) REDUCTION IN THE COST OF GRANTING TAX INCENTIVES TO BUSINESS INVESTMENTS, TWO YEARS PRIOR TO THE EFFECTIVITY OF THE NEW RATE. PROVIDED FURTHER, THAT THE CIT RATE SHALL NOT BE REDUCED TO LOWER THAN TWENTY FIVE PERCENT (25%).**

In the case of corporations adopting the fiscal-year accounting period, the taxable income shall be computed without regard to the specific date when sales, purchases and other

1 transactions occur. Their income and expenses for the fiscal year shall be deemed to have  
2 been earned and spent equally for each month of the period.

3  
4 The corporate income tax rate shall be applied on the amount computed by multiplying  
5 the number of months covered by the new rate within the fiscal year by the taxable  
6 income of the corporation for the period, divided by twelve.

7 ~~[Provided, however, That a resident foreign corporation shall be granted the option to be~~  
8 ~~taxed at fifteen percent (15%) on gross income under the same conditions, as provided in~~  
9 ~~Section 27 (A).]~~

10 (2) xxx

11  
12 (3) xxx

13  
14 ~~[(4) Offshore Banking Units. The provisions of any law to the contrary notwithstanding,~~  
15 ~~income derived by offshore banking units authorized by the Bangko Sentral ng Pilipinas~~  
16 ~~(BSP), from foreign currency transactions with nonresidents, other offshore banking~~  
17 ~~units, local commercial banks, including branches of foreign banks that may be~~  
18 ~~authorized by the Bangko Sentral ng Pilipinas (BSP) to transact business with offshore~~  
19 ~~banking units shall be exempt from all taxes except net income from such transactions as~~  
20 ~~may be specified by the Secretary of Finance, upon recommendation of the Monetary~~  
21 ~~Board which shall be subject to the regular income tax payable by banks: Provided,~~  
22 ~~however, That any interest income derived from foreign currency loans granted to~~  
23 ~~residents other than offshore banking units or local commercial banks, including local,~~  
24 ~~branches of foreign banks that may be authorized by the BSP to transact business with~~  
25 ~~offshore banking units, shall be subject only to a final tax at the rate of ten percent (10%).~~

26  
27 Any income of nonresidents, whether individuals or corporations, from transactions with  
28 said offshore banking units shall be exempt from income tax.]

29  
30 xxx

31  
32 ~~[(6) Regional or Area Headquarters and Regional Operating Headquarters of~~  
33 ~~Multinational Companies.—~~

- 34  
35 (a) ~~Regional or area headquarters as defined in Section 22(DD) shall not be~~  
36 ~~subject to income tax.~~  
37 (b) ~~Regional operating headquarters as defined in Section 22(EE) shall pay a tax~~  
38 ~~of ten percent (10%) of their taxable income.]~~

39  
40 (4) *Tax on Certain Incomes Received by a Resident Foreign Corporation. —*

41  
42 (a) Interest from Deposits and Yield or any other Monetary Benefit from Deposit  
43 Substitutes, Trust Funds and Similar Arrangements and Royalties. — Interest from any  
44 currency bank deposit and yield or any other monetary benefit from deposit substitutes

and from trust funds and similar arrangements and royalties derived from sources within the Philippines shall be subject to a final income tax at the rate of twenty percent (20%) of such interest: Provided, however, That interest income derived by a resident foreign corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of **FIFTEEN PERCENT (15%)** ~~seven and one-half percent (7 1/2%)~~ of such interest income.

(b) Income Derived under the Expanded Foreign Currency Deposit System.

xxx

(c) Capital Gains from Sale of Shares of Stock Not Traded in the Stock Exchange. – A final tax at the rate ~~[as prescribed below]~~ **OF FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation except shares sold or disposed of through the stock exchange:

|                                           |     |
|-------------------------------------------|-----|
| [Not over _____ P100,000 _____            | 5%  |
| On any amount in excess of P100,000 _____ | 10% |

(d) Intercorporate Dividends. Xxx

(B) Tax on Nonresident Foreign Corporation. -

(1) *In General.* - Except as otherwise provided in this Code, a foreign corporation not engaged in trade or business in the Philippines shall pay a tax equal to **THIRTY PERCENT (30%)** ~~[thirty-five percent (35%)]~~ of the gross income received during each taxable year from all sources within the Philippines, such as interests, dividends, rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5 (c) [ : ~~Provided, That effective January 1, 2009, the rate of income tax shall be thirty percent (30%).~~ ] **PROVIDED, THAT THE PRESIDENT, UPON THE RECOMMENDATION OF THE SECRETARY OF FINANCE, SHALL REDUCE THE CIT RATE BY ONE PERCENTAGE POINT EFFECTIVE JANUARY 1, 2020 FOR EVERY 0.15% OF GROSS DOMESTIC PRODUCT (GDP) REDUCTION IN THE COST OF GRANTING TAX INCENTIVES TO BUSINESS INVESTMENTS, TWO YEARS PRIOR TO THE EFFECTIVITY OF THE NEW RATE. PROVIDED FURTHER, THAT THE CIT RATE SHALL NOT BE REDUCED TO LOWER THAN TWENTY FIVE PERCENT (25%).**

~~[(2) Nonresident Cinematographic Film Owner, Lessor or Distributor. — A cinematographic film owner, lessor, or distributor shall pay a tax of twenty-five percent (25%) of its gross income from all sources within the Philippines.]~~

~~[(3) Nonresident Owner or Lessor of Vessels Chartered by Philippine Nationals. — A nonresident owner or lessor of vessels shall be subject to a tax of four and one-half~~

percent (4 1/2%) of gross rentals, lease or charter fees from leases or charters to Filipino citizens or corporations, as approved by the Maritime Industry Authority.]

~~[(4) Nonresident Owner or Lessor of Aircraft, Machineries and Other Equipment.— Rentals, charters and other fees derived by a nonresident lessor of aircraft, machineries and other equipment shall be subject to a tax of seven and one-half percent (7 1/2%) of gross rentals or fees.]~~

(2) *Tax on Certain Incomes Received by a Nonresident Foreign Corporation. —*

(a) *Interest on Foreign Loans. — xxx*

(b) *Intercorporate Dividends. —* A final withholding tax at the rate of fifteen percent (15%) is hereby imposed on the amount of cash and/or property dividends received from a domestic corporation, which shall be collected and paid as provided in Section 57 (A) of this Code, subject to the condition that the country in which the nonresident foreign corporation is domiciled, shall allow a credit against the tax due from the nonresident foreign corporation taxes deemed to have been paid in the Philippines equivalent to ~~twenty percent (20%)~~ **FIFTEEN PERCENT (15%)** which represents the difference between the regular income tax of ~~thirty-five percent (35%)~~ **THIRTY PERCENT (30%)** and the fifteen percent (15%) tax on dividends as provided in this subparagraph: *Provided, that* **EFFECTIVE JANUARY 1, 2019, effective January 1, 2009**, the credit against the tax due shall ~~REMAIN be~~ equivalent to fifteen percent (15%), which represents the difference between the regular income tax of thirty percent (30%) and the fifteen percent (15%) tax on dividends. **PROVIDED FURTHER, THAT THE ABOVE RATE SHALL BE REDUCED BY ONE PERCENTAGE POINT FOR EVERY ONE PERCENTAGE POINT REDUCTION IN THE CIT RATE AS PROVIDED IN SECTION 28 (B)(1) OF THIS CODE.**

(c) *Capital Gains from Sale of Shares of Stock not Traded in the Stock Exchange. —* A final tax at the rate~~[s-prescribed below]~~ **OF FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold, or disposed of through the stock exchange.[:

|                                     |     |
|-------------------------------------|-----|
| Not over P100,000                   | 5%  |
| On any amount in excess of P100,000 | 10% |

SEC. 7. Section 34 of the National Internal Revenue Code of 1997, as amended is hereby further amended to read as follows:

*“SEC. 34. Deductions from Gross Income. —* Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section other than under subsection (M) hereof, in computing taxable income subject to income tax under Sections 24(A); 25(A);

26; 27(A), (B) and (C); and 28(A)(1), there shall be allowed the following deductions from gross income;

(A) *Expenses.* -

(1) *Ordinary and Necessary Trade, Business or Professional Expenses.* -

(a) *In General.* - There shall be allowed as deduction from gross income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to, the development, management, operation and/or conduct of the trade, business or exercise of a profession, including:

(i) A reasonable allowance for salaries, wages, and other forms of compensation for personal services actually rendered, including the grossed-up monetary value of fringe benefit furnished or granted by the employer to the employee **IN THE YEARS APPLICABLE:** *Provided,* That the final tax imposed under Section 33 hereof has been paid;

(ii) A reasonable allowance for travel expenses, here and abroad, while away from home in the pursuit of trade, business or profession;

(iii) A reasonable allowance for rentals and/or other payments which are required as a condition for the continued use or possession, for purposes of the trade, business or profession, of property to which the taxpayer has not taken or is not taking title or in which he has no equity other than that of a lessee, user or possessor;

(iv) A reasonable allowance for entertainment, amusement and recreation expenses during the taxable year, that are directly connected to the development, management and operation of the trade, business or profession of the taxpayer, or that are directly related to or in furtherance of the conduct of his or its trade, business or exercise of a profession not to exceed such ceilings as the Secretary of Finance may, by rules and regulations prescribe, upon recommendation of the Commissioner, taking into account the needs as well as the special circumstances, nature and character of the industry, trade, business, or profession of the taxpayer: *Provided,* That any expense incurred for entertainment, amusement or recreation that is contrary to law, morals public policy or public order shall in no case be allowed as a deduction.

(b) *Substantiation Requirements.* - No deduction from gross income shall be allowed under Subsection (A) hereof unless the taxpayer shall substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer.

(c) *Bribes, Kickbacks and Other Similar Payments.* - No deduction from gross income shall be allowed under Subsection (A) hereof for any payment made, directly or indirectly, to an official or employee of the national government, or to an official or employee of any local government unit, or to an official or employee of a government-owned or -controlled corporation, or to an official or employee or representative of a foreign government, or to a private corporation, general professional partnership, or a similar entity, if the payment constitutes a bribe or kickback.

~~[(2) *Expenses Allowable to Private Educational Institutions.* - In addition to the expenses allowable as deductions under this Chapter, a private educational institution, referred to under Section 27 (B) of this Code, may at its option elect either: (a) to deduct expenditures otherwise considered as capital outlays of depreciable assets incurred during the taxable year for the expansion of school facilities or (b) to deduct allowance for depreciation thereof under Subsection (F) hereof.]~~

(B) *Interest.* -

(1) *In General.* - The amount of interest paid or incurred within a taxable year on indebtedness in connection with the taxpayer's profession, trade or business shall be allowed as deduction from gross income: *Provided, however,* That the taxpayer's otherwise allowable deduction for interest expense shall be reduced by ~~forty-two percent (42%)~~ **THIRTY THREE PERCENT (33%)** of the interest income subjected to final tax: ~~*Provided, That effective January 1, 2009, the percentage shall be thirty-three percent (33%).*~~ **PROVIDED FURTHER, THAT THE FOLLOWING PERCENTAGES SHALL APPLY IF THE CIT RATE AS PROVIDED IN SECTIONS 27 (A) AND 28(A)(1) IS ADJUSTED AS FOLLOWS:**

**IF CIT RATE IS 29%, INTEREST EXPENSE REDUCTION RATE IS 31%;**  
**IF CIT RATE IS 28%, INTEREST EXPENSE REDUCTION RATE IS 28%;**  
**IF CIT RATE IS 27%, INTEREST EXPENSE REDUCTION RATE IS 25%**  
**IF CIT RATE IS 26%, INTEREST EXPENSE REDUCTION RATE IS 23%**  
**IF CIT RATE IS 25%, INTEREST EXPENSE REDUCTION RATE IS 20%**

(L) *Optional Standard Deduction (OSD).* - In lieu of the deductions allowed under the preceding Subsections, an individual subject to tax under Section 24, other than a nonresident alien, ~~{may elect a standard deduction in an amount not exceeding forty percent (40%) of his gross sales or gross receipts, as the case maybe. In the case of a}~~ **AND A** corporation subject to tax under Sections 27(A) and 28 (A)(1), ~~[it] may elect a standard deduction in an amount not exceeding TWENTY PERCENT (20%) [forty percent (40%)]~~ of its gross income as defined in Section 32 of this Code. Unless the taxpayer signifies in his return his intention to elect the optional standard deduction, he shall be considered as having availed himself of the deductions allowed in the preceding

Subsections. Such election when made in the return shall be irrevocable for the taxable year for which the return is made: *Provided*, That an individual who is entitled to and claimed for the optional standard deduction shall not be required to submit with his tax return such financial statements otherwise required under this Code: *Provided, further*, That except when the Commissioner otherwise permits, the said individual shall keep such records pertaining to his gross sales or gross receipts, or the said corporation shall keep such records pertaining to his gross income as defined in Section 32 of this Code during the taxable year, as may be required by the rules and regulations promulgated by the Secretary of Finance, upon, recommendation of the Commissioner.

Notwithstanding the provision of the preceding Subsections, the Secretary of Finance, upon recommendation of the Commissioner, after a public hearing shall have been held for this purpose, may prescribe by rules and regulations, limitations or ceilings for any of the itemized deductions under Subsections (A) to (J) of this Section: *Provided*, That for purposes of determining such ceilings or limitations, the Secretary of Finance shall consider the following factors: (1) adequacy of the prescribed limits on the actual expenditure requirements of each particular industry; and (2) effects of inflation on expenditure levels: *Provided, further*, That no ceilings shall further be imposed on items of expense already subject to ceilings under present law."

SEC. 8. Section 40(C)(2) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 40. *Determination of Amount and Recognition of Gain or Loss.* -

XXX

(C) *Exchange of Property.* -

(1) XXX

(2) *Exception.* - No gain or loss shall be recognized **TO A CORPORATION OR ON ITS STOCK OR SECURITIES IF SUCH CORPORATION IS A PARTY TO A REORGANIZATION AND EXCHANGES PROPERTY**, if in pursuance of a plan of merger or consolidation **REORGANIZATION SOLELY FOR STOCK OR SECURITIES IN ANOTHER CORPORATION A PARTY TO THE REORGANIZATION. A REORGANIZATION IS DEFINED AS:**

(a) ~~A corporation, which is a party to a~~ **A STATUTORY** merger or consolidation, ~~exchanges property solely for stock in a corporation, which is a party to the merger or consolidation; or~~

(b) ~~A shareholder exchanges stock in a corporation, which is a party to the merger or consolidation, solely for the stock of another corporation also a party to the merger or consolidation; or~~ **THE ACQUISITION BY ONE CORPORATION, IN EXCHANGE SOLELY FOR ALL OR A PART OF ITS VOTING STOCK (OR IN EXCHANGE SOLELY FOR ALL OR A PART OF THE**

VOTING STOCK OF A CORPORATION WHICH IS IN CONTROL OF THE ACQUIRING CORPORATION), OF STOCK OF ANOTHER CORPORATION IF, IMMEDIATELY AFTER THE ACQUISITION, THE ACQUIRING CORPORATION HAS CONTROL OF SUCH OTHER CORPORATION 9WHETHER OR NOT SUCH ACQUIRING CORPORATION HAD CONTROL IMMEDIATELY BEFORE THE ACQUISITION);

~~(c) A security holder of a corporation, which is a party to the merger or consolidation, exchanges his securities in such corporation, solely for stock or securities in such corporation, a party to the merger or consolidation. THE ACQUISITION BY ONE CORPORATION, IN EXCHANGE SOLELY FOR ALL OR A PART OF ITS VOTING STOCK (OR IN EXCHANGE SOLELY FOR ALL OR A PART OF THE VOTING STOCK OF A CORPORATION WHICH IS IN CONTROL OF THE ACQUIRING CORPORATION), OR SUBSTANTIALLY ALL OF THE PROPERTIES OF ANOTHER CORPORATION, BUT IN CORPORATION OF A LIABILITY OF THE OTHER SHALL BE DISREGARDED;~~

(D) A RECAPITALIZATION; OR

(E) A REINCORPORATION

No gain or loss shall also be recognized if property is transferred to a corporation by a **ONE OF MORE** personS in exchange for stock or unit of participation in such a corporation of which as a result of such exchange said person, alone or together with others, not exceeding four (4) persons, gains control of said corporation: *Provided*, that stocks issued for services shall not be considered as issued in return for property.

IN ALL OF THE ABOVE INSTANCES, THE TRANSACTION OR ARRANGEMENT MUST BE UNDERTAKEN FOR A LEGITIMATE OR BONA FIDE BUSINESS PURPOSE AND NOT SOLELY FOR THE PURPOSE OF AVOIDING OR ESCAPING THE BURDEN OF TAXATION.

THE PROVISION OF SECTION 50 OF THIS CODE SHALL BE APPLIED AND ENFORCED, IN CASES WHERE THE TRANSACTION OR ARRANGEMENT ENTERED INTO IS FOUND TO BE NOT FOR LEGITIMATE OR BONA FIDE BUSINESS PURPOSE.

**PROVIDED, HOWEVER,** SALE OR EXCHANGES OF PROPERTY USED FOR BUSINESS FOR SHARES OF STOCK COVERED UNDER THIS SUBSECTION SHALL NOT BE SUBJECT TO VALUE ADDED TAX (VAT).

SEC. 9. Section 50 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

1  
2 ~~"SEC. 50. Allocation of Income and Deductions. In the case of two or more~~  
3 ~~organizations, trades or businesses (whether or not incorporated and whether or not~~  
4 ~~organized in the Philippines) owned or controlled directly or indirectly by the same~~  
5 ~~interests, the Commissioner is authorized to distribute, apportion or allocate gross income~~  
6 ~~or deductions between or among such organization, trade or business, if he determined~~  
7 ~~that such distribution, apportionment or allocation is necessary in order to prevent~~  
8 ~~evasion of taxes or clearly to reflect the income of any such organization, trade or~~  
9 ~~business.~~ **SEC. 50. AUTHORITY OF THE COMMISSIONER TO DISTRIBUTE,**  
10 **APPORTION, ALLOCATE, AND IMPUTE INCOME AND DEDUCTIONS TO**  
11 **DISREGARD AND COUNTERACT TAX AVOIDANCE ARRANGEMENTS. – IN**  
12 **CASE OF TWO OR MORE ORGANIZATIONS, TRADES OR BUSINESSES**  
13 **(WHETHER OR NOT INCORPORATED AND WHETHER OR NOT**  
14 **ORGANIZED IN THE PHILIPPINES) OWNED OR CONTROLLED DIRECTLY**  
15 **OR INDIRECTLY BY THE SAME INTERESTS, THE COMMISSIONER IS**  
16 **AUTHORIZED TO DISTRIBUTE, APPORTION, ALLOCATE, OR IMPUTE**  
17 **INCOME OR DEDUCTIONS BETWEEN OR AMONG SUCH ORGANIZATION,**  
18 **TRADE OR BUSINESS, IF THE COMMISSIONER DETERMINES THAT SUCH**  
19 **DISTRIBUTION, APPORTIONMENT, ALLOCATION, OR IMPUTATION IS**  
20 **NECESSARY IN ORDER TO PREVENT EVASION OF TAXES OR CLEARLY**  
21 **TO REFLECT THE INCOME OF ANY SUCH ORGANIZATION, TRADE, OR**  
22 **BUSINESS.**

23  
24 **IN CASES WHEN A TRANSACTION OR ARRANGEMENT, WHETHER**  
25 **ENTERED INTO BY THE PERSON AFFECTED BY THE TRANSACTION OR**  
26 **ARRANGEMENT OR BY ANOTHER PERSON, THAT DIRECTLY OR**  
27 **INDIRECTLY HAS TAX AVOIDANCE AS ITS PURPOSES OR EFFECTS,**  
28 **WHETHER OR NOT ANY OTHER PURPOSE OR EFFECT IS ATTRIBUTABLE**  
29 **AS TO ORDINARY BUSINESS OR FAMILY DEALINGS, IF THE TAX**  
30 **AVOIDANCE PURPOSE OR EFFECT IS NOT MERELY INCIDENTAL, THE**  
31 **COMMISSIONER IS AUTHORIZED TO DISREGARD AND CONSIDER SUCH**  
32 **TRANSACTION OR ARRANGEMENT AS VOID FOR INCOME TAX**  
33 **PURPOSES, AND MAY ADJUST THE TAXABLE INCOME OF A PERSON**  
34 **AFFECTED BY THE ARRANGEMENT IN A WAY THE COMMISSIONER**  
35 **THINKS APPROPRIATE, IN ORDER TO COUNTERACT A TAX ADVANTAGE**  
36 **OBTAINED BY THE PERSON FROM OR UNDER THE ARRANGEMENT.**

37  
38 **FOR PURPOSES OF THIS SECTION, THE TERM "TAX AVOIDANCE"**  
39 **INCLUDES (A) DIRECTLY OR INDIRECTLY ALTERING THE INCIDENCE**  
40 **OF ANY INCOME TAX; (B) DIRECTLY OR INDIRECTLY RELIEVING A**  
41 **PERSON FROM LIABILITY TO PAY INCOME TAX OR FROM A POTENTIAL**  
42 **OR PROSPECTIVE LIABILITY TO FUTURE INCOME TAX; (C) DIRECTLY**  
43 **OR INDIRECTLY AVOIDING, POSTPONING, OR REDUCING ANY**

1 LIABILITY TO INCOME TAX, OR ANY POTENTIAL OR PROSPECTIVE  
2 LIABILITY TO FUTURE INCOME TAX. THERE IS 'TAX AVOIDANCE' IN  
3 THE AFOREMENTIONED INSTANCES, WHERE THE TRANSACTION OR  
4 ARRANGEMENT IS MOTIVATED BY OBTAINING TAX BENEFIT OR  
5 ADVANTAGE WITH NO COMMERCIAL REALITY OR ECONOMIC EFFECT  
6 AND THE USE OF THE PROVISIONS OF THE TAXATION LAW ON SUCH  
7 TRANSACTION OR ARRANGEMENT WOULD NOT HAVE BEEN THE  
8 INTENTION OF THE LAW."  
9

10  
11 SEC. 10. Sec. 220, Chapter II, Title VIII of the National Internal Revenue Code of 1997, as  
12 amended is hereby amended to read as follows:  
13

14 "**SEC. 220. *Form and Mode of Proceeding in Actions Arising under this Code.*** – Civil  
15 and criminal actions and proceedings instituted in behalf of the Government under the  
16 authority of this Code or other law enforced by the Bureau of Internal Revenue shall be  
17 brought in the name of the Government of the Philippines and shall be conducted by legal  
18 officers of the Bureau of Internal Revenue but no civil or criminal action for the recovery  
19 of taxes or the enforcement of any fine, penalty or forfeiture under this Code shall be filed  
20 in court without the approval of the Commissioner. **CIVIL ACTIONS INVOLVING  
21 DISPUTED ASSESSMENTS AND COLLECTIONS OR REFUNDS OF  
22 INTERNAL REVENUE TAXES, FEES OR OTHER CHARGES OR PENALTIES  
23 IN RELATION THERETO, OR OTHER MATTERS ARISING UNDER THIS  
24 CODE OR OTHER LAW ENFORCED BY THE BUREAU OF INTERNAL  
25 REVENUE SHALL BE HANDLED EXCLUSIVELY BY LEGAL OFFICERS OF  
26 THE BUREAU OF INTERNAL REVENUE IN ALL STAGES OF THE  
27 PROCEEDINGS, INCLUDING APPEALS BEFORE THE PROPER COURTS.**  
28

29 **CRIMINAL ACTIONS INVOLVING VIOLATIONS OF THIS CODE OR OTHER  
30 LAW ENFORCED BY THE BUREAU OF INTERNAL REVENUE SHALL BE  
31 INVESTIGATED, PROSECUTED, AND HANDLED EXCLUSIVELY BY THE  
32 LEGAL OFFICERS OF THE BUREAU OF INTERNAL REVENUE IN ALL  
33 STAGES OF THE PROCEEDINGS, INCLUDING APPEALS BEFORE THE  
34 PROPER COURTS. FOR PURPOSES OF DETERMINING WHETHER THERE  
35 IS SUFFICIENT GROUND TO ENGENDER A WELL-FOUNDED BELIEF THAT  
36 A CRIMINAL VIOLATION OF THIS CODE OR OTHER LAW ENFORCED BY  
37 THE BUREAU OF INTERNAL REVENUE HAS BEEN COMMITTED AND  
38 THAT THE RESPONDENT IS PROBABLY GUILTY THEREOF AND SHOULD  
39 BE HELD FOR TRIAL, THE LEGAL OFFICERS OF THE BUREAU OF  
40 INTERNAL REVENUE ARE HEREBY AUTHORIZED TO CONDUCT THE  
41 REQUISITE PRELIMINARY INVESTIGATION. SHOULD THERE EXISTS  
42 PROBABLE CAUSE TO HOLD THE RESPONDENT FOR TRIAL, THE  
43 INVESTIGATING LEGAL OFFICER SHALL PREPARE THE INFORMATION  
44 TO BE FILED DIRECTLY WITH THE APPROPRIATE COURTS.**  
45

1 ALL CIVIL AND CRIMINAL ACTIONS SHALL BE BROUGHT IN THE NAME  
2 OF THE GOVERNMENT OF THE PHILIPPINES AND SHALL BE FILED IN  
3 COURT WITH THE APPROVAL OF THE COMMISSIONER OF INTERNAL  
4 REVENUE OR HIS/HER DULY AUTHORIZED REPRESENTATIVE. NO  
5 REFERRAL BY THE BUREAU OF INTERNAL REVENUE TO THE OFFICE OF  
6 THE SOLICITOR GENERAL, DEPARTMENT OF JUSTICE, OR ANY  
7 GOVERNMENT AGENCY SHALL BE NEEDED IN CONNECTION WITH A  
8 CIVIL OR CRIMINAL ACTION HANDLED BY THE LEGAL OFFICERS OF  
9 THE BUREAU OF INTERNAL REVENUE.

10  
11 FOR THIS PURPOSE, THE SECRETARY OF FINANCE, UPON  
12 RECOMMENDATION OF THE COMMISSIONER, SHALL PROMULGATE  
13 THE NECESSARY RULES AND REGULATIONS FOR THE  
14 IMPLEMENTATION OF THIS PROVISION.

15  
16  
17 SEC. 11. Sec. 237 of the National Internal Revenue Code of 1997, as amended is hereby  
18 amended to read as follows:

19  
20 *"SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. –*

21  
22 *(A) Issuance. – xxx*

23  
24 "Within five (5) years from the effectivity of this Act and upon the establishment of a  
25 system capable of storing and processing the required data, the Bureau shall require  
26 taxpayers engaged in the export of goods and service, taxpayers engaged in e-  
27 commerce, and taxpayers under the jurisdiction of the Large Taxpayers Service to  
28 issue ~~AND TRANSFER~~ electronic receipts or sales or commercial invoices ~~in lieu of~~  
29 ~~manual receipts or sales or commercial invoices~~ **THRU DESIGNATED**  
30 **ELECTRONIC CHANNELS WITH A PUBLIC CERTIFICATION SYSTEM**  
31 **ACCREDITED BY THE BUREAU**, subject to the rules and regulations to be  
32 issued by the Secretary of Finance upon recommendation of the Commissioner ~~and~~  
33 ~~after a following a public hearing shall have been held~~ for this purpose: Provided,  
34 That taxpayers not covered by the mandate of this provision may issue electronic  
35 receipts of sales or commercial invoices in lieu of manual receipts or sales or  
36 commercial invoices.

37  
38 **A PUBLIC CERTIFICATION SYSTEM SHALL REFER TO A DIGITAL**  
39 **PERSONAL AUTHENTICATION PROGRAM WITH ABILITY TO VERIFY**  
40 **THE IDENTITY OF ISSUING TAXPAYER AND ATTEST TO THE**  
41 **AUTHENTICITY OF THE INFORMATION IN THE ELECTRONIC**  
42 **RECEIPTS OR SALES OR COMMERCIAL INVOICES. THIS MAY**  
43 **INCLUDE THE USE OF DIGITAL SIGNATURE ISSUED BY**  
44 **CERTIFICATION AUTHORITY AS ACCREDITED BY THE BUREAU OF**  
45 **INTERNAL REVENUE.**  
46

1 A DESIGNATED ELECTRONIC CHANNEL SHALL REFER TO ANY  
2 MEDIUM OR PORTAL IDENTIFIED BY THE BUREAU WITH AN ABILITY  
3 TO RECEIVE THE TRANSACTION DATA OF THE ELECTRONIC  
4 RECEIPTS OF SALES OR COMMERCIAL INVOICES FOR ASSIGNMENT  
5 OF AN APPROVED ELECTRONIC TAX TRANSACTION NUMBER.  
6

7 AN APPROVED TAX TRANSACTION NUMBER SHALL REFER TO THE  
8 UNIQUE ASSIGNED SERIES OF NUMBERS AND/OR LETTERS LINKED  
9 TO A VALIDATED SALES TRANSACTION REPORTED THROUGH THE  
10 DESIGNATED ELECTRONIC CHANNEL.  
11

12 The original of each receipt or invoice shall be issued to the purchaser, customer, or  
13 client at the time the transaction is effected, who, if engaged in the business or in the  
14 exercise of profession, shall keep and preserve the same in his place of business for a  
15 period of three (3) years from the close of the taxable year in which such invoice or  
16 receipt was issued, while the duplicate shall be kept and preserved by the issuer, also  
17 in his place of business, for a like period: Provided, that in case of electronic receipts  
18 or sales or commercial invoices, digital record of the same shall be kept by the  
19 purchaser, customer or client and the issuer for the same period above  
20 stated BEARING THE APPROVED ELECTRONIC TAX TRANSACTION  
21 NUMBER SHALL BE SUFFICIENT COMPLIANCE.  
22

23 The Commissioner may, in meritorious cases, exempt any person subject to internal  
24 revenue tax from compliance with the provision of this Section."  
25  
26

27 SEC. 12. Sec. 237-A of the National Internal Revenue Code of 1997, as amended is hereby  
28 amended to read as follows:  
29

30 "SEC. 237-A. Electronic Sales Reporting System. – Within five (5) years from the  
31 effectivity of this Act and upon the establishment of a system capable of storing and  
32 processing the required data, the Bureau shall require taxpayers engaged in the export of  
33 goods and services, taxpayers engaged in e-commerce, and taxpayers under the  
34 jurisdiction of the Large Taxpayers Service to USE A SYSTEM CAPABLE OF  
35 ISSUING ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL  
36 INVOICES, COLLECT TRANSACTION RECORDS, AND TRANSMIT THE  
37 SAME THRU THE DESIGNATED ELECTRONIC CHANNELS OF THE  
38 BUREAU IN THE STANDARD FORMAT REQUIRED ~~electronically report their~~  
39 ~~sales data to the Bureau of through the use of electronic point-of-sale systems,~~ subject to  
40 the rules and regulations to be issued by the Secretary of Finance upon recommendation  
41 of the Commissioner of Internal Revenue: *Provided*, That the POINT OF SALE (POS)  
42 machines, VALUE ADDED NETWORK (VAN) TERMINALS, fiscal devices, and  
43 fiscal memory devices WITH CAPACITY TO MAKE SUCH TRANSMISSION shall  
44 be at the expense of the taxpayers.  
45

1 IN YEAR ONE TO YEAR FOUR OF THE IMPLEMENTATION PERIOD, A  
2 TAXPAYER WHO ADOPTS THE REQUIRED SYSTEM SHALL BE GRANTED  
3 A TAX CREDIT OF 0.1% OF THE PURCHASE VALUE, NET OF VALUE  
4 ADDED TAX, FOR EVERY ELECTRONIC RECEIPT OR SALE OR  
5 COMMERCIAL INVOICE TRANSMITTED THRU THE DESIGNATED  
6 ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC  
7 TAX TRANSACTION NUMBER.  
8

9 IN SUPPORT OF THE ELECTRONIC SALES REPORTING SYSTEM, THE  
10 BUREAU OF INTERNAL REVENUE MAY GRANT TAX INCENTIVES FOR  
11 ELECTRONICALLY TRACEABLE PAYMENTS (ETP) IN THE FORM OF  
12 ALLOWABLE DEDUCTIBLE EXPENSE OF UP TO 10% OF THE ETP MADE  
13 BY THE TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ETP  
14 DEDUCTIBLE EXPENSE PER TAXPAYER MAYBE SET BY THE  
15 COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF  
16 FINANCE.  
17

18 ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT CARD,  
19 DEBIT CARD, OR OTHER METHOD OF PAYMENT WITH A SYSTEM TO  
20 VERIFY OR LINK THE PAYMENT TO THE IDENTITY OF PAYOR.  
21

22 THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND INVOICE  
23 LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR SALES OR  
24 COMMERCIAL INVOICES TRANSMITTED THRU THE DESIGNATED  
25 ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC  
26 TAX TRANSACTION NUMBER.  
27

28 The data processing of sales and purchase data shall comply with the provisions of  
29 Republic Act No. 10173, otherwise known as the "Data Privacy Act" and Section 270 of  
30 the NIRC, as amended, on unlawful divulgence of taxpayer information and such other  
31 laws relating to the confidentiality of information.  
32

33 The Bureau shall also establish polices, risk management approaches, actions, training,  
34 and technologies to protect the cyber environment, organization, and data in compliance  
35 with Republic Act No. 10175 or the "Cybercrime Prevention Act of 2012."  
36  
37

38 SEC. 13. Sec. 290 of Title XII of the National Internal Revenue Code of 1997, as amended is  
39 hereby amended to read as follows and shall be re-titled as Title XIII. The subsequent titles and  
40 sections shall be renumbered accordingly:  
41

## 42 TITLE XII

### 43 CHAPTER I

#### 44 GENERAL PROVISIONS ON TAX INCENTIVES 45 46

1  
2       **"SEC 290. GENERAL PROVISION. – ALL EXPORT ACTIVITIES AND**  
3 **STRATEGIC INVESTMENTS, INCLUDING THOSE INTENDED FOR THE**  
4 **DOMESTIC MARKET FOR IMPORT-SUBSTITUTING OR IMPORT-COMPETING**  
5 **PRODUCTS OR ACTIVITIES, UNDER THE STRATEGIC INVESTMENTS PRIORITY**  
6 **PLAN (SIPP) AS DEFINED UNDER CHAPTER II OF THIS TITLE, WHETHER**  
7 **LOCATED INSIDE OR OUTSIDE ECOZONES AND FREEPORT, ELIGIBLE FOR**  
8 **REGISTRATION IN THE RESPECTIVE INVESTMENT PROMOTION AGENCIES**  
9 **(IPAS) EFFECTIVE JANUARY 1, 2019, AND WHICH WILL QUALIFY FOR**  
10 **INCENTIVES UPON EVALUATION AND REVIEW BY THE FISCAL INCENTIVES**  
11 **REVIEW BOARD (FIRB), MAY ONLY BE GRANTED INCOME TAX AND CUSTOMS**  
12 **DUTY INCENTIVES UNDER THIS TITLE, AND IN NO SUCH CASE SHALL THE**  
13 **VALUE-ADDED TAX AND LOCAL TAXES BE USED AS INVESTMENT TAX**  
14 **INCENTIVES. PROVIDED, THAT THE TAX INCENTIVES AVAILABLE UNDER**  
15 **THIS TITLE TO THE AFOREMENTIONED ENTERPRISES SHALL BE APPLICABLE**  
16 **TO THE REGISTERED ACTIVITY OR PROJECT ONLY. INCOME DERIVED FROM**  
17 **NON-REGISTERED ACTIVITY OR PROJECT SHALL, THUS, BE SUBJECT TO**  
18 **APPROPRIATE TAXES UNDER THIS CODE. THE PERIOD OF AVAILMENT OF**  
19 **INCENTIVES SHALL BE RECKONED FROM THE START OF COMMERCIAL**  
20 **OPERATION.**

21  
22       **SEC. 291. SCOPE AND COVERAGE. – THIS TITLE SHALL COVER ALL**  
23 **EXISTING INVESTMENT PROMOTION AGENCIES (IPAS) AS DEFINED IN THIS**  
24 **CODE OR RELATED LAWS, AND ALL OTHER IPAS AND OTHER SIMILAR**  
25 **AUTHORITIES THAT MAY BE CREATED BY LAW. THESE IPAS INCLUDE THE**  
26 **BOARD OF INVESTMENTS (BOI), PHILIPPINE ECONOMIC ZONE AUTHORITY**  
27 **(PEZA), BASES CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC**  
28 **BAY METROPOLITAN AUTHORITY (SBMA), CLARK DEVELOPMENT**  
29 **CORPORATION (CDC), JOHN HAY MANAGEMENT CORPORATION (JHMC), PORO**  
30 **POINT MANAGEMENT CORPORATION (PPMC), BATAAN TECHNOLOGY PARK,**  
31 **INC. (BTPI), CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA), ZAMBOANGA**  
32 **CITY SPECIAL ECONOMIC ZONE AUTHORITY (ZCSEZA), PHIVIDEK**  
33 **INDUSTRIAL AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE AND**  
34 **FREEPORT AUTHORITY (APECO), AUTHORITY OF THE FREEPORT AREA OF**  
35 **BATAAN (AFAB), TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE**  
36 **AUTHORITY (TIEZA), AND ALL OTHER SIMILAR AUTHORITIES THAT MAY BE**  
37 **CREATED BY LAW IN THE FUTURE.**

38  
39       **SEC. 291-A. GOVERNING PROVISION FOR IPAS. – ALL EXISTING AND**  
40 **FUTURE IPAS SHALL UNIFORMLY RECOMMEND THE GRANT OF TAX**  
41 **INCENTIVES PROVIDED IN THIS TITLE TO THE FIRB FOR ITS APPROVAL.**

42  
43       **SEC. 291-B. EXISTING CHARTERS OF IPAS. – THE IPAS SHALL MAINTAIN**  
44 **THEIR FUNCTIONS AND POWERS AS PROVIDED UNDER THE SPECIAL LAWS**  
45 **GOVERNING THEM EXCEPT ON THE EXTENT MODIFIED BY THE PROVISIONS**

1 OF THIS CODE, SUCH AS THOSE PERTAINING TO THE REVIEW AND GRANT OF  
2 TAX INCENTIVES.

3  
4  
5 CHAPTER II  
6 TAX AND DUTY INCENTIVES  
7

8 SEC. 292. - THE FOLLOWING TAX AND CUSTOMS DUTY INCENTIVES  
9 MAY BE GRANTED FOR QUALIFIED REGISTERED ENTERPRISES, AS  
10 DETERMINED BY THE BOARD OF THE RESPECTIVE INVESTMENT  
11 PROMOTION AGENCY (IPA), *SUBJECT* TO THE REVIEW AND APPROVAL OF  
12 THE FIRB AND THE SECRETARY OF FINANCE.

13  
14 (A) INCOME TAX INCENTIVES  
15

16 (a) *INCOME TAX HOLIDAY (ITH)*. - THE ITH SHALL BE GRANTED  
17 FOR A PERIOD NOT EXCEEDING THREE (3) YEARS. *PROVIDED*,  
18 THAT AFTER THE EXPIRATION OF THE ITH, THE FOLLOWING  
19 INCENTIVES MAY BE APPLIED FOR A PERIOD NOT EXCEEDING  
20 FIVE (5) YEARS, WHICH INCLUDES THE PERIOD OF ITH  
21 AVAILMENT.

22  
23 (b) *REDUCED CORPORATE INCOME TAX*. - A REDUCED TAX RATE  
24 OF FIFTEEN PERCENT (15%) OF THE TAXABLE INCOME AS  
25 DEFINED UNDER SECTION 31 OF THIS CODE.

26  
27 (c) *TAX ALLOWANCE FOR INVESTMENTS*. - AN ALLOWANCE OF UP  
28 TO FIFTY PERCENT (50%) OF THE ACTUAL QUALIFIED  
29 CAPITAL EXPENDITURE INCURRED WITHIN THREE (3) YEARS  
30 SHALL BE ALLOWED AS A DEDUCTION FROM THE TAXABLE  
31 INCOME.

32  
33 (d) *DOUBLE DEDUCTION FOR RESEARCH AND DEVELOPMENT*. -  
34 EXPENSES INCURRED FOR RESEARCH AND DEVELOPMENT  
35 RELATED TO THE REGISTERED ACTIVITY, IDENTIFIED AND  
36 APPROVED AS SUCH BY THE APPROPRIATE GOVERNMENT  
37 AGENCY/IES SHALL BE DEDUCTIBLE FROM THE GROSS  
38 INCOME FOR INCOME TAX PURPOSES TO THE EXTENT OF  
39 TWO HUNDRED PERCENT (200%) ON THE YEAR THE SAID  
40 RESEARCH AND DEVELOPMENT EXPENSES WERE INCURRED.

41  
42 (e) *DOUBLE DEDUCTION FOR TRAINING*. - EXPENSES INCURRED  
43 FOR TRAINING GIVEN TO EMPLOYEES BY THE REGISTERED  
44 ENTERPRISE FOR THE DEVELOPMENT OF SKILLS, IDENTIFIED  
45 AND APPROVED AS NECESSARY BY THE APPROPRIATE  
46 GOVERNMENT AGENCY/IES SHALL BE DEDUCTIBLE FROM

1 THE GROSS INCOME FOR INCOME TAX PURPOSES TO THE  
2 EXTENT OF TWO HUNDRED PERCENT (200%) ON THE YEAR  
3 THE SAID TRAINING EXPENSE WAS INCURRED.  
4

5 (f) *ADDITIONAL DEDUCTION FOR LABOR EXPENSE.* – A  
6 REGISTERED ENTERPRISE MAY BE ALLOWED AN ADDITIONAL  
7 DEDUCTION FROM TAXABLE INCOME OF FIFTY PERCENT  
8 (50%) OF THE WAGES CORRESPONDING TO THE INCREMENT  
9 IN THE NUMBER OF DIRECT LABOR.  
10

11 (g) *ONE HUNDRED PERCENT (100%) DEDUCTION ON*  
12 *INFRASTRUCTURE DEVELOPMENT.* – REGISTERED  
13 ENTERPRISES ESTABLISHING THEIR ACTIVITY IN AN AREA  
14 THAT THE STRATEGIC INVESTMENTS PRIORITY PLAN (SIPP)  
15 DESIGNATES AS NECESSARY FOR COUNTRY-WIDE  
16 DEVELOPMENT OR IN AN AREA FOUND TO BE DEFICIENT IN  
17 INFRASTRUCTURE, PUBLIC UTILITIES, AND OTHER FACILITIES,  
18 SUCH AS IRRIGATION, DRAINAGE, OR OTHER SIMILAR  
19 WATERWORKS INFRASTRUCTURE MAY DEDUCT FROM THE  
20 GROSS INCOME AN AMOUNT EQUIVALENT TO ONE HUNDRED  
21 PERCENT (100%) OF NECESSARY AND MAJOR  
22 INFRASTRUCTURE WORKS IT MAY HAVE UNDERTAKEN WITH  
23 THE PRIOR APPROVAL AND RECOMMENDATION OF THE IPA  
24 CONCERNED; *PROVIDED*, THAT THE TITLE TO ALL SUCH  
25 INFRASTRUCTURE WORKS SHALL UPON COMPLETION, BE  
26 TRANSFERRED TO THE PHILIPPINE GOVERNMENT; *PROVIDED*  
27 *FURTHER*, THAT ANY AMOUNT NOT DEDUCTED FOR A  
28 PARTICULAR YEAR MAY BE CARRIED OVER FOR DEDUCTION  
29 FOR SUBSEQUENT YEARS NOT EXCEEDING FIVE (5) YEARS  
30 FROM COMMERCIAL OPERATION.  
31

32 (h) *DEDUCTION FOR REINVESTMENT ALLOWANCE TO*  
33 *MANUFACTURING INDUSTRY.* – WHEN A MANUFACTURING  
34 REGISTERED ENTERPRISE REINVESTS ITS UNDISTRIBUTED  
35 PROFIT OR SURPLUS IN ANY OF THE ACTIVITIES LISTED IN  
36 THE SIPP, THE AMOUNT SO REINVESTED SHALL BE ALLOWED  
37 AS A DEDUCTION FROM ITS TAXABLE INCOME WITHIN A  
38 PERIOD OF FIVE (5) YEARS FROM THE TIME OF SUCH  
39 REINVESTMENT: *PROVIDED*, THAT PRIOR APPROVAL AND  
40 RECOMMENDATION BY THE IPA CONCERNED OF SUCH  
41 REINVESTMENT WAS OBTAINED BY THE REGISTERED  
42 ENTERPRISE PLANNING SUCH REINVESTMENT.  
43

44 *PROVIDED*, THAT IN LIEU OF THE ITH UNDER (a), THE TAX INCENTIVES  
45 UNDER (b), (c), (d), (e), (f), (g) AND (h) MAY BE GRANTED.  
46

1 **PROVIDED FURTHER**, THAT IN NO SUCH CASE SHALL AN INCOME TAX  
2 INCENTIVE BE EXTENDED BEYOND THE INITIAL GRANT OF FIVE (5) YEARS.

3  
4 **PROVIDED FURTHERMORE**, THAT SUPERIOR INCENTIVES, AS MAY BE  
5 DEFINED IN THE SIPP, MAY BE GRANTED IN LAGGING AREAS, AND AREAS  
6 RECOVERING FROM ARMED CONFLICT OR A MAJOR DISASTER.

7  
8 **PROVIDED FINALLY**, THAT REGISTERED ACTIVITIES PRIOR TO THE  
9 EFFECTIVITY OF THIS ACT RELOCATING FROM METRO MANILA AND  
10 SELECTED AREAS OF REGIONS III AND IV-A TO OTHER AREAS OF THE  
11 COUNTRY MAY BE ALLOWED A ONE-YEAR INCOME TAX INCENTIVE AS  
12 RELOCATION INCENTIVE.

13  
14 (B) **CUSTOMS DUTY INCENTIVES.** - REGISTERED ENTERPRISES  
15 QUALIFIED FOR INCENTIVES MAY BE ALLOWED A MAXIMUM OF  
16 FIVE (5) YEARS EXEMPTION ON CUSTOMS DUTY ON IMPORTED  
17 CAPITAL EQUIPMENT, MACHINERY, AND SPARE PARTS  
18 EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY,  
19 ALL INCLUDING CONSIGNMENT THEREOF, RAW MATERIALS USED  
20 IN THE MANUFACTURE, PROCESSING, AS DEFINED HEREIN, OF  
21 PRODUCTS, AND IMPORTATION OF SOURCE DOCUMENTS BY THE  
22 REGISTERED ENTERPRISE. **PROVIDED**, THAT THE DUTY-FREE  
23 IMPORTATION SHALL BE USED EXCLUSIVELY FOR THE  
24 REGISTERED EXPORT ACTIVITY. **PROVIDED FURTHER**, THAT  
25 EXPANSION OF REGISTERED ACTIVITIES MAY BE GRANTED DUTY  
26 EXEMPTION ON CAPITAL EQUIPMENT ONLY, SUBJECT TO THE  
27 FOLLOWING CONDITIONS:

- 28  
29 (I) THE ACTIVITY IS STILL COVERED BY THE STRATEGIC  
30 INVESTMENTS PRIORITY PLAN (SIPP);  
31 (II) CUSTOMS DUTY EXEMPTION WILL ONLY APPLY ON THE  
32 INCREMENTAL PORTION OF THE ACTIVITY; AND  
33 (III) THE CUSTOMS DUTY EXEMPTION EXTENSION SHALL NOT  
34 EXCEED FIVE (5) YEARS.

35  
36 FOR THIS PURPOSE, 'PROCESSING' SHALL REFER TO  
37 CONVERTING RAW MATERIALS INTO MARKETABLE FORM THROUGH  
38 PHYSICAL, MECHANICAL, CHEMICAL, ELECTRICAL, BIOCHEMICAL,  
39 BIOLOGICAL, OR OTHER MEANS, OR BY A SPECIAL TREATMENT OR A  
40 SERIES OF ACTIONS, SUCH AS SLAUGHTERING, MILLING, PASTEURIZING,  
41 DRYING, OR DESICCATING, QUICK FREEZING, THAT RESULTS IN A  
42 CHANGE IN THE NATURE OR STATE OF THE PRODUCTS. MERE PACKING  
43 OR PACKAGING SHALL NOT CONSTITUTE PROCESSING.

44  
45 'SOURCE DOCUMENTS' REFER TO INPUT MATERIALS AND  
46 DOCUMENTS REASONABLY NEEDED BY I.T. AND I.T.-ENABLED INDUSTRIES

1 SUCH AS, BUT NOT LIMITED TO, BOOKS, DIRECTORIES, MAGAZINES,  
2 NEWSPAPERS, BROCHURES, PAMPHLETS, MEDICAL RECORDS/FILES,  
3 LEGAL RECORDS/FILES, INSTRUCTION MATERIALS, AND  
4 DRAWINGS/BLEUPRINTS/OUTLINES.

5  
6  
7 CHAPTER III  
8 ADMINISTRATION OF TAX INCENTIVES  
9

10 SEC. 293. *EXPANDED FUNCTIONS OF THE FISCAL INCENTIVES REVIEW*  
11 *BOARD.* - THE INCENTIVES PROVIDED IN SECTION 290 MAY BE GRANTED BY  
12 THE FISCAL INCENTIVES REVIEW BOARD (FIRB) TO THE REGISTERED  
13 ENTERPRISE TO THE EXTENT OF THEIR REGISTERED ACTIVITY UPON  
14 RECOMMENDATION OF THE ADMINISTERING INVESTMENT PROMOTION  
15 AGENCY (IPA). THE PERIOD OF AVAILMENT OF INCENTIVES SHALL BE  
16 RECKONED FROM THE START OF COMMERCIAL OPERATION. IN THIS  
17 REGARD, THE FIRB CREATED UNDER PRESIDENTIAL DECREE (PD) NO. 776, AS  
18 AMENDED BY PD 1931 AND PD 1955, OFFICE OF THE PRESIDENT  
19 MEMORANDUM ORDER NO. 23, SERIES OF 1986 AND EXECUTIVE ORDER 93,  
20 SERIES OF 1986, SHALL HAVE THE FOLLOWING FUNCTIONS AND POWERS:  
21

- 22 a) TO SERVE AS THE CENTRAL GOVERNING BODY TO OVERSEE ALL  
23 IPAS;  
24 b) TO REVIEW ALL IPA POLICY DECISIONS RELATED TO THE  
25 ENDORSEMENT AND AVAILMENT OF TAX INCENTIVES;  
26 c) TO REVIEW AND ENDORSE FOR APPROVAL OF THE SECRETARY OF  
27 FINANCE THE GRANT OF INVESTMENT TAX INCENTIVES AS  
28 RECOMMENDED BY THE IPAS;  
29 d) TO PUBLISH THE NAMES OF THE REGISTERED ENTERPRISES OR  
30 BENEFICIARIES OF TAX INCENTIVES WITH APPROVED ESTIMATED  
31 AMOUNT OF THE CORRESPONDING INCENTIVES; AND  
32 e) TO GRANT TAX SUBSIDIES TO GOVERNMENT-OWNED AND/OR-  
33 CONTROLLED CORPORATIONS (GOCCS), GOVERNMENT  
34 INSTRUMENTALITIES (GI), GOVERNMENT COMMISSARIES, AND  
35 STATE UNIVERSITIES AND COLLEGES (SUCS) AS MAY BE PROVIDED  
36 UNDER THE ANNUAL GENERAL APPROPRIATIONS ACT.  
37

38 *PROVIDED THAT,* AS CHAIR OF THE FIRB AND APPROVING HEAD, THE  
39 SECRETARY OF FINANCE SHALL HAVE VETO POWER AS THE CUSTODIAN OF  
40 FISCAL PRUDENCE AND RESPONSIBILITY, AND AS SUCH, MAY CANCEL OR  
41 SUSPEND THE GRANT OF INCENTIVES UPON THE REVIEW AND  
42 RECOMMENDATION OF THE FIRB.  
43

44 *PROVIDED FURTHER,* THAT THE SECRETARY OF FINANCE SHALL  
45 AUTOMATICALLY BE THE CO-CHAIR OF ALL THE EXISTING AND FUTURE  
46 IPAS.

1  
2 **PROVIDED FINALLY, THAT THE NATIONAL ECONOMIC AND**  
3 **DEVELOPMENT AUTHORITY (NEDA) SHALL BE A MEMBER OF ALL IPAS, BOTH**  
4 **EXISTING AND FUTURE.**

5  
6 **SEC. 294. COMPOSITION OF THE FIRB - THE FIRB SHALL BE**  
7 **RECONSTITUTED AS FOLLOWS:**

8  
9 **BOARD PROPER:**

10  
11 **CHAIR – SECRETARY OF THE DEPARTMENT OF FINANCE (DOF)**

12  
13 **MEMBERS –**

14  
15 **SECRETARY OF THE DEPARTMENT OF TRADE AND INDUSTRY (DTI)**  
16 **DIRECTOR GENERAL OF THE NATIONAL ECONOMIC AND**  
17 **DEVELOPMENT AUTHORITY (NEDA)**  
18 **SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT**  
19 **(DBM)**

20  
21 **TECHNICAL COMMITTEE – UNDERSECRETARY OF DOF**  
22 **UNDERSECRETARY OF DTI**  
23 **UNDERSECRETARY OF DBM**  
24 **DEPUTY DIRECTOR GENERAL OF NEDA**  
25 **COMMISSIONER OF INTERNAL REVENUE**  
26 **COMMISSIONER OF CUSTOMS**  
27 **EXECUTIVE DIRECTOR OF THE**  
28 **NATIONAL TAX AND RESEARCH CENTER**  
29 **(NTRC)**

30  
31 **SECRETARIAT - NTRC**

32  
33  
34 **CHAPTER IV**  
35 **QUALIFIED ACTIVITIES FOR TAX INCENTIVES**

36  
37 **SEC. 295. 'STRATEGIC INVESTMENTS PRIORITY PLAN' (SIPP). – THE**  
38 **BOARD OF INVESTMENT (BOI), IN COORDINATION WITH THE OFFICE OF THE**  
39 **PRESIDENT, THE CONCERNED IPAS, AND OTHER GOVERNMENT AGENCIES**  
40 **AND THE PRIVATE SECTOR, SHALL FORMULATE THE PLAN TO BE**  
41 **SUBMITTED TO THE PRESIDENT FOR HIS APPROVAL THROUGH THE**  
42 **ISSUANCE OF AN EXECUTIVE ORDER NOT LATER THAN DECEMBER OF THE**  
43 **THIRD YEAR SET FOR PERIODIC REVIEW. THE PLAN SHALL BE VALID FOR A**  
44 **PERIOD OF THREE (3) YEARS SUBJECT TO REVIEW AND AMENDMENT AS THE**  
45 **NEED ARISES.**

1 THE FOLLOWING CRITERIA SHALL BE COMPLIED WITH IN THE LIST  
2 OF ECONOMIC ACTIVITIES IN THE PLAN:  
3

- 4 a. THE ACTIVITY SHALL BE COVERED BY THE PHILIPPINE  
5 DEVELOPMENT PLAN OR ITS EQUIVALENT AND OTHER  
6 GOVERNMENT PROGRAMS, AND SHALL REFLECT THE HIGH-LEVEL  
7 PRIORITIES OF THE COUNTRY;
- 8 b. THE ACTIVITY SHALL ENDEAVOR TO BE NEUTRAL IN TERMS OF  
9 NATIONALITY AND MARKET, PROVIDED THAT THOSE INTENDED  
10 FOR THE DOMESTIC MARKET BE IMPORT-SUBSTITUTING OR  
11 IMPORT-COMPETING PRODUCTS OR ACTIVITIES;
- 12 c. THE ACTIVITY'S PERFORMANCE SHALL BE MEASURABLE IN TERMS  
13 OF EXPORT SALES, ACTUAL INVESTMENTS, ACTUAL JOB CREATION,  
14 INVESTMENTS IN LAGGING REGIONS AS DEFINED IN THE SIPP,  
15 INVESTMENT AND EMPLOYMENT IN RESEARCH AND  
16 DEVELOPMENT, LINKAGES CREATION, AND SPILL-OVER EFFECTS,  
17 AMONG OTHERS;
- 18 d. THE ACTIVITY SHALL NOT INCLUDE THOSE THAT ARE PART OF  
19 CROSS-SUBSIDY SCHEMES;
- 20 e. THE ACTIVITY IN LAGGING REGIONS SHALL BE GIVEN  
21 PREFERENCE;
- 22 f. THE ACTIVITY SHALL TAKE INTO ACCOUNT THE FOLLOWING:  
23 (1) SUBSTANTIAL AMOUNT OF ACTUAL INVESTMENTS;  
24 (2) CONSIDERABLE GENERATION OF ACTUAL FULL TIME  
25 EMPLOYMENT;  
26 (3) ADOPT INCLUSIVE BUSINESS ACTIVITIES AND VALUE-ADDED  
27 PRODUCTION BY MICRO, SMALL, AND, MEDIUM-SIZE  
28 ENTERPRISES (MSMES);  
29 (4) USE OF MODERN OR NEW TECHNOLOGY;  
30 (5) ADOPTION OF ADEQUATE ENVIRONMENTAL PROTECTION  
31 SYSTEMS;  
32 (6) ADDRESS MISSING GAPS IN THE SUPPLY/VALUE CHAIN AND/OR  
33 MOVE UP THE VALUE CHAIN OR PRODUCT LADDER;  
34 (7) PROMOTION OF MARKET COMPETITIVENESS; AND  
35 (8) COMMERCIALIZATION OF IDEAS AND INTRODUCTION OF  
36 INNOVATION ACTIVITIES WHETHER PRODUCT, PROCESS,  
37 MARKETING, OR NEW BUSINESS MODEL.

38  
39 THE THRESHOLD AMOUNT OF INVESTMENTS AND EMPLOYMENT  
40 GENERATION REQUIRED FOR A SPECIFIC ACTIVITY TO BE GRANTED TAX  
41 INCENTIVES AND RETAIN THE TAX INCENTIVE SHALL BE SUBJECT TO A  
42 PERIODIC REVIEW EVERY THREE (3) YEARS TAKING INTO CONSIDERATION  
43 INTERNATIONAL STANDARDS AND OTHER INDICATORS.  
44

1 THE ACTIVITY MUST COMPLY WITH THE SPECIFIC QUALIFICATION  
2 REQUIREMENTS AND/OR CONDITIONS FOR A PARTICULAR SECTOR OR  
3 INDUSTRY AND OTHER LIMITATIONS AS SET AND DETERMINED BY THE BOI.  
4

5 *PROVIDED*, THAT THE PRESIDENT MAY, IN THE INTEREST OF  
6 NATIONAL ECONOMIC DEVELOPMENT AND UPON THE RECOMMENDATION  
7 OF THE BOARD OF INVESTMENTS AND THE ECONOMIC MANAGERS, GRANT  
8 INCENTIVES TO HIGHLY DESIRABLE PROJECTS THAT MAY INCLUDE THOSE  
9 THAT ARE NOT PROVIDED IN THE SIPP: *PROVIDED*, THAT THE BENEFITS  
10 THAT THE GOVERNMENT COULD DERIVE FROM SUCH INVESTMENT  
11 THERETO IS CLEAR AND CONVINCING AND FAR OUTWEIGHS THE COST OF  
12 INCENTIVES THAT WILL BE GRANTED. *PROVIDED FURTHER*, THAT THE  
13 FOLLOWING CRITERIA, AMONG OTHERS, ARE CONSIDERED: (A) MINIMUM  
14 INVESTMENT OF FIVE HUNDRED MILLION US DOLLARS (US\$500,000,000); (B)  
15 MINIMUM DIRECT EMPLOYMENT GENERATION OF AT LEAST ONE  
16 THOUSAND FIVE HUNDRED (1,500) WITHIN THE FIRST YEAR OF ITS  
17 OPERATION. *PROVIDED FINALLY*, THAT THE GOVERNMENT MAY UTILIZE ITS  
18 RESOURCES FOR THE GRANT OF INCENTIVES SUCH AS LAND USE, WATER  
19 APPROPRIATION, POWER PROVISION, AND THE LIKE.  
20

21 SEC. 296. *AMENDMENTS*. – SUBJECT TO PUBLICATION REQUIREMENTS  
22 AND THE CRITERIA FOR INVESTMENT PRIORITY DETERMINATION, THE BOI  
23 MAY, AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE PLAN, ALTER ANY  
24 OF THE TERMS OF THE DECLARATION OF AN INVESTMENT AREA, AND  
25 TEMPORARILY OR PERMANENTLY SUSPEND ACTIVITIES ON THE PLAN IF IT  
26 CONSIDERS THAT SUCH ACTIVITY IS NO LONGER A PRIORITY. THE IPAS  
27 SHALL NOT ACCEPT APPLICATIONS IN AN AREA OF INVESTMENT PRIOR TO  
28 THE APPROVAL OF THE SAME AS A PREFERRED AREA OR AFTER APPROVAL  
29 OF ITS DELETION AS A PREFERRED AREA OF INVESTMENT IN THE PLAN.  
30

31 SEC. 297. *PUBLICATION*. – UPON APPROVAL OF THE PLAN, IN WHOLE OR  
32 IN PART, OR UPON APPROVAL OF AN AMENDMENT THEREOF, THE PLAN OR  
33 THE AMENDMENT, SPECIFYING AND DECLARING THE AREAS OF  
34 INVESTMENTS SHALL BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER OF  
35 GENERAL CIRCULATION OR THE OFFICIAL GAZETTE AND ALL SUCH AREAS  
36 SHALL BE OPEN FOR APPLICATION UNTIL PUBLICATION OF AN AMENDMENT  
37 OR DELETION THEREOF.  
38

39 SEC. 298. *QUALIFICATIONS OF A REGISTERED ENTERPRISE FOR TAX*  
40 *INCENTIVES*. – A REGISTERED ENTERPRISE MUST SATISFY THE FOLLOWING  
41 CONDITIONS FOR CONSIDERATION IN THE REVIEW AND GRANT OF TAX  
42 INCENTIVES:  
43

- 44 A. IT WILL ENGAGE IN AN ACTIVITY INCLUDED IN THE PLAN;  
45 B. IF THE APPLICANT IS ENGAGED OR PROPOSES TO ENGAGE IN  
46 ACTIVITIES OTHER THAN THE REGISTERED PROJECTS, IT SHALL

1 INSTALL AN ADEQUATE ACCOUNTING SYSTEM THAT SHALL  
2 IDENTIFY THE INVESTMENTS, REVENUES, COSTS AND PROFITS OR  
3 LOSSES OF EACH REGISTERED PROJECT UNDERTAKEN BY THE  
4 ENTERPRISE SEPARATELY FROM THE AGGREGATE INVESTMENTS,  
5 REVENUES, COSTS AND PROFITS OR LOSSES OF THE WHOLE  
6 ENTERPRISE, OR ESTABLISH A SEPARATE CORPORATION FOR EACH  
7 REGISTERED PROJECT IF THE IPAS SHOULD SO REQUIRE;

8 C. IT SHALL SATISFY THE PERFORMANCE TARGETS SET FORTH IN THE  
9 SIPP, WHICH SHALL INCLUDE, BUT NOT LIMITED TO, EXPORT  
10 SALES, ACTUAL INVESTMENTS, ACTUAL JOB CREATION,  
11 INVESTMENTS IN LAGGING REGIONS AS DEFINED IN THE SIPP,  
12 INVESTMENT AND EMPLOYMENT IN RESEARCH AND  
13 DEVELOPMENT, AND INVESTMENT AND EMPLOYMENT IN  
14 INTERMEDIATE PARTS AND COMPONENTS, SUPPLIES, AND RAW  
15 MATERIALS, AMONG OTHERS.

16 D. IT SHALL REGULARLY REPORT AND COMPLY WITH THE  
17 REPORTORIAL REQUIREMENTS UNDER REPUBLIC ACT NO. 10708 OR  
18 THE TIMTA LAW.  
19

20 *PROVIDED*, THAT NON-COMPLIANCE OF THE ABOVE-MENTIONED  
21 CONDITIONS SHALL CAUSE THE REVOCATION OF THE TAX INCENTIVES  
22 GRANTED AND THE REGISTERED ENTERPRISE SHALL BE LIABLE TO THE  
23 PENALTIES UNDER SECTION 301 OF THIS CODE.  
24

## 25 26 CHAPTER V 27 AVAILMENT OF TAX INCENTIVES 28

29 *SEC. 299. INCOME TAX-BASED INCENTIVES.* – ALL REGISTERED  
30 ENTERPRISES ARE REQUIRED TO FILE ALL THEIR TAX RETURNS USING THE  
31 ELECTRONIC/ONLINE FACILITIES OF THE BUREAU OF INTERNAL REVENUE  
32 (BIR). ON AVAILING THE INCOME TAX-BASED INCENTIVES, THE REGISTERED  
33 ENTERPRISE SHALL BE REQUIRED TO SECURE A CERTIFICATE OF  
34 ENTITLEMENT ISSUED BY THE FIRB AND ATTACH THE SAME TO ITS INCOME  
35 TAX RETURN (ITR) OR ANNUAL INFORMATION RETURN (AIR), WHICHEVER IS  
36 APPLICABLE. THEREAFTER, THE REGISTERED ENTERPRISE SHALL FILE ITS  
37 CLAIM WITH THE BIR FOR VALIDATION.  
38

39 FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO THE ITR  
40 OR AIR, AND/OR FILE THE INCENTIVE AVAILMENT APPLICATION SHALL  
41 CAUSE THE FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE PERIOD.  
42

43 *SEC. 300. CUSTOMS DUTY EXEMPTION ON CAPITAL EQUIPMENT.*  
44 IMPORTATION OF CAPITAL EQUIPMENT, MACHINERY AND SPARE PARTS  
45 EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY INCLUDING  
46 CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES MAY BE EXEMPTED

1 TO THE EXTENT OF ONE HUNDRED PERCENT (100%) OF THE CUSTOMS DUTY,  
2 PROVIDED THAT THE FOLLOWING CONDITIONS ARE COMPLIED WITH:  
3

4 (A) THE CAPITAL EQUIPMENT AND/OR SPARE PARTS IS DIRECTLY  
5 AND REASONABLY NEEDED AND WILL BE USED EXCLUSIVELY  
6 IN AND AS PART OF THE DIRECT COST OF THE REGISTERED  
7 ACTIVITY OF THE REGISTERED ENTERPRISE, AND ARE NOT  
8 MANUFACTURED DOMESTICALLY IN SUFFICIENT QUANTITY,  
9 OF COMPARABLE QUALITY AND AT REASONABLE PRICES.  
10 PRIOR APPROVAL OF THE IPA MAY BE SECURED FOR THE PART  
11 TIME UTILIZATION OF SAID EQUIPMENT IN A NON-REGISTERED  
12 ACTIVITY TO MAXIMIZE USAGE THEREOF, PROVIDED THE  
13 PROPORTIONATE TAXES AND DUTIES ARE PAID ON A SPECIFIC  
14 EQUIPMENT AND MACHINERY IN PROPORTION TO ITS  
15 UTILIZATION FOR NON-REGISTERED ACTIVITIES. IN THE  
16 EVENT, IT SHALL BE USED FOR NON-REGISTERED ACTIVITY OF  
17 THE REGISTERED ENTERPRISE AT ANYTIME WITHIN THE FIRST  
18 FIVE (5) YEARS FROM DATE OF IMPORTATION, THE  
19 REGISTERED ENTERPRISE SHALL FIRST SEEK PRIOR  
20 APPROVAL OF THE AUTHORITY, AND PAY THE TAXES AND  
21 CUSTOMS DUTIES THAT WERE NOT PAID UPON ITS  
22 IMPORTATION; AND  
23

24 (B) THE APPROVAL OF THE IPA WAS OBTAINED BY THE  
25 REGISTERED ENTERPRISE PRIOR TO THE IMPORTATION OF  
26 SUCH CAPITAL EQUIPMENT AND/OR SPARE PARTS.  
27

28 APPROVAL OF THE IPA MUST BE SECURED BEFORE ANY SALE,  
29 TRANSFER OR DISPOSITION OF THE CAPITAL EQUIPMENT AND/OR  
30 SPARE PARTS WHICH WAS GRANTED TAX AND CUSTOMS DUTY  
31 EXEMPTION HEREUNDER IS MADE, AND IT SHALL BE ALLOWED ONLY  
32 UNDER THE FOLLOWING CIRCUMSTANCES:  
33

34 (A) IF MADE TO ANOTHER ENTERPRISE ENJOYING CUSTOMS  
35 DUTY EXEMPTION ON IMPORTED CAPITAL EQUIPMENT  
36 AND/OR SPARE PARTS;  
37

38 (B) IF MADE TO ANOTHER ENTERPRISE NOT DUTY EXEMPTION  
39 ON IMPORTED CAPITAL EQUIPMENT AND/OR SPARE PARTS,  
40 UPON PAYMENT OF ANY TAXES AND DUTIES DUE ON THE NET  
41 BOOK VALUE OF THE CAPITAL EQUIPMENT AND/OR SPARE  
42 PARTS TO BE SOLD;  
43

44 (C) EXPORTATION OF CAPITAL EQUIPMENT, MACHINERY, SPARE  
45 PARTS OR SOURCE DOCUMENTS, OR THOSE REQUIRED FOR  
46 POLLUTION ABATEMENT AND CONTROL; OR

1  
2 (D) FOR REASONS OF PROVEN TECHNICAL OBSOLESCENCE.  
3

4 *PROVIDED*, THAT IF THE REGISTERED ENTERPRISE SELLS, TRANSFERS  
5 OR DISPOSES THE AFOREMENTIONED IMPORTED ITEMS WITHOUT  
6 PRIOR APPROVAL, THE REGISTERED ENTERPRISE AND THE VENDEE,  
7 TRANSFEREE, OR ASSIGNEE SHALL BE SOLIDARILY LIABLE TO PAY  
8 TWICE THE AMOUNT OF THE DUTY EXEMPTION THAT SHOULD HAVE  
9 BEEN PAID DURING ITS IMPORTATION. *PROVIDED FURTHER*, THAT  
10 EVEN IF THE SALE, TRANSFER OR DISPOSITION OF THE CAPITAL  
11 EQUIPMENT WAS MADE AFTER FIVE (5) YEARS FROM DATE OF  
12 IMPORTATION WITH THE APPROVAL OF THE IPA, THE REGISTERED  
13 ENTERPRISE IS STILL LIABLE TO PAY THE DUTIES BASED ON THE NET  
14 BOOK VALUE OF THE CAPITAL EQUIPMENT IF IT HAS VIOLATED ANY  
15 OF ITS REGISTRATION TERMS AND CONDITIONS.  
16

17 SEC. 301. *DUTY EXEMPTION ON RAW MATERIALS.*- IMPORTATION OF RAW  
18 MATERIALS, SUPPLIES, AND SEMI-FINISHED PRODUCTS BY EXPORT  
19 ENTERPRISES INSIDE OR OUTSIDE THE ECOZONE OR FREEPORTS MAY BE  
20 EXEMPTED TO THE EXTENT OF ONE HUNDRED PERCENT (100%) OF THE  
21 DUTY, *PROVIDED*, THAT THE RAW MATERIALS, SUPPLIES, AND SEMI-  
22 FINISHED PRODUCTS IMPORTED ARE EXCLUSIVELY USED BY AN EXPORT  
23 ENTERPRISE IN THE MANUFACTURE, PROCESSING OR PRODUCTION OF THE  
24 EXPORT PRODUCTS COVERED BY ITS REGISTERED ACTIVITY AND IT  
25 ACTUALLY FORMS PART OF THE PRODUCT EXPORTED.  
26

27  
28 CHAPTER VI  
29 FINAL PROVISIONS  
30

31 SEC. 302. *NO DOUBLE REGISTRATION OF ENTERPRISES.* — REGISTERED  
32 ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN  
33 MORE THAN ONE (1) IPA.  
34

35 SEC. 303. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.*  
36 EXISTING REGISTERED ACTIVITIES GRANTED THE INCOME TAX  
37 HOLIDAY SHALL BE ALLOWED TO CONTINUE WITH THE  
38 AVAILMENT OF THE SAID INCENTIVE FOR THE REMAINING PERIOD  
39 OF THE ITH OR FOR A PERIOD OF FIVE (5) YEARS ONLY, WHICHEVER  
40 COMES FIRST; *PROVIDED* THAT THE SPECIAL RATE OF FIVE  
41 PERCENT (5%) OF GROSS INCOME EARNED (GIE) GRANTED TO  
42 EXISTING REGISTERED ACTIVITIES SHALL BE ALLOWED TO  
43 CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:  
44

45 (A) TWO (2) YEARS FOR ACTIVITIES THAT HAVE RECEIVED THE TAX  
46 INCENTIVE FOR MORE THAN TEN (10) YEARS;

1 (B) THREE (3) YEARS FOR ACTIVITIES THAT HAVE RECEIVED THE  
2 TAX INCENTIVE BETWEEN FIVE (5) AND TEN (10) YEARS;

3 (C) FIVE (5) YEARS ACTIVITIES THAT HAVE RECEIVED THE TAX  
4 INCENTIVE BELOW FIVE (5) YEARS.  
5

6 SEC. 304. *SUSPENSION AND FORFEITURE OF TAX INCENTIVES OF*  
7 *REGISTERED ENTERPRISES, REFUND AND PENALTIES; WAIVER AND*  
8 *CONDONATION.* WHEN THERE IS PROBABLE CAUSE TO BELIEVE THAT THE  
9 REGISTERED ENTERPRISE HAS VIOLATED ITS REGISTRATION TERMS AND  
10 CONDITIONS, THE IPA SHALL RECOMMEND TO THE FIRB THE SUSPENSION  
11 OF ITS AVAILMENT OF INCENTIVES, UNTIL PROVEN OTHERWISE.  
12

13 IN CASE OF CANCELLATION OF THE CERTIFICATE OF REGISTRATION  
14 GRANTED UNDER THIS ACT, THE BIR, IN COORDINATION WITH THE FIRB,  
15 WILL REQUIRE THE PAYMENT OF INCENTIVES ASSESSED TO HAVE BEEN  
16 GRANTED TO THE SAID ENTERPRISE FOR ITS REGISTERED ACTIVITY AND  
17 IMPOSE CORRESPONDING FINES AND PENALTIES.  
18

19 THE FOREGOING IS WITHOUT PREJUDICE TO THE AUTHORITY OF THE  
20 BIR TO CONDUCT AUDIT AND IMPOSE PENALTIES UNDER THIS CODE.  
21

22  
23 SEC. 14. Title XIII of the National Internal Revenue Code of 1997, as amended, is hereby  
24 amended to read as follows:  
25

26 "~~SEC. [291]-305. AMENDING CLAUSE. - [In-General.—All laws, decrees, executive~~  
27 ~~orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Code~~  
28 ~~are hereby repealed, amended or modified accordingly.]~~ A. TO ENSURE THAT THE DOF  
29 AND NEDA ARE REPRESENTED IN THE GOVERNING BOARDS OF ALL IPAS,  
30 WHERE THE DOF SHALL AUTOMATICALLY SERVE AS CO-CHAIR, PURSUANT  
31 TO SECTION 293 OF THIS ACT, THE FOLLOWING PROVISIONS, AMONG  
32 OTHERS, ARE AMENDED ACCORDINGLY:  
33

34 i. ARTICLE 4 OF EXECUTIVE ORDER NO. 226, AS AMENDED  
35 ENTITLED, THE "OMNIBUS INVESTMENT CODE OF 1987;"  
36

37 ii. SECTIONS 9 AND 13 (C) OF REPUBLIC ACT NO. 7227 ENTITLED, "AN  
38 ACT ACCELERATING THE CONVERSION OF MILITARY  
39 RESERVATIONS INTO OTHER PRODUCTIVE USES, CREATING THE  
40 BASES CONVERSION AND DEVELOPMENT AUTHORITY FOR THIS  
41 PURPOSE, PROVIDING FUNDS THEREFOR AND FOR OTHER  
42 PURPOSES";  
43

44 iii. SECTION 3 OF EXECUTIVE ORDER NO. 80 ENTITLED,  
45 "AUTHORIZING THE ESTABLISHMENT OF THE CLARK  
46 DEVELOPMENT CORPORATION AS THE IMPLEMENTING ARM OF

1 THE BASES CONVERSION AND DEVELOPMENT AUTHORITY FOR  
2 THE CLARK SPECIAL ECONOMIC ZONE, AND DIRECTING ALL  
3 HEADS OF DEPARTMENTS, BUREAUS, OFFICES, AGENCIES AND  
4 INSTRUMENTALITIES OF GOVERNMENT TO SUPPORT THE  
5 PROGRAM;"

6  
7 iv. SECTION 6 OF EXECUTIVE ORDER NO 132 ENTITLED,  
8 "AUTHORIZING THE CREATION OF THE PORO POINT  
9 MANAGEMENT CORPORATION AS THE IMPLEMENTING ARM OF  
10 THE BASES CONVERSION DEVELOPMENT AUTHORITY OVER THE  
11 PORO POINT SPECIAL ECONOMIC AND FREEPORT ZONE AND  
12 RENAMING THE JOHN HAY PORO POINT DEVELOPMENT  
13 CORPORATION AS THE JOHN HAY MANAGEMENT  
14 CORPORATION;"

15  
16 v. SECTION 9 OF REPUBLIC ACT NO. NO. 7903 ENTITLED, "AN ACT  
17 CREATING SPECIAL ECONOMIC ZONE AND FREE PORT IN THE  
18 CITY OF ZAMBOANGA AND ESTABLISHING FOR THIS PURPOSE  
19 THE ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY,  
20 APPROPRIATING FUNDS THEREFOR, AND FOR OTHER;"

21  
22 vi. SECTION 14 OF REPUBLIC ACT NO. 9728 ENTITLED, "AN ACT  
23 CONVERTING THE BATAAN ECONOMIC ZONE LOCATED IN THE  
24 MUNICIPALITY OF MARIVELES, PROVINCE OF BATAAN, INTO THE  
25 FREEPORT AREA OF BATAAN (FAB), CREATING FOR THIS  
26 PURPOSE THE AUTHORITY OF THE FREEPORT AREA OF BATAAN  
27 (AFAB), APPROPRIATING FUNDS THEREFOR AND FOR OTHER  
28 PURPOSES OR THE "FREEPORT AREA OF BATAAN ACT OF 2009;"

29  
30 vii. SECTION 65 OF REPUBLIC ACT NO. 9593 ENTITLED, "AN ACT  
31 DECLARING A NATIONAL POLICY FOR TOURISM AS AN ENGINE  
32 OF INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL  
33 DEVELOPMENT, AND STRENGTHENING THE DEPARTMENT OF  
34 TOURISM AND ITS ATTACHED AGENCIES TO EFFECTIVELY  
35 EFFICIENTLY IMPLEMENT THAT POLICY, AND APPROPRIATING  
36 FUNDS THEREFOR;"

37  
38 viii. SECTION 15 OF REPUBLIC ACT NO. 9490 ENTITLED, "AN ACT  
39 ESTABLISHING THE AURORA SPECIAL ECONOMIC ZONE IN  
40 THE PROVINCE OF AURORA, CREATING FOR THE PURPOSE THE  
41 AURORA SPECIAL ECONOMIC ZONE AUTHORITY,  
42 APPROPRIATING FUNDS THEREFOR AND FOR OTHER  
43 PURPOSES;" SEC. 8 OF REPUBLIC ACT NO. 10083, ENTITLED, "AN  
44 ACT AMENDING REPUBLIC ACT NO. 9490, OTHERWISE KNOWN AS  
45 THE "AURORA SPECIAL ECONOMIC ZONE ACT OF 2007;"

ix. SECTION 7 OF REPUBLIC ACT NO. 7922, ENTITLED, "AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN THE MUNICIPALITY OF SANTA ANA AND THE NEIGHBORING ISLANDS IN THE MUNICIPALITY OF APARRI, PROVINCE OF CAGAYAN PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES."

B. THE FOLLOWING PROVISIONS PROVIDING FOR TAX INCENTIVES, AMONG OTHERS, ARE HEREBY AMENDED. ACCORDINGLY, ALL TAX OBLIGATIONS OF THE CORPORATION SHALL BE CHARGEABLE TO THE TAX EXPENDITURE FUND (TEF) IN THE ANNUAL GENERAL APPROPRIATION ACT PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER NO. 93, SERIES OF 1986:

i. SECTION 18 OF REPUBLIC ACT NO. 7884 ENTITLED, "AN ACT CREATING THE NATIONAL DAIRY AUTHORITY TO ACCELERATE THE DEVELOPMENT OF THE DAIRY INDUSTRY IN THE PHILIPPINES, PROVIDING FOR A DAIRY DEVELOPMENT FUND, AND FOR OTHER PURPOSES;"

ii. SECTION 142 OF REPUBLIC ACT NO. 10654 ENTITLED, "AN ACT TO PREVENT, DETER AND ELIMINATE ILLEGAL, UNREPORTED AND UNREGULATED FISHING, AMENDING REPUBLIC ACT NO. 8550, OTHERWISE KNOWN AS THE PHILIPPINE FISHERIES CODE OF 1998, AND FOR OTHER PURPOSES;"

iii. SECTION 8 OF REPUBLIC ACT NO. 7903 ENTITLED, "AN ACT CREATING SPECIAL ECONOMIC ZONE AND FREE PORT IN THE CITY OF ZAMBOANGA FOR THIS PURPOSE THE ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSE;"

iv. SECTION 12-A OF REPUBLIC ACT NO. 10083 ENTITLED, "AN ACT AMENDING REPUBLIC ACT NO. 9490, OTHERWISE KNOWN AS THE AURORA SPECIAL ECONOMIC ZONE ACT OF 2007;"

v. SECTIONS 29, 57, 74, 95 (C) OF REPUBLIC ACT NO. 9593 ENTITLED, "AN ACT DECLARING TOURISM AS ENGINE OF INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT AND STRENGTHENING THE DEPARTMENT OF TOURISM OR TOURISM ACT OF 2009;"

vi. SECTION 10 OF PRESIDENTIAL DECREE NO. 538 ENTITLED, "CREATING AND ESTABLISHING THE PHIVIDEC INDUSTRIAL AUTHORITY AND MAKING IT A SUBSIDIARY AGENCY OF THE PHILIPPINE VETERANS INVESTMENT DEVELOPMENT

CORPORATION DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, AND FOR OTHER PURPOSES;"

vii. SECTION 16 (A) (B) OF REPUBLIC ACT NO. 9497 ENTITLED, "AN ACT CREATING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES, AUTHORIZING THE APPROPRIATION OF FUNDS THEREFOR, AND FOR OTHER PURPOSES;"

viii. SECTION 8 OF REPUBLIC ACT NO. 7278 ENTITLED, "AN ACT AMENDING COMMONWEALTH ACT 111, AS AMENDED BY PD 460, ENTITLED "AN ACT TO CREATE A PUBLIC CORPORATION KNOWN AS THE BOYS SCOUTS OF THE PHILIPPINES AND TO DEFINE ITS POWERS AND PURPOSES," BY STRENGTHENING THE VOLUNTEER AND DEMOCRATIC CHARACTER OF THE BOYS SCOUTS OF THE PHILIPPINES AND FOR OTHER PURPOSES;"

ix. SECTION 11 (A), (B), (C), (D) OF REPUBLIC ACT NO. 10073 ENTITLED, "AN ACT INSTITUTING THE NEW GIRL SCOUTS OF THE PHILIPPINES CHARTER, PENALIZING VIOLATIONS THEREFOR AND FOR OTHER PURPOSES;"

x. SECTION 14 OF REPUBLIC ACT NO. 7354 ENTITLED, "AN ACT CREATING THE PHILIPPINE POSTAL CORPORATION, DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, PROVIDING FOR REGULATION OF THE INDUSTRY AND FOR OTHER PURPOSES CONNECTED THEREWITH;"

xi. SECTION 8 AND 14 OF PRESIDENTIAL DECREE NO. 269 ENTITLED, "CREATING THE NATIONAL ELECTRIFICATION ADMINISTRATION AS A CORPORATION, PRESCRIBING ITS POWERS AND ACTIVITIES, APPROPRIATING THE NECESSARY FUNDS THEREFORE AND DECLARING A NATIONAL POLICY OBJECTIVE FOR THE TOTAL ELECTRIFICATION OF THE PHILIPPINES ON AN AREA COVERAGE SERVICE BASIS, THE ORGANIZATION, PROMOTION AND DEVELOPMENT OF ELECTRIC COOPERATIVES TO ATTAIN THE SAID OBJECTIVE, PRESCRIBING TERMS AND CONDITIONS FOR THEIR OPERATIONS, THE REPEAL OF RA 6038, AND FOR OTHER PURPOSES; "

xii. SECTION 10 OF REPUBLIC ACT NO. 6675 ENTITLED, "AN ACT TO PROMOTE, REQUIRE AND ENSURE THE PRODUCTION OF AN ADEQUATE SUPPLY, DISTRIBUTION, USE AND ACCEPTANCE OF DRUGS AND MEDICINES IDENTIFIED BY THEIR GENERIC NAMES;"

- 1           xiii. SECTION 10 OF REPUBLIC ACT NO. 7719 ENTITLED, "AN ACT  
2           PROMOTING VOLUNTARY BLOOD DONATION, PROVIDING FOR  
3           AN ADEQUATE SUPPLY OF SAFE BLOOD, REGULATING BLOOD  
4           BANKS, AND PROVIDING PENALTIES FOR VIOLATION  
5           THEREFOR;"
- 6
- 7           xiv. SECTION 19 OF REPUBLIC ACT NO. 9679 ENTITLED, "AN ACT  
8           AMENDING THE HOME DEVELOPMENT MUTUAL FUND  
9           OTHERWISE KNOWN AS THE PAG-IBIG FUND;"
- 10
- 11          xv. SECTION 17 (C) REPUBLIC ACT NO. 9576 ENTITLED, "INCREASING  
12          THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AND  
13          STRENGTHENING THE REGULATORY AND ADMINISTRATIVE  
14          AUTHORITY AND FINANCIAL CAPABILITY OF PDIC;"
- 15
- 16          xvi. SECTION 56 OF REPUBLIC ACT NO. 10801 ENTITLED, "AN ACT  
17          GOVERNING THE OPERATIONS AND ADMINISTRATION OF THE  
18          OVERSEAS WORKERS WELFARE ADMINISTRATION;"
- 19
- 20          xvii. SECTION 13 OF REPUBLIC ACT NO. 7820 ENTITLED, "AN ACT  
21          CREATING THE PARTIDO DEVELOPMENT ADMINISTRATION,  
22          DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS  
23          THEREFOR, AND FOR OTHER PURPOSES;"
- 24
- 25          xviii. SECTION 10 OF REPUBLIC ACT NO. 10349 ENTITLED, "AN ACT  
26          AMENDING REPUBLIC ACT NO. 7898, ESTABLISHING THE  
27          REVISED AFP MODERNIZATION PROGRAM AND FOR OTHER  
28          PURPOSES;"
- 29
- 30          xix. SECTION 6 OF REPUBLIC ACT NO. 10591 ENTITLED, "AN ACT  
31          PROVIDING FOR A COMPREHENSIVE LAW ON FIREARMS AND  
32          AMMUNITION AND PROVIDING PENALTIES FOR VIOLATIONS  
33          THEREOF;"
- 34
- 35          xx. SECTION 14 OF REPUBLIC ACT NO. 6958 ENTITLED, "AN ACT  
36          CREATING THE MACTAN-CEBU INTERNATIONAL AIRPORT  
37          AUTHORITY, TRANSFERRING EXISTING ASSETS OF THE  
38          MACTAN INTERNATIONAL AIRPORT AND THE LAHUG AIRPORT  
39          TO THE AUTHORITY, VESTING THE AUTHORITY WITH POWER  
40          TO ADMINISTER AND OPERATE THE MACTAN INTERNATIONAL  
41          AIRPORT AND THE LAHUG AIRPORT, AND FOR OTHER  
42          PURPOSES;"
- 43
- 44          xxi. SECTION 5(J) OF REPUBLIC ACT NO. 9510 ENTITLED, "AN ACT  
45          ESTABLISHING THE CREDIT INFORMATION SYSTEM AND FOR  
46          OTHER PURPOSES;"

xxii. SECTION 13(E) OF PRESIDENTIAL DECREE NO. 857 ENTITLED, "AN ACT PROVIDING FOR THE REORGANIZATION OF PORT ADMINISTRATION AND OPERATION FUNCTIONS IN THE PHILIPPINES, REVISING PD 505 DATED JULY 11, 1974, CREATING THE PHILIPPINE PORT AUTHORITY, BY SUBSTITUTION, AND FOR OTHER PURPOSES;"

xxiii. SECTION 19 OF REPUBLIC ACT NO. 6847 ENTITLED, "AN ACT CREATING AND ESTABLISHING THE PHILIPPINE SPORTS COMMISSION, DEFINING ITS POWERS, FUNCTIONS, AND RESPONSIBILITIES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES;"

xxiv. SECTION 5(C) OF REPUBLIC ACT NO. 8180 ENTITLED, "AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY, AND FOR OTHER PURPOSES (DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1996);"

C. THE FOLLOWING PROVISIONS PROVIDING FOR "IN LIEU OF ALL TAXES" ARE HEREBY AMENDED ACCORDINGLY, TO READ AS FOLLOWS:

- i. SECTION 13 OF PRESIDENTIAL DECREE 1590 ENTITLED "AN ACT GRANTING A NEW FRANCHISE TO PHILIPPINE AIRLINES, INC. TO ESTABLISH, OPERATE AND MAINTAIN AIR TRANSPORT SERVICES IN THE PHILIPPINES AND OTHER COUNTRIES" IS HEREBY AMENDED AS FOLLOWS:

*"Section 13. In consideration of the franchise and rights hereby granted, the grantee shall pay to the Philippine government during the life of this franchise whichever of subsections (a) and (b) hereunder will result in a lower tax:*

*(A) the basic corporate income tax based on the grantee's annual net taxable income computed in accordance with the provisions of the national internal revenue code—ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES; OR*

*(B) A franchise tax of two per cent (2%) of the gross revenues derived by the grantee from all sources, without distinction as to transport or non-transport operations; provided, that with respect to international air-transport service, only the gross passenger, mail, and freight revenues from its outgoing flights shall be subject to this tax.*

*The tax paid by the grantee under either of the above alternatives shall be in lieu of all other taxes, duties, royalties, registration, license, and other fees and*

~~charges of any kind, nature, or description, imposed, levied, established, assessed, or collected by any municipal, city, provincial, or national authority or government agency, now or in the future, including but not limited to the following:-~~

~~1. All taxes, duties, charges, royalties, or fees due on local purchases by the grantee of aviation gas, fuel, and oil, whether refined or in crude form, and whether such taxes, duties, charges, royalties, or fees are directly due from or imposable upon the purchaser or the seller, producer, manufacturer, or importer of said petroleum products but are billed or passed on the grantee either as part of the price or cost thereof or by mutual agreement or other arrangement; provided, that all such purchases by, sales or deliveries of aviation gas, fuel, and oil to the grantee shall be for exclusive use in its transport and non-transport operations and other activities incidental thereto;~~

~~2. All taxes, including compensating taxes, duties, charges, royalties, or fees due on all importations by the grantee of aircraft, engines, equipment, machinery, spare parts, accessories, commissary and catering supplies, aviation gas, fuel, and oil, whether refined or in crude form and other articles, supplies, or materials; provided, that such articles or supplies or materials are imported for the use of the grantee in its transport and transport operations and other activities incidental thereto and are not locally available in reasonable quantity, quality, or price;~~

~~3. All taxes on lease rentals, interest, fees, and other charges payable to lessors, whether foreign or domestic, of aircraft, engines, equipment, machinery, spare parts, and other property rented, leased, or chartered by the grantee where the payment of such taxes is assumed by the grantee;~~

~~4. All taxes on interest, fees, and other charges on foreign loans obtained and other obligations incurred by the grantee where the payment of such taxes is assumed by the grantee;~~

~~5. All taxes, fees, and other charges on the registration, licensing, acquisition, and transfer of aircraft, equipment, motor vehicles, and all other personal and real property of the grantee; and~~

~~6. The corporate development tax under Presidential Decree no. 1158-A.~~

~~The grantee, shall, however, pay the tax on its real property in conformity with existing law.~~

~~For purposes of computing the basic corporate income tax as provided herein, the grantee is authorized:~~

*(A) to depreciate its assets to the extent of not more than twice as fast the normal rate of depreciation; and*

*(B) to carry over as a deduction from taxable income any net loss incurred in any year up to five years following the year of such loss."*

- ii. **SECTION 11 OF REPUBLIC ACT NO. 7151 ENTITLED "AN ACT GRANTING CEBU AIR, INC. FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN TRANSPORT SERVICES FOR THE CARRIAGE OF PASSENGERS, MAIL, GOODS AND PROPERTY BY AIR, BOTH DOMESTIC AND INTERNATIONAL WITH CEBU AS ITS BASE" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 11. Tax provisions. —The grantee shall pay to the Philippine government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*

*In the event that any competing individual, partnership or corporation receives and enjoys tax privileges and other favorable terms which tend to place the herein grantee at any disadvantage, then such provisions shall be deemed ipso facto part hereof and shall operate equally in favor of the grantee.*

*The grantee shall, however, be subject to income tax levied under title ii of the national internal revenue code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation."*

- iii. **SECTION 11 OF REPUBLIC ACT NO. 7583 ENTITLED "AN ACT GRANTING ABOITIZ AIR TRANSPORT CORPORATION A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN TRANSPORT SERVICES FOR THE CARRIAGE OF GOODS, MAIL AND OTHER PROPERTY BY AIR, BOTH DOMESTIC AND INTERNATIONAL" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 11. Tax provisions. — In consideration of the franchise and the rights hereby granted, the grantee shall pay to the Philippine government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*

*IN THE EVENT THAT ANY COMPETING INDIVIDUAL, PARTNERSHIP OR CORPORATION RECEIVES AND ENJOYS TAX PRIVILEGES WHICH TEND TO PLACE THE HEREIN GRANTEE AT ANY DISADVANTAGE,*

1 ~~THEN SUCH PROVISIONS SHALL BE DEEMED PART HEREOF AND~~  
2 ~~SHALL OPERATE EQUALLY IN FAVOR OF THE GRANTEE.~~

3  
4 ~~THE GRANTEE SHALL, HOWEVER, BE SUBJECT TO INCOME TAX~~  
5 ~~LEVIED UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE~~  
6 ~~CODE, AS AMENDED, AND TAX ON ITS REAL PROPERTY UNDER~~  
7 ~~EXISTING LAWS ON REVENUES EARNED FROM ACTIVITIES OTHER~~  
8 ~~THAN AIR TRANSPORTATION."~~  
9

- 10 iv. SECTION 14 OF REPUBLIC ACT NO. 7783 ENTITLED "AN ACT  
11 GRANTING THE MAJOR TELECOMS, INC., A FRANCHISE TO  
12 ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE  
13 AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES,  
14 CIRCUITS AND STATIONS THROUGHOUT THE PHILIPPINES FOR  
15 PUBLIC DOMESTIC AND INTERNATIONAL COMMUNICATIONS,  
16 AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS  
17 FOLLOWS:  
18

19 *"Section 14. Tax provisions. — The grantee, its successors or assigns*  
20 *shall be liable to pay the same taxes on their real estate, buildings and personal*  
21 *property, exclusive of this franchise, as other persons or corporations as now or*  
22 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
23 *successors or assigns shall pay a franchise tax equivalent to three (3%) of all*  
24 *gross receipts of the business transacted under this franchise by the grantee, its*  
25 *successors or assigns; and the said percentage shall be in lieu of all taxes on this*  
26 *franchise or earnings thereof; provided, that the grantee, its successors or assigns*  
27 *shall continue to be liable for income taxes payable under title ii of the national*  
28 *internal revenue code pursuant to section 2 of Executive Order No. 72 unless the*  
29 *latter enactment is amended or repealed, in which case the amendment or repeal*  
30 *shall be applicable thereto.* **AND ALL APPLICABLE TAXES UNDER THE**  
31 **NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR**  
32 **REVENUES EARNED FROM ALL ACTIVITIES.**  
33

34 XXX"  
35

- 36 v. SECTION 10 OF REPUBLIC ACT NO 7939 ENTITLED "AN ACT  
37 GRANTING THE ISLAND COUNTRY TELECOMMUNICATIONS, INC.,  
38 A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND  
39 OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATION  
40 SYSTEM AND SERVICES, LINES, CIRCUITS AND STATIONS WITHIN  
41 AND WITHOUT THE PHILIPPINES, AND FOR OTHER PURPOSES" IS  
42 HEREBY AMENDED TO READ AS FOLLOWS:  
43

44 *"Section 10. Tax provisions. — The grantee shall be liable to pay the same*  
45 *taxes on their real estate, buildings and personal property exclusive of this*  
46 *franchise, as other persons or telecommunication entities are now or hereafter*

1 may be required by law to pay. In addition thereto, the grantee, its successors or  
2 assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross  
3 receipts transacted under this franchise; ~~and the said percentage shall be in lieu~~  
4 ~~of all taxes on this franchise or earnings thereof; provided, that the grantee shall~~  
5 ~~continue to be liable for income taxes payable under title ii of the national~~  
6 ~~internal revenue code. AND ALL APPLICABLE TAXES UNDER THE~~  
7 ~~NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR~~  
8 ~~REVENUES EARNED FROM ALL ACTIVITIES.~~

9  
10 XXX"

- 11  
12 vi. SECTION 9 OF REPUBLIC ACT NO. 7961 ENTITLED "AN ACT  
13 GRANTING TO CRUZ TELEPHONE COMPANY, INC., (CRUZTELCO),  
14 A FRANCHISE TO INSTALL, OPERATE AND MAINTAIN A  
15 TELECOMMUNICATIONS SYSTEM THROUGHOUT THE  
16 PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:

17  
18 "Section 9. Tax provisions. — The grantee shall be liable to pay the same  
19 taxes on their real estate, buildings and personal property, exclusive of this  
20 franchise, as other persons or corporations are now or hereafter may be required  
21 by law to pay. In addition thereto the grantee, its successors or assigns shall pay  
22 a franchise tax equivalent to three percent (3%) of all gross receipts of the  
23 business transacted under this franchise by the grantee, its successors or assigns;  
24 ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings~~  
25 ~~thereof; provided, that the grantee, its successors or assigns shall continue to be~~  
26 ~~liable for income taxes payable under title ii of the national internal revenue~~  
27 ~~code. AND ALL APPLICABLE TAXES UNDER THE NATIONAL~~  
28 ~~INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED~~  
29 ~~FROM ALL ACTIVITIES.~~

30  
31 XXX"

- 32  
33 vii. SECTION 8 OF REPUBLIC ACT NO. 7962 ENTITLED "AN ACT  
34 GRANTING THE PHILIPPINE BROADCASTING CORPORATION A  
35 FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN  
36 RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE  
37 PHILIPPINES, AND FOR OTHER PURPOSES" IS HEREBY AMENDED  
38 TO READ AS FOLLOWS:

39  
40 "Section 8. Tax provisions. — The grantee, its successors or assigns, shall  
41 be liable to pay the same taxes on their real estate, buildings and personal  
42 property, exclusive of this franchise, as other persons or corporations are now or  
43 hereafter may be required by law to pay. In addition thereto, the grantee, its  
44 successors or assigns, shall pay a franchise tax at equivalent to three percent  
45 (3%) of all gross receipts of the radio/television business transacted under this  
46 franchise by the grantee, its successors or assigns; ~~and the said percentage shall~~

1 ~~be in lieu of all taxes on this franchise or earnings thereof; provided, that the~~  
2 ~~grantee, its successors or assigns, shall continue to be liable for income taxes~~  
3 ~~payable under Title II of the National Internal Revenue Code pursuant to Section~~  
4 ~~2 of Executive Order No. 72 unless the latter enactment is amended or repealed,~~  
5 ~~in which case the amendment or repeal shall be applicable thereto. AND ALL~~  
6 **APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE**  
7 **CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL**  
8 **ACTIVITIES.**

9  
10 XXX"

- 11  
12 viii. SECTION 8 OF REPUBLIC ACT NO. 7963 ENTITLED "AN ACT  
13 GRANTING THE CEBU BROADCASTING COMPANY A FRANCHISE  
14 TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND  
15 TELEVISION BROADCASTING STATIONS WITHIN THE  
16 PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED  
17 TO READ AS FOLLOWS:  
18

19 "Section 8. Tax provisions. — The grantee, its successors or assigns, shall  
20 be liable to pay the same taxes on their real estate, buildings and personal  
21 property, exclusive of this franchise, as other persons or corporations are now or  
22 hereafter may be required by law to pay. In addition thereto, the grantee, its  
23 successors or assigns, shall pay a franchise tax equivalent to three percent (3%)  
24 of all gross receipts of the radio/television business transacted under this  
25 franchise by the grantee, its successors or assigns, ~~and the said percentage shall~~  
26 ~~be in lieu of all taxes on this franchise or earnings thereof; provided, that the~~  
27 ~~grantee, its successors or assigns, shall continue to be liable for income taxes~~  
28 ~~payable under Title II of the National Internal Revenue Code pursuant to Section~~  
29 ~~2 of Executive Order No. 72 unless the latter enactment is amended or repealed,~~  
30 ~~in which case the amendment or repeal shall be applicable thereto. AND ALL~~  
31 **APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE**  
32 **CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL**  
33 **ACTIVITIES.**

34  
35 XXX"

- 36  
37 ix. SECTION 8 OF REPUBLIC ACT NO. 7966 ENTITLED "AN ACT  
38 GRANTING THE ABS-CBN BROADCASTING CORPORATION A  
39 FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN  
40 TELEVISION AND RADIO BROADCASTING STATIONS IN THE  
41 PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED  
42 TO READ AS FOLLOWS:  
43

44 "Section 8. Tax provisions. — The grantee, its successors or assigns, shall  
45 be liable to pay the same taxes on their real estate, buildings and personal  
46 property, exclusive of this franchise, as other persons or corporations are now or

hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

- x. **SECTION 8 OF REPUBLIC ACT NO. 7967 ENTITLES "AN ACT GRANTING THE PACIFIC BROADCASTING SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

"Section 8. Tax provisions. — The grantee, its successors or assigns shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

- xi. **SECTION 8 OF REPUBLIC ACT NO. 7969 ENTITLED "AN ACT GRANTING THE CENTRAL CATV, INC. A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS IN THE PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

1           *"Tax provisions. — The grantee, its successors or assigns, shall be liable*  
2 *to pay the same taxes on their real estate, buildings and personal property,*  
3 *exclusive of this franchise, as other persons or corporations are now or hereafter*  
4 *may be required by law to pay. In addition thereto, the grantee, its successors or*  
5 *assigns, shall be levied, assessed and collected a franchise tax equivalent to three*  
6 *percent (3%) of all gross receipts of the business transacted under this franchise*  
7 *by the grantee, its successors or assigns and the said percentage shall be in lieu*  
8 *of all taxes on this franchise or earnings thereof: provided, that the grantee, its*  
9 *successors or assigns, shall continue to be liable for income taxes payable under*  
10 *Title II of the National Internal Revenue Code. AND ALL APPLICABLE TAXES*  
11 *UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED,*  
12 *FOR REVENUES EARNED FROM ALL ACTIVITIES.*

13  
14       XXX"

- 15  
16       xii. SECTION 13 OF REPUBLIC ACT NO. 8004 ENTITLED "AN ACT  
17       GRANTING TO MILLENNIA TELECOMMUNICATIONS  
18       CORPORATION A FRANCHISE TO INSTALL, OPERATE AND  
19       MAINTAIN TELECOMMUNICATION SERVICES WITHIN THE  
20       PHILIPPINES AND INTERNATIONAL POINTS, AND FOR OTHER  
21       PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

22  
23           *"Section 13. The grantee, its successors or assigns shall be liable to pay*  
24 *the same taxes on its real estate, buildings and personal property, exclusive of*  
25 *this franchise, as other persons or corporations which are now or hereafter may*  
26 *be required by law to pay. In addition thereto, the grantee, its successors or*  
27 *assigns, shall be levied, assessed and collected a franchise tax equivalent to three*  
28 *percent (3%) of all gross receipts of the business transacted under this franchise*  
29 *by the grantee, its successors or assigns, and the said percentage shall be in lieu*  
30 *of all taxes on this franchise or earnings thereof: provided, that the grantee, its*  
31 *successors or assigns, shall continue to be liable for income taxes payable under*  
32 *title ii of the national internal revenue code. AND ALL APPLICABLE TAXES*  
33 *UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED,*  
34 *FOR REVENUES EARNED FROM ALL ACTIVITIES.*

35  
36       XXX"

- 37  
38       xiii. SECTION 9 OF REPUBLIC ACT NO. 10900 ENTITLED "AN ACT  
39       EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE  
40       FRANCHISE GRANTED TO BELL TELECOMMUNICATION  
41       PHILIPPINES, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT  
42       NO. 7692, ENTITLED "AN ACT GRANTING BELL  
43       TELECOMMUNICATION PHILIPPINES, INC., A FRANCHISE TO  
44       INSTALL, OPERATE, AND MAINTAIN TELECOMMUNICATIONS  
45       SYSTEMS THROUGHOUT THE PHILIPPINES AND FOR OTHER  
46       PURPOSES"" IS HEREBY AMENDED TO READ AS FOLLOWS:

1  
2           **"SECTION 9. TAX PROVISIONS.**— the grantee shall be liable to pay  
3 **ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL**  
4 **REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL**  
5 **ACTIVITIES** ~~the same taxes on its real estate, buildings and personal property~~  
6 ~~exclusive of this franchise, except on its antennas, radios, base transceiver~~  
7 ~~stations, telecommunications and electronic communications equipment,~~  
8 ~~machineries and spare parts needed in connection with the business from the~~  
9 ~~grantee, as well as the self-supporting, monopole and/or guyed towers, and other~~  
10 ~~similar structures and facilities on which said antennas, radios,~~  
11 ~~telecommunications and electronic communications equipment, machineries and~~  
12 ~~spare parts are installed, which shall be exempt from real property taxes, customs~~  
13 ~~duties, tariffs, and other taxes and fees. In addition thereto, the grantee shall pay~~  
14 ~~value-added tax on all gross receipts of the business transacted under this~~  
15 ~~franchise in the Philippines, in lieu of any and all taxes of any kind, nature or~~  
16 ~~description, including, but not limited to, local business taxes, local franchise~~  
17 ~~taxes, tower fees, supervision fees, local communication taxes levied, established~~  
18 ~~or collected, or may be levied, established or collected, by any city, municipality,~~  
19 ~~provincial or national authority, from which the grantee is hereby expressly~~  
20 ~~exempted effective from the date of approval of this act; in addition thereto, the~~  
21 ~~grantee shall pay to the bureau of internal revenue each year three per centum~~  
22 ~~(3%) of the gross receipts of its regulated telecommunications services transacted~~  
23 ~~under this franchise, and the said percentage shall be in lieu of all taxes on this~~  
24 ~~franchise or earnings thereof; provided, that the grantee shall continue to be~~  
25 ~~liable for income taxes payable under title ii of the national internal revenue code~~  
26 ~~pursuant to sec. 2 of executive order no. 72 unless the latter enactment is~~  
27 ~~amended or repealed, in which case the amendment or repeal shall be applicable~~  
28 ~~thereon."~~  
29

- 30       xiv. **SECTION 3 OF REPUBLIC ACT NO. 7859 ENTITLED "AN ACT**  
31 **AMENDING SECTION ONE OF THE FRANCHISE OF WORLDWIDE**  
32 **COMMUNICATIONS, INC., GRANTED UNDER REPUBLIC ACT NO.**  
33 **FIVE THOUSAND THREE HUNDRED TWENTY-ONE AND**  
34 **EXTENDING IT FOR ANOTHER TWENTY-FIVE (25) YEARS, AND**  
35 **FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS**  
36 **FOLLOWS:**  
37

38           **"Section 14. The grantee shall be liable to pay ALL APPLICABLE**  
39 **TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS**  
40 **AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES** ~~the same~~  
41 ~~taxes on their real estate, buildings and personal property exclusive of this~~  
42 ~~franchise, as other persons or telecommunication entities are now or hereafter~~  
43 ~~may be required by law to pay. In addition thereto, the grantee shall pay the~~  
44 ~~bureau of internal revenue each year, three per centum (3%) of the gross receipts~~  
45 ~~of its regulated telecommunication services transacted under this franchise, and~~  
46 ~~said percentage shall be in lieu of all taxes on this franchise or earnings thereof;~~

1 *provided, that the grantee shall continue to be liable for income taxes payable*  
2 *under Title II of the National Internal Revenue Code pursuant to Section 2 of*  
3 *Executive Order No. 72 unless the latter enactment is amended or repealed, in*  
4 *which case the amendment or repeal shall be applicable thereto."*  
5

6 **xv. SECTION 9 OF REPUBLIC ACT NO. 7908 ENTITLED "AN ACT**  
7 **GRANTING THE MULTI-MEDIA TELEPHONY INCORPORATED, A**  
8 **FRANCHISE TO CONSTRUCT, ESTABLISH, OPERATE AND**  
9 **MAINTAIN RADIO PAGING SYSTEM IN THE PHILIPPINES, AND FOR**  
10 **OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:**  
11

12 *"Section 9. Tax provision. — The grantee, its successors or assigns shall*  
13 *be liable to pay the same taxes on their real estate buildings and personal*  
14 *property, exclusive of this franchise, as other persons or corporations are now or*  
15 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
16 *successors or assigns, shall be levied, assessed and collected a franchise tax*  
17 *equivalent to three percent (3%) on all gross receipts of the business transacted*  
18 *under this franchise by the grantee and the said percentage shall be in lieu of all*  
19 *taxes on this franchise or earnings thereof. The grantee, its successors or assigns,*  
20 *shall continue to be liable for income taxes payable under title ii of the national*  
21 *internal revenue code. AND ALL APPLICABLE TAXES UNDER THE*  
22 *NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR*  
23 *REVENUES EARNED FROM ALL ACTIVITIES.*  
24

25 XXX"  
26

27 **xvi. SECTION 8 OF REPUBLIC ACT NO. 8060 ENTITLED "AN ACT**  
28 **GRANTING PALAWAN BROADCASTING CORPORATION A**  
29 **FRANCHISE TO INSTALL, CONSTRUCT, OPERATE AND MAINTAIN**  
30 **COMMERCIAL RADIO AND TELEVISION BROADCASTING**  
31 **STATIONS THROUGHOUT THE PHILIPPINES" IS HEREBY**  
32 **AMENDED TO READ AS FOLLOWS:**  
33

34 *"Section 8. Tax provisions. — The grantee, its successors or assigns, shall*  
35 *be liable to pay the same taxes on their real estate, buildings and personal*  
36 *property, exclusive of this franchise, as other persons or corporations are now or*  
37 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
38 *successors or assigns, shall pay a franchise tax equivalent to three percent (3%)*  
39 *of all gross receipts of the radio television business transacted under this*  
40 *franchise by the grantee, its successors or assigns and the said percentage shall*  
41 *be in lieu of all taxes on this franchise or earnings thereof; provided, that the*  
42 *grantee, its successors or assigns, shall continue to be liable for income taxes*  
43 *payable under Title II of the National Internal Revenue Code pursuant to Section*  
44 *2 of Executive Order no. 72 unless the latter enactment is amended or repealed,*  
45 *in which case the amendment or repeal shall be applicable thereto. AND ALL*  
46 *APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE*

1 CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL  
2 ACTIVITIES.

3  
4 XXX"

5  
6 xvii. SECTION 8 OF REPUBLIC ACT NO. 8063 ENTITLED "AN ACT  
7 GRANTING THE BEACON COMMUNICATIONS SYSTEMS, INC., A  
8 FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND  
9 MAINTAIN COMMERCIAL RADIO STATIONS IN THE PHILIPPINES"  
10 IS HEREBY AMENDED TO READ AS FOLLOWS:  
11

12 "Section 8. Tax provisions. — The grantee, its successors or assigns, shall  
13 be liable to pay the same taxes on their real estate, buildings and personal  
14 property, exclusive of this franchise, as other persons or corporations are now or  
15 hereafter may be required by law to pay. In addition thereto, the grantee, its  
16 successors or assigns, shall pay a franchise tax equivalent to three percent (3%)  
17 of all gross receipts of the radio business transacted under this franchise by the  
18 grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all~~  
19 ~~taxes on this franchise or earnings thereof; provided, that the grantee, its~~  
20 ~~successors or assigns, shall continue to be liable for income taxes payable under~~  
21 ~~title ii of the national internal revenue code pursuant to section 2 of executive~~  
22 ~~order no. 72 unless the latter enactment is amended or repealed, in which case~~  
23 ~~the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE**  
24 **TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS**  
25 **AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

26  
27 XXX"

28  
29 xviii. SECTION 9 OF REPUBLIC ACT NO. 8065 ENTITLED "AN ACT  
30 GRANTING THE ISLA CELLULAR COMMUNICATIONS, INC., A  
31 FRANCHISE TO CONSTRUCT, MAINTAIN, ESTABLISH, OPERATE  
32 COMMERCIAL MOBILE AND FIXED WIRELESS  
33 TELECOMMUNICATIONS SYSTEM IN THE PHILIPPINES" IS  
34 HEREBY AMENDED TO READ AS FOLLOWS:  
35

36 "Section 9. Tax provisions. — The grantee, its successors or assigns, shall  
37 be liable to pay the same taxes on their real estate, buildings and personal  
38 property, exclusive of this franchise, as other persons or corporations are now or  
39 hereafter may be required by law to pay. In addition thereto, the grantee, its  
40 successors or assigns, shall pay a franchise tax at such percentage as may be  
41 prescribed by law on all gross receipts of the business  
42 transacted under this franchise by the grantee ~~and the said percentage shall be in~~  
43 ~~lieu of all taxes on this franchise or earnings thereof; provided, that the grantee,~~  
44 ~~its successors or assigns, shall continue to be liable for income taxes payable~~  
45 ~~under title ii of the national internal revenue code.~~ **AND ALL APPLICABLE**  
46 **TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS**

1           **AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

2  
3           XXX"

- 4  
5       **xix. SECTION 9 REPUBLIC ACT NO. 8066 ENTITLED "AN ACT**  
6       **GRANTING THE ISLA PAGING COMPANY, A FRANCHISE TO**  
7       **CONSTRUCT, MAINTAIN, ESTABLISH, AND OPERATE**  
8       **COMMERCIAL RADIO PAGING SERVICES IN THE PHILIPPINES" IS**  
9       **HEREBY AMENDED TO READ AS FOLLOWS:**

10  
11           *"Section 9. Tax provision. — The grantee, its successors or assigns shall*  
12       *be liable to pay the same taxes on their real estate, buildings and personal*  
13       *property, exclusive of this franchise, as the persons or corporations are now or*  
14       *hereafter may be required by law to pay. On addition thereto, the grantee, its*  
15       *successors or assigns shall pay a franchise tax at such percentage as may be*  
16       *prescribed by law on all gross receipts of the business transacted under this*  
17       *franchise by the grantee and the said percentage shall be in lieu of all taxes on*  
18       *this franchise or earnings thereof; provided, that the grantee, its successors or*  
19       *assigns shall continue to be liable for income taxes payable under title ii of the*  
20       *national internal revenue code. AND ALL APLLICABLE TAXES UNDER THE*  
21       **NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR**  
22       **REVENUES EARNED FROM ALL ACTIVITIES.**

23  
24           XXX"

- 25  
26       **xx. SECTION 8 OF REPUBLIC ACT NO. 8067 ENTITLED "AN ACT**  
27       **GRANTING THE RADIO GUBAT NETWORK, INC., A FRANCHISE TO**  
28       **CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO**  
29       **BROADCASTING STATIONS IN THE BICOL REGION" IS HEREBY**  
30       **AMENDED TO READ AS FOLLOWS:**

31  
32           *"Section 8. Tax provisions. —The grantee, its successors or assigns, shall*  
33       *be liable to pay the same taxes on their real estate, buildings and personal*  
34       *property, exclusive of this franchise, as other persons or corporations are now or*  
35       *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
36       *successors or assigns, shall pay a value-added tax equivalent to ten-percent*  
37       *(10%)—TWELVE PERCENT (12%) of all gross receipts of the business*  
38       *transacted under this franchise by the grantee, its successors or assigns and the*  
39       *said percentage shall be in lieu of all taxes on this franchise or earnings*  
40       *thereof; provided, that the grantee, its successors or assigns, shall continue to be*  
41       *liable for income taxes payable under title ii of the national internal revenue*  
42       *code. AND ALL APPLICABLE TAXES UNDER THE NATIONAL*  
43       **INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED**  
44       **FROM ALL ACTIVITIES.**

45  
46           XXX"

xxi. SECTION 8 OF REPUBLIC ACT NO. 8068 ENTITLED "AN ACT GRANTING A FRANCHISE TO AGUSAN COMMUNICATIONS FOUNDATION, INC., TO CONSTRUCT, OPERATE AND MAINTAIN STATIONS FOR RADIO AND TELEVISION IN THE PROVINCE OF AGUSAN DEL SUR AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

*"Section 8. Tax provisions. — The grantee, its successors or assigns shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to section 2 of executive order no. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*

XXX"

xxii. SECTION 8 OF REPUBLIC ACT NO. 8071 ENTITLED "AN ACT GRANTING VISMIN RADIO AND TELEVISION BROADCASTING NETWORK, INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS IN THE VISAYAS AND MINDANAO, AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

*"Section 8. Tax provisions. — The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall be levied, assessed and collected a value-added tax equivalent to ~~ten percent (10%)~~ TWELVE PERCENT (12%) on all gross receipts of the business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*

XXX"

- xxiii. SECTION 8 OF REPUBLIC ACT NO. 8080 ENTITLED "AN ACT GRANTING THE ASIAN-PACIFIC BROADCASTING COMPANY, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN BROADCASTING STATIONS IN THE PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 8. Tax provisions. —The grantee, its successors or assigns shall be liable to pay the same taxes on their real state, buildings and personal property, exclusive of this franchise, as other persons or corporations which are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax such percentage as may be prescribed by law on all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to section 2 of executive order no. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

- xxiv. SECTION 8 OF REPUBLIC ACT NO. 8094 ENTITLED "AN ACT GRANTING THE IPIL BROADCASTING NEWS NETWORK, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN ZAMBOANGA DEL SUR AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 8. Tax provisions. — The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall be levied, assessed and collected a value-added tax equivalent to ~~ten percent (10%)~~ **TWELVE PERCENT (12%)** of all gross receipts of the business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code~~ **AND ALL APPLICABLE TAXES UNDER THE**

**NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR  
REVENUES EARNED FROM ALL ACTIVITIES.**

**XXX"**

- xxv. SECTION 10 OF REPUBLIC ACT NO. 8095 ENTITLED "AN ACT  
GRANTING THE ISLATEL CORPORATION A FRANCHISE TO  
CONSTRUCT, MAINTAIN, ESTABLISH AND OPERATE  
COMMERCIAL NATIONWIDE AND REGIONAL TRANSMISSION  
NETWORK AND OTHER TELEPHONE SERVICES IN THE  
PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 10. Tax provision. — The grantee, its successors or assigns, shall  
be liable to pay the same taxes on their real estate, buildings and personal  
property, exclusive of this franchise, as other persons or corporations are now or  
hereafter may be required by law to pay. In addition thereto, the grantee, its  
successors or assigns, shall pay a franchise tax at such percentage as may be  
prescribed by law on all gross receipts of the business transacted under this  
franchise by the grantee and the said percentage shall be in lieu of all taxes on  
this franchise or earnings thereof; provided, that the grantee, its successors or  
assigns, shall continue to be liable for income taxes payable under title ii of the  
national internal revenue code. AND ALL APPLICABLE TAXES UNDER THE  
NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR  
REVENUES EARNED FROM ALL ACTIVITIES.*

**XXX"**

- xxvi. SECTION 8 OF REPUBLIC ACT NO. 8096 ENTITLED "AN ACT  
GRANTING THE ALLIED BROADCASTING CENTER,  
INCORPORATED A FRANCHISE TO CONSTRUCT, OPERATE AND  
MAINTAIN STATIONS FOR RADIO IN CEBU CITY AND OTHER  
AREAS IN THE PHILIPPINES WHERE FREQUENCIES ARE STILL  
AVAILABLE FOR RADIO BROADCASTING FOR EDUCATIONAL AND  
CULTURAL, AS WELL AS FOR COMMERCIAL PURPOSES" IS  
HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 8. Tax provisions. —The grantee, its successors or assigns shall  
be liable to pay the same taxes on their real estate, buildings and personal  
property, exclusive of this franchise, as other persons or corporations are now or  
hereafter may be required by law to pay. In addition thereto, the grantee, its  
successors or assigns shall be levied, assessed and collected a franchise tax  
equivalent to three percent (3%) of all gross receipts of the radio business  
transacted under this franchise by the grantee, its successors or assigns; and the  
said percentage shall be in lieu of all taxes on this franchise or earnings  
thereof; provided, that the grantee, its successors or assigns shall continue to be  
liable for income taxes payable under title ii of the national internal revenue*

code.—AND ALL APPLICABLE TAXES UNDER THE NATIONAL  
INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED  
FROM ALL ACTIVITIES.

XXX"

- xxvii. SECTION 8 OF REPUBLIC ACT NO. 8097 ENTITLED "AN ACT  
GRANTING THE PARTIDO BROADCASTING CORPORATION A  
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND  
MAINTAIN BROADCAST AND CABLE RADIO AND TELEVISION  
STATIONS IN THE BICOL REGION" IS HEREBY AMENDED TO READ  
AS FOLLOWS:

*"Section 8. Tax provisions. —The grantee, its successors or assigns, shall  
be liable to pay the same taxes on their real estate, buildings and personal  
property, exclusive of this franchise, as other persons or corporations are now or  
hereafter may be required by law to pay. In addition thereto, the grantee, its  
successors or assigns, shall be levied, assessed and collected a value-added tax  
equivalent to ~~ten percent (10%)~~ TWELVE PERCENT (12%) of all gross  
receipts of the radio/television business transacted under this franchise by the  
grantee, its successors or assigns, and the said percentage shall be in lieu of all  
taxes on this franchise or earnings thereof: provided, that the grantee, its  
successors or assigns, shall continue to be liable for income taxes payable under  
title ii of the national internal revenue code. AND ALL APPLICABLE TAXES  
UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED,  
FOR REVENUES EARNED FROM ALL ACTIVITIES.*

XXX"

- xxviii. SECTION 8 OF REPUBLIC ACT NO. 8098 ENTITLED "AN ACT  
GRANTING BROADCAST ENTERPRISES AND AFFILIATED MEDIA  
(BEAM), INC., A FRANCHISE TO ESTABLISH, CONSTRUCT,  
OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION  
BROADCAST STATIONS INCLUDING CABLE TELEVISION SYSTEMS  
IN THE PHILIPPINES" IS HEREBY AMENDED TO READ AS  
FOLLOWS:

*"Section 8. Tax provisions. —The grantee, its successors or assigns shall  
be liable to pay the same taxes on their real estate, buildings and personal  
property, exclusive of this franchise, as other persons or corporations which are  
now or hereafter may be required by law to pay. In addition thereto, the grantee,  
its successors or assigns shall pay a value-added tax equivalent to ~~ten percent  
(10%)~~ TWELVE PERCENT (12%) of all gross receipts of the radio television  
business transacted under this franchise by the grantee, its successors or assigns  
and the said percentage shall be in lieu of all taxes on this franchise or earnings  
thereof: provided, that the grantee, its successors or assigns shall continue to be*

1 ~~liable for income taxes payable under title ii of the national internal revenue~~  
2 ~~code.—AND ALL APPLICABLE TAXES UNDER THE NATIONAL~~  
3 ~~INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED~~  
4 ~~FROM ALL ACTIVITIES.~~

5  
6 XXX"

7  
8 **xxix. SECTION 8 OF REPUBLIC ACT NO. 8099 ENTITLED "AN ACT**  
9 **GRANTING A FRANCHISE TO SAGAY BROADCASTING**  
10 **CORPORATION (SBC) TO CONSTRUCT, OPERATE AND MAINTAIN**  
11 **STATIONS FOR RADIO AND TELEVISION IN THE PHILIPPINES AND**  
12 **FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS**  
13 **FOLLOWS:**  
14

15 *"Section 8. Tax provisions. — The grantee, its successors or assigns shall*  
16 *be liable to pay the same taxes on their real state, buildings and personal*  
17 *property, exclusive of this franchise, as other persons or corporations are now or*  
18 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
19 *successors or assigns shall pay a franchise tax equivalent to three percent (3%) of*  
20 *all gross receipts of the radio business transacted under this franchise by the*  
21 *grantee, its successors or assigns, and the said percentage shall be in lieu of all*  
22 *taxes on this franchise or earnings thereof; provided, that the grantee, its*  
23 *successors or assigns shall continue to be liable for income taxes payable under*  
24 *title ii of the national internal revenue code pursuant to sec. 2 of executive order*  
25 *no. 72 unless the latter enactment is amended or repealed, in which case the*  
26 *amendment or repeal shall be applicable thereto. AND ALL APPLICABLE*  
27 *TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS*  
28 *AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*  
29

30 XXX"

31  
32 **xxx. SECTION 7 OF REPUBLIC ACT NO. 8102 ENTITLED "AN ACT**  
33 **GRANTING THE ULTIMATE ENTERTAINMENT, INC., A FRANCHISE**  
34 **TO CONSTRUCT, INSTALL, MAINTAIN AND OPERATE RADIO**  
35 **BROADCASTING STATIONS WITHIN THE PHILIPPINES" IS HEREBY**  
36 **AMENDED TO READ AS FOLLOWS:**  
37

38 *"Section 7. Tax provisions. —The grantee, its successors or assigns shall*  
39 *be liable to pay the same taxes on their real estate, buildings and personal*  
40 *property, exclusive of this franchise, as other persons or corporations are now or*  
41 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
42 *successors or assigns shall pay a value-added tax equivalent to ten percent (10%)*  
43 **TWELVE PERCENT (12%)** *of all gross receipts of the business transacted*  
44 *under this franchise by the grantee, its successors or assigns, and the said*  
45 *percentage shall be in lieu of all taxes on this franchise or earnings thereof;*  
46 *provided, that the grantee, its successors or assigns shall continue to be liable for*

~~income taxes payable under title ii of the national internal revenue code. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

XXX"

- xxx. SECTION 8 OF REPUBLIC ACT NO. 8116 ENTITLED, "AN ACT GRANTING THE VIMCONTU BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS, WITHIN THE PHILIPPINES AND FOR OTHER PURPOSES", IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 8. Tax provisions. —The grantee, its successors or assigns, shall be liable to pay the same taxes, on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall be levied, assessed and collected a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

XXX"

- xxxii. SECTION 8 OF REPUBLIC ACT NO. 8119 ENTITLED "AN ACT GRANTING THE GOOD NEWS SORSOGON FOUNDATION, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR RELIGIOUS, EDUCATIONAL AND COMMERCIAL PURPOSES, RADIO AND TELEVISION BROADCASTING STATIONS WITHIN THE PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 8. Tax provisions. —The grantee, its successors or assigns shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns ~~and the said percentage shall be in lieu of all taxes in this franchise or earnings thereof; provided, that the grantee, its~~

~~successors or assigns shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to section 2 of executive order no. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVEUNE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

XXX"

xxxiii. SECTION 5 OF REPUBLIC ACT NO. 8120 ENTITLED "AN ACT GRANTING THE ANDRES BONIFACIO COLLEGE BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE RADIO BROADCASTING STATIONS AND STATIONS FOR TELEVISION IN THE ISLAND OF MINDANAO FOR EDUCATIONAL, CULTURAL, AND COMMERCIAL PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 5. The grantee shall be liable to pay the same taxes unless exempted therefrom, on its real estate, building, and personal property, exclusive of the franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to section 2 of executive order no. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

XXX"

xxxiv. SECTION 8 OF REPUBLIC ACT NO. 8121 ENTITLED "AN ACT GRANTING THE M.S. NETWORK MANAGEMENT, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES, RADIO BROADCASTING STATIONS IN THE PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:

"Section 8. Tax provisions. —The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio business transacted under this franchise by the

grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to section 2 of executive order no. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

**xxxv. SECTION 7 OF REPUBLIC ACT NO. 8123 ENTITLED "AN ACT GRANTING THE ROYAL BROADCASTING CORPORATION. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES, RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 7. Tax Provisions. — the grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by the law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: provided, that the grantee, its successors or assign, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.* **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

**xxxvi. SECTION 8 OF REPUBLIC ACT NO. 8128 ENTITLED "AN ACT GRANTING. A FRANCHISE TO THE ORIENTAL MINDORO MANAGEMENT RESOURCES CORPORATION (OMARCO) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, MANAGE AND MAINTAIN A NETWORK OF RADIO AND TELEVISION STATIONS ANYWHERE IN THE PHILIPPINES, AND FOR OTHER PURPOSES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 8. Tax Provisions. — The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal*

property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall be levied, assessed and collected a value-added tax equivalent to ~~ten percent (10%)~~ **TWELVE PERCENT (12%)** of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise of earnings thereof; provided, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

XXX"

xxxvii. **SECTION 8 OF REPUBLIC ACT NO. 8132 ENTITLED "AN ACT GRANTING JOSE M. LUISON AND SONS, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

"Section. 8. Tax Provisions. — The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by the law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; provided, that the grantee, its successors or assign, shall continue to be liable for income taxes payable under title ii of the national internal revenue code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.~~ **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES".**

xxxviii. **SECTION 7 OF REPUBLIC ACT NO. 8144 ENTITLED "AN ACT GRANTING THE AZIMUTH BROADCASTING CORPORATION OFFRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

1           “Section 7. Tax Provisions. – The grantee, its successor or assigns, shall  
2 be liable to pay the same taxes on their real estate, buildings and personal  
3 property, exclusive of this franchise, as other persons or corporations are now or  
4 hereafter may be required by law to pay. In addition thereto, the grantee, its  
5 successors or assigns, shall pay a franchise tax equivalent to three percent (3%)  
6 of all the gross receipts of the radio/television business transacted under this  
7 franchise by the grantee, its successor or assigns, ~~and the said percentage shall~~  
8 ~~be in lieu of all taxes on this franchise or earnings percentage shall be in lieu of~~  
9 ~~all taxes on this franchise of earnings thereof: provided, that the grantee, its~~  
10 ~~successor or assigns, shall continue to be liable for income taxes payable under~~  
11 ~~the title ii of the national internal revenue code pursuant to Section 2 of Executive~~  
12 ~~Order No. 72 unless the latter enactment is amended or repealed, in which case~~  
13 ~~the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE~~  
14 ~~TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS~~  
15 ~~AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

16  
17       XXX”  
18

19       xxxix. SECTION 8 OF REPUBLIC ACT NO. 8145 ENTITLED “AN ACT  
20 GRANTING THE RADYO PILIPINO CORPORATION AFRANCHISE  
21 TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN  
22 COMMERCIAL RADIO AND TELEVISION BROADCASTING  
23 STATIONS, SATELLITE AND CABLE STATIONS IN THE  
24 PHILIPPINES” IS HEREBY AMENDED TO READ AS FOLLOWS:

25  
26           “Section 8. Tax Provisions. — The grantee, its successor or assigns  
27 shall be liable to pay the same taxes on their real estate, buildings, and personal  
28 property, exclusive of this franchise, as other persons or corporations are now or  
29 hereafter may be required by law to pay. In addition thereto, the grantee, its  
30 successors or assigns shall pay a franchise tax equivalent to three percent (3%) of  
31 all gross receipts of the radio/television business transacted under franchise by  
32 the grantee, its successor or assign, ~~and the said percentage shall be in lieu of all~~  
33 ~~taxes on this franchise or earnings thereof: provided, that the grantee, its~~  
34 ~~successors or assigns shall continue to be liable for income taxes payable under~~  
35 ~~title ii of the national internal revenue code pursuant to Section 2 of Executive~~  
36 ~~Order No. 72 unless the latter enactment is amended or repealed, in which case~~  
37 ~~the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE~~  
38 ~~TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS~~  
39 ~~AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.~~

40  
41       XXX”  
42

43       xl. SECTION 14 OF REPUBLIC ACT NO. 8147 ENTITLED “AN ACT  
44 GRANTING THE SOUTHERN BROADCASTING NETWORK  
45 AFRANCHISE TO CONSTRUCT, MAINTAIN, ESTABLISH AND  
46 OPERATE COMMERCIAL RADIO/TELEVISION BROADCASTING

1                   **STATIONS, IN THE PHILIPPINES" IS HEREBY AMENDED TO READ**  
2                   **AS FOLLOWS:**  
3

4                   *"Section 14. (a) The grantee shall be liable to pay the same taxes on its*  
5                   *real estate, buildings and personal property, exclusive of this franchise, as other*  
6                   *persons or corporations are now or hereafter may be required by law to pay. (b)*  
7                   *the grantee shall further pay to the ~~Treasurer of the Philippines~~*  
8                   **COMMISSIONER OF INTERNAL REVENUE** *each year, within ten (10)*  
9                   *days after the audit and approval of the accounts as prescribed by this act, three*  
10                  *percent (3%) of all the gross receipts from the business transacted under this*  
11                  *franchise by the said grantee, ~~except payment of the taxes mentioned in the~~*  
12                  *subsection (a) and income taxes, the payment of a franchise tax shall be in lieu*  
13                  *any other taxes, license fees as well as administrative supervisory and regulatory*  
14                  *fees—***IN ADDITION TO ALL APPLICABLE TAXES UNDER THE**  
15                  **NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR**  
16                  **REVENUES EARNED FROM ALL ACTIVITIES."  
17**

- 18                  **xli. SECTION 8 OF REPUBLIC ACT NO. 8149 ENTITLED "AN ACT**  
19                  **GRANTING THE TAGBILARAN BROADCASTING SYSTEM**  
20                  **AFRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND**  
21                  **MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS,**  
22                  **IN THE VISAYAS REGION, AND FOR OTHER PURPOSES" IS HEREBY**  
23                  **AMENDED TO READ AS FOLLOWS:**  
24

25                  *"Section 8. Tax Provisions. – The grantee, its successors or assigns, shall*  
26                  *be liable to pay the same taxes on their real estate, buildings and personal*  
27                  *property, exclusive of this franchise, as other persons or corporations are now or*  
28                  *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
29                  *successor or assigns, shall be levied, assessed and collected a value-added tax*  
30                  *equivalent to ~~ten percent (10%)~~ TWELVE PERCENT (12%) of all gross*  
31                  *receipts of the radio/television business transacted under this franchise by the*  
32                  *grantee, its successor assigns, and the said percentage shall be in lieu of all taxes*  
33                  *on this franchise or earnings thereof; provided, that the grantee, its successor*  
34                  *assigns, shall continue to be liable for income taxes payable under the title ii of*  
35                  *the national internal revenue code. AND ALL APPLICABLE TAXES UNDER*  
36                  **THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR**  
37                  **REVENUES EARNED FROM ALL ACTIVITIES.**  
38

39                  XXX"  
40

- 41                  **xlii. SECTION 8 OF REPUBLIC ACT NO. 8154 ENTITLED "AN ACT**  
42                  **GRANTING PRIME BROADCASTING NETWORK, INCORPORATED,**  
43                  **A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN**  
44                  **STATIONS FOR RADIO AND TELEVISION IN THE PHILIPPINES" IS**  
45                  **HEREBY AMENDED TO READ AS FOLLOWS:**  
46

1           “Section 8. Tax Provisions. — The grantee, its successors or assigns shall  
2 be liable to pay the same taxes on their real estate, buildings and personal  
3 property, exclusive of this franchise, as other person or corporations are now or  
4 hereafter may be required by law to pay. In addition thereto, the grantee, its  
5 successors or assigns shall be levied, assessed and collected a franchise tax  
6 equivalent to three percent (3%) on all gross receipts of the radio/television  
7 business transacted under this franchise by the grantee, its successors or assigns,  
8 ~~and the said percentage shall be in lieu of all taxes on this franchise or earnings~~  
9 ~~thereof; provided, that the grantee, its successors or assigns shall continue to be~~  
10 ~~liable for income taxes payable under title ii of the national internal revenue~~  
11 ~~code; AND ALL APPLICABLE TAXES UNDER THE NATIONAL~~  
12 ~~INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED~~  
13 ~~FROM ALL ACTIVITIES.~~

14  
15       XXX”

- 16  
17       xlili. SECTION 4 OF REPUBLIC ACT NO. 8158 ENTITLED “AN ACT  
18 EXTENDING THE FRANCHISE GRANTED TO JORGE D. BAYONA  
19 UNDER REPUBLIC ACT NUMBERED FIFTY-SEVEN HUNDRED  
20 EIGHTY-NINE, ASSIGNING IT IN FAVOR OF PBN BROADCASTING  
21 NETWORK INC., AND RENEWING THE TERM THEREOF FOR  
22 ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF THE  
23 EFFECTIVITY OF THIS ACT” IS HEREBY AMENDED TO READ AS  
24 FOLLOWS:  
25

26           “Section 4. The grantee, its successors or assigns, shall be liable to pay  
27 the same taxes on their real estate, buildings and personal property, exclusive of  
28 this franchise, as other persons or corporations which are now or hereafter may  
29 be required by law to pay. In addition thereto, the grantee, its successor or  
30 assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross  
31 receipts of the business transacted under this franchise by the grantee, its  
32 successor or assigns, ~~and said percentage shall be in lieu of all taxes on this~~  
33 ~~franchise or earnings thereof; provided, that the grantee, its successor or assigns,~~  
34 ~~shall continue to be liable for income taxes payable under title ii of the national~~  
35 ~~internal revenue code pursuant to Section 2 of the Executive Order No. 72 unless~~  
36 ~~the latter enactment is amended or repealed, in which case the amendment or~~  
37 ~~repeal shall be applicable thereto. AND ALL APPLICABLE TAXES UNDER~~  
38 ~~THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR~~  
39 ~~REVENUES EARNED FROM ALL ACTIVITIES.~~  
40

41       XXX”

- 42  
43       xliv. SECTION 8 OF REPUBLIC ACT NO. 8169 ENTITLED “AN ACT  
44 GRANTING GV BROADCASTING SYSTEM, INC., A FRANCHISE TO  
45 CONSTRUCT, INSTALL, MAINTAIN AND OPERATE FOR  
46 COMMERCIAL PURPOSES RADIO BROADCASTING STATIONS IN

1 **THE ISLAND OF LUZON AND FOR OTHER PURPOSES" IS HEREBY**  
2 **AMENDED TO READ AS FOLLOWS:**  
3

4 *"Section 8. Tax provisions. – the grantee, its successors or assigns, shall*  
5 *be liable to pay the same taxes on their real estate, buildings and personal*  
6 *property, exclusive of this franchise, as other persons or corporations are now or*  
7 *hereafter may be required by law to pay. In addition thereto, the grantee, its*  
8 *successors or assigns, shall pay a franchise tax equivalent top three percent (3%)*  
9 *of all gross receipts of the radio business transacted under this franchise by the*  
10 *grantee, its successors or assigns, and the said percentage shall be in lieu of all*  
11 *taxes on this franchise or earnings thereof: provided, that the grantee, its*  
12 *successors or assigns, shall continue to be liable for income taxes payable under*  
13 *title ii of the national internal revenue code pursuant to Section 2 of Executive*  
14 *Order No. 72 unless the latter enactment is amended or repealed. In which case*  
15 *the amendment or repeal shall be applicable thereto. AND ALL APPLICABLE*  
16 *TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS*  
17 *AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.*  
18

19 XXX"  
20

- 21 xlv. **SECTION 5 OF REPUBLIC ACT NO. 10926 ENTITLED"AN ACT**  
22 **EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE**  
23 **GRANTED TO SMART COMMUNICATIONS, INC., (FORMERLY**  
24 **SMART INFORMATION TECHNOLOGIES, INC.) AMENDING FOR**  
25 **THE PURPOSE REPUBLIC ACT NO. 7294, ENTITLED, "AN ACT**  
26 **GRANTING SMART INFORMATION TECHNOLOGIES INC. (SMART)**  
27 **A FRANCHISE TO ESTABLISH, MAINTAIN, LEASE AND OPERATE**  
28 **INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC**  
29 **SERVICES, AND STATIONS THROUGHOUT THE PHILIPPINES FOR**  
30 **PUBLIC DOMESTIC AND INTERNATIONAL**  
31 **TELECOMMUNICATIONS, AND FOR OTHER PURPOSES" IS HEREBY**  
32 **AMENDED TO READ AS FOLLOWS:**  
33

34 *"Section 5. Tax Provisions.— The grantee, its successors or assignees,*  
35 *shall be liable to pay the same taxes on their real estate, buildings and personal*  
36 *property, exclusive of this franchise, as other persons or corporations which are*  
37 *now or hereafter may be required by law to pay, except radio telecommunications*  
38 *and electronic communications equipment, machinery and spare parts needed in*  
39 *connection with the business of the grantee which shall be exempt from customs*  
40 *duties, tariffs and other taxes, as well as those declared exempt in this section. In*  
41 *addition thereto, the grantee, its successors or assignees, shall pay a value-added*  
42 *tax on all gross receipts of the business transacted under this franchise by the*  
43 *grantee, its successors or assignees, in the Philippines, in lieu of any and all taxes*  
44 *of any kind, nature or description levied, established or collected by an authority*  
45 *whatsoever including, but not limited to, city, municipal, provincial or national,*  
46 *from which the grantee is hereby expressly exempted effective from the date of*

the effectivity of this Act: Provided, That the grantee, its successors or assignees, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto. **AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES.**

*XXX"*

- xlvi. **SECTION 9 OF REPUBLIC ACT NO. 9511 ENTITLED "AN ACT GRANTING THE NATIONAL GRID CORPORATION OF THE PHILIPPINES A FRANCHISE TO ENGAGE IN THE BUSINESS OF CONVEYING OR TRANSMITTING ELECTRICITY THROUGH HIGH VOLTAGE BACK-BONE SYSTEMS OF INTERCONNECTED TRANSMISSION LINES, SUBSTATIONS AND RELATED FACILITIES" IS HEREBY AMENDED TO READ AS FOLLOWS:**

*"Section 9. Tax Provisions. - In consideration of the franchise and rights hereby granted, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts derived by the grantee from its operation under this franchise, said tax shall in lieu of income tax and any and all taxes, duties, fees and charges of any kind, nature or description levied, established or collected by any authority whatsoever, local or national, on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise, from which taxes, duties and charges, the grantee is hereby expressly exempted: Provided, that the grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other corporations are now or hereby may be required by law to pay: Provided, further, that payment by grantee of the concession fees due to psalm under the concession agreement shall not be subject to income tax and value-added tax (VAT).", AND ALL APPLICABLE TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES."*

- xlvi. **SECTION 13 OF PRESIDENTIAL DECREE 1869 – RESTORED PER OFFICE OF THE PRESIDENT MEMORANDUM DATED AUGUST 24, 1995 CONSOLIDATING AND AMENDING PRESIDENTIAL DECREE NOS. 1067-A, 1067-B, 1067-C, 1399 AND 1632 RELATIVE TO THE FRANCHISE AND POWERS OF THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR), IS HEREBY REPEALED, TO WIT:**

**"SECTION 13. EXEMPTIONS. –**

**(1) CUSTOMS DUTIES, TAXES AND OTHER IMPOSTS ON IMPORTATIONS. — ALL IMPORTATIONS OF EQUIPMENT,**

1 *VEHICLES, AUTOMOBILES, BOATS, SHIPS, BARGES, AIRCRAFT*  
2 *AND SUCH OTHER GAMBLING PARAPHERNALIA, INCLUDING*  
3 *ACCESSORIES OR RELATED FACILITIES, FOR THE SOLE AND*  
4 *EXCLUSIVE USE OF THE CASINOS, THE PROPER AND*  
5 *EFFICIENT MANAGEMENT AND ADMINISTRATION THEREOF,*  
6 *AND SUCH OTHER CLUBS, RECREATION OR AMUSEMENT*  
7 *PLACES TO BE ESTABLISHED UNDER AND BY VIRTUE OF THIS*  
8 *FRANCHISE SHALL BE EXEMPT FROM THE PAYMENT OF ALL*  
9 *KINDS OF CUSTOMS DUTIES, TAXES AND OTHER IMPOSTS,*  
10 *INCLUDING ALL KINDS OF FEES, LEVIES, OR CHARGES OF*  
11 *ANY KIND OR NATURE, WHETHER NATIONAL OR LOCAL.*  
12

13 *VESSELS AND/OR ACCESSORY FERRY BOATS IMPORTED OR*  
14 *TO BE IMPORTED BY ANY CORPORATION HAVING EXISTING*  
15 *CONTRACTUAL ARRANGEMENTS WITH THE CORPORATION,*  
16 *FOR THE SOLE AND EXCLUSIVE USE OF THE CASINO OR TO*  
17 *BE USED TO SERVICE THE OPERATIONS AND REQUIREMENTS*  
18 *OF THE CASINO, SHALL LIKEWISE BE TOTALLY EXEMPT*  
19 *FROM THE PAYMENT OF ALL CUSTOMS DUTIES, TAXES AND*  
20 *OTHER IMPOSTS, INCLUDING ALL KINDS OF FEES, LEVIES,*  
21 *ASSESSMENTS OR CHARGES OF ANY KIND OR NATURE,*  
22 *WHETHER NATIONAL OR LOCAL.*  
23

24 *(2) INCOME AND OTHER TAXES. — (A) FRANCHISE HOLDER:*  
25 *NO TAX OF ANY KIND OR FORM, INCOME OR OTHERWISE, AS*  
26 *WELL AS FEES, CHARGES OR LEVIES OF WHATEVER NATURE,*  
27 *WHETHER NATIONAL OR LOCAL, SHALL BE ASSESSED AND*  
28 *COLLECTED UNDER THIS FRANCHISE FROM THE*  
29 *CORPORATION; NOR SHALL ANY FORM OF TAX OR CHARGE*  
30 *ATTACH IN ANY WAY TO THE EARNINGS OF THE*  
31 *CORPORATION, EXCEPT A FRANCHISE TAX OF FIVE (5%)*  
32 *PERCENT OF THE GROSS REVENUE OR EARNINGS DERIVED*  
33 *BY THE CORPORATION FROM ITS OPERATION UNDER THIS*  
34 *FRANCHISE.—SUCH TAX SHALL BE DUE AND PAYABLE*  
35 *QUARTERLY TO THE NATIONAL GOVERNMENT AND SHALL BE*  
36 *IN LIEU OF ALL KINDS OF TAXES, LEVIES, FEES OR*  
37 *ASSESSMENTS OF ANY KIND, NATURE OR DESCRIPTION,*  
38 *LEVIED, ESTABLISHED OR COLLECTED BY ANY MUNICIPAL,*  
39 *PROVINCIAL, OR NATIONAL GOVERNMENT AUTHORITY.*

40 *(B) OTHERS: THE EXEMPTIONS HEREIN GRANTED FOR*  
41 *EARNINGS DERIVED FROM THE OPERATIONS CONDUCTED*  
42 *UNDER THE FRANCHISE SPECIFICALLY FROM THE PAYMENT*  
43 *OF ANY TAX, INCOME OR OTHERWISE, AS WELL AS ANY FORM*  
44 *OF CHARGES, FEES OR LEVIES, SHALL INURE TO THE*  
45 *BENEFIT OF AND EXTEND TO CORPORATION(S),*  
46 *ASSOCIATION(S), AGENCY(IES), OR INDIVIDUAL(S) WITH*

1 WHOM THE CORPORATION OR OPERATOR HAS ANY  
2 CONTRACTUAL RELATIONSHIP IN CONNECTION WITH THE  
3 OPERATIONS OF THE CASINO(S) AUTHORIZED TO BE  
4 CONDUCTED UNDER THIS FRANCHISE AND TO THOSE  
5 RECEIVING COMPENSATION OR OTHER REMUNERATION  
6 FROM THE CORPORATION OR OPERATOR AS A RESULT OF  
7 ESSENTIAL FACILITIES FURNISHED AND/OR TECHNICAL  
8 SERVICES RENDERED TO THE CORPORATION OR OPERATOR.  
9

10 THE FEE OR REMUNERATION OF FOREIGN ENTERTAINERS  
11 CONTRACTED BY THE CORPORATION OR OPERATOR IN  
12 PURSUANCE OF THIS PROVISION SHALL BE FREE OF ANY  
13 TAX.  
14

15 (3) DIVIDEND INCOMES — NOTWITHSTANDING ANY  
16 PROVISION OF LAW TO THE CONTRARY, IN THE EVENT THE  
17 CORPORATION SHOULD DECLARE A CASH DIVIDEND, THAT  
18 PORTION OF THE DIVIDEND INCOME CORRESPONDING TO  
19 THE PARTICIPATION OF THE PRIVATE SECTOR SHALL, AS AN  
20 INCENTIVE TO THE BENEFICIARIES, BE SUBJECT ONLY TO A  
21 FINAL INCOME TAX RATE OF TEN (10%) PERCENT IN LIEU OF  
22 THE REGULAR INCOME TAX RATES. THE DIVIDEND INCOME  
23 SHALL NOT IN SUCH CASE BE CONSIDERED AS PART OF  
24 BENEFICIARIES' TAXABLE INCOME; PROVIDED, HOWEVER,  
25 THAT SUCH DIVIDEND INCOME SHALL BE TOTALLY  
26 EXEMPTED FROM INCOME OR OTHER FORMS OF TAXES IF  
27 INVESTED WITHIN SIX (6) MONTHS FROM THE DATE THE  
28 DIVIDEND INCOME IS RECEIVED, IN THE FOLLOWING:  
29

30 (A) OPERATION OF THE CASINO(S) OR INVESTMENTS IN ANY  
31 AFFILIATE ACTIVITY THAT WILL ULTIMATELY REDOUND TO  
32 THE BENEFIT OF THE CORPORATION OR ANY OTHER  
33 CORPORATION WITH WHOM THE CORPORATION HAS ANY  
34 EXISTING ARRANGEMENTS IN CONNECTION WITH OR  
35 RELATED TO THE OPERATIONS OF THE CASINO(S);

36 (B) GOVERNMENT BONDS, SECURITIES, TREASURY NOTES, OR  
37 DEBENTURES; OR

38 (C) BOI-REGISTERED OR EXPORT-ORIENTED  
39 CORPORATION(S).  
40

41 (4) UTILIZATION OF FOREIGN CURRENCIES. — THE  
42 CORPORATION SHALL HAVE THE RIGHT AND AUTHORITY,  
43 SOLELY AND EXCLUSIVELY IN CONNECTION WITH THE  
44 OPERATIONS OF THE CASINO(S), TO PURCHASE, RECEIVE,  
45 EXCHANGE AND DISBURSE FOREIGN EXCHANGE, SUBJECT  
46 TO THE FOLLOWING TERMS AND CONDITIONS:

1 (A) A SPECIFIC AREA IN THE CASINO(S) OR GAMING PIT  
2 SHALL BE PUT UP SOLELY EXCLUSIVELY FOR PLAYERS AND  
3 PATRONS UTILIZING FOREIGN CURRENCIES;  
4 (B) THE CORPORATION SHALL APPOINT AND DESIGNATE A  
5 DULY ACCREDITED COMMERCIAL BANK AGENT OF THE  
6 CENTRAL BANK, TO HANDLE, ADMINISTRATIVE AND MANAGE  
7 THE USE OF FOREIGN CURRENCIES IN THE CASINO(S);  
8 (C) THE CORPORATION SHALL PROVIDE AN OFFICE AT  
9 CASINO(S) EXCLUSIVELY FOR THE EMPLOYEES OF THE  
10 DESIGNATED BANK, AGENT OF THE CENTRAL BANK, WHERE  
11 THE CORPORATION SHALL MAINTAIN A DOLLAR ACCOUNT  
12 WHICH WILL BE UTILIZED EXCLUSIVELY FOR THE ABOVE  
13 PURPOSE AND THE CASINO DOLLAR TREASURY EMPLOYEES;  
14 (D) ONLY PERSONS WITH FOREIGN PASSPORTS OR  
15 CERTIFICATES OF IDENTITY (FOR HONG KONG PATRON  
16 ONLY) DULY ISSUED BY THE GOVERNMENT OR COUNTRY OF  
17 THEIR RESIDENCE WILL BE ALLOWED TO PLAY IN THE  
18 FOREIGN EXCHANGE GAMING PIT;  
19 (E) ONLY FOREIGN EXCHANGE PRESCRIBE TO FORM PART OF  
20 THE PHILIPPINE INTERNATIONAL RESERVE AND THE  
21 FOLLOWING FOREIGN EXCHANGE CURRENCIES:  
22 AUSTRALIAN DOLLAR, SINGAPORE DOLLAR, HONG KONG  
23 DOLLAR, SHALL BE USED IN THIS GAMING PIT;  
24 (F) THE DISBURSEMENT, ADMINISTRATION, MANAGEMENT  
25 AND RECORDING OF FOREIGN EXCHANGE CURRENCIES  
26 USED IN THE CASINO(S) SHALL BE CARRIED OUT IN  
27 ACCORDANCE WITH EXISTING FOREIGN EXCHANGE  
28 REGULATIONS; AND PERIODICAL REPORTS OF THE  
29 TRANSACTIONS IN SUCH FOREIGN EXCHANGE CURRENCIES  
30 BY THE CORPORATION SHALL BE DULY RECORDED AND  
31 REPORTED TO THE CENTRAL BANK THRU THE DESIGNATED  
32 AGENT BANK; AND  
33 (G) THE CORPORATION SHALL ISSUE THE NECESSARY RULES  
34 AND REGULATIONS FOR THE GUIDANCE AND INFORMATION  
35 OF PLAYERS QUALIFIED TO PARTICIPATE IN THE FOREIGN  
36 EXCHANGE GAMING PIT, IN ORDER TO MAKE CERTAIN THAT  
37 THE TERMS AND CONDITIONS AS ABOVE SET FORTH ARE  
38 STRICTLY COMPLIED WITH."  
39

40 xlviii. SECTION 9 OF REPUBLIC ACT NO. 7953 ENTITLED "AN ACT  
41 AMENDING RA 6632 ENTITLED, "AN ACT GRANTING THE  
42 PHILIPPINE RACING ACT, INC., A FRANCHISE TO OPERATE AND  
43 MAINTAIN A RACE TRACK FOR HORSE RACING IN THE PROVINCE  
44 OF RIZAL, AND EXTENDING THE SAID FRANCHISE BY 25 YEARS  
45 FROM THE EXPIRATION OF THE TERM THEREOF" IS  
46 HEREBY AMENDED TO READ AS FOLLOWS:

1  
2 "Section 9. In consideration of the franchise and rights herein granted to  
3 the Philippine Racing Club, Inc., the grantee shall pay into the ~~National Treasury~~  
4 **COMMISSIONER OF INTERNAL REVENUE** a franchise tax equal to  
5 twenty-five per centum (25%) of its gross earnings from the horse races  
6 authorized to be held under this franchise which is equivalent to the eight and  
7 one-half per centum (8 ½%) of the total wager funds or gross receipts on the sale  
8 of betting tickets during the racing days as mentioned in section 6 hereof, allotted  
9 as follows: (a) National Government, five per centum (5%); the province or  
10 city/municipality where the race track is located, five per centum (5%); (b)  
11 Philippine Charity Sweepstakes Office, seven per centum (7%); (c) Philippine  
12 Anti-Tuberculosis Society, six per centum (6%); and (d) White Cross, two per  
13 centum (2%). The said tax shall be paid monthly ~~and shall be in lieu of any and~~  
14 ~~all taxes, except the income tax, of any kind, nature and description levied,~~  
15 ~~established or collected by any authority whether barangay, municipality, city,~~  
16 ~~provincial or national, on its properties, whether real or personal, from which~~  
17 ~~taxes the grantee is hereby expressly exempted, AND ALL APPLICABLE~~  
18 ~~TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS~~  
19 ~~AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES SHALL~~  
20 ~~BE COLLECTED."~~

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23 xlix. **SECTION 12 OF REPUBLIC ACT NO. 8407 ENTITLED "AN ACT**  
24 **AMENDING RA 6631 ENTITLED, "AN ACT GRANTING MANILA**  
25 **JOCKEY CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE**  
26 **AND MAINTAIN A RACE TRACK FOR HORSE RACING IN THE CITY**  
27 **OF MANILA OR ANY PLACE WITHIN THE PROVINCES OF**  
28 **BULACAN, CAVITE OR RIZAL AND EXTENDING THE SAID**  
29 **FRANCHISE BY 25 YEARS FROM THE EXPIRATION OF THE TERM**  
30 **THEREOF" IS HEREBY FURTHER AMENDED TO READ AS**  
31 **FOLLOWS:**

32  
33 "Sec. 12. Franchise Tax. — In consideration of the franchise, the grantee shall  
34 pay into the National Treasury a franchise tax equal to twenty-five per centum  
35 (25%) of its gross earnings from the horse races authorized to be held under this  
36 franchise which is equivalent to the eight and one-half per centum (8 ½%) of the  
37 total wager fund or gross receipts on the sale of betting tickets during the racing  
38 day as mentioned in section 8 hereof, allotted as follows: (a) five per centum (5%)  
39 for the National Government; (b) five per centum (5%) for the province or  
40 city/municipality where the racetrack is located; (c) seven per centum (7%) for the  
41 municipal hospital where the racetrack is located; (d) six per centum (6%) for the  
42 Philippine Anti-Tuberculosis Society; and (e) two per centum (2%) for the White  
43 Cross. The said taxes shall be paid monthly, ~~and shall be in lieu of any and all~~  
44 ~~taxes of any kind, nature and description levied except the income tax, established~~  
45 ~~or collected by any authority whether barangay, municipal, city, provincial or~~  
46 ~~national, on its properties, whether real or personal, from which taxes the grantee~~

1 ~~is hereby expressly exempted.~~ **AND ALL APPLICABLE TAXES UNDER THE**  
2 **NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR**  
3 **REVENUES EARNED FROM ALL ACTIVITIES SHALL BE COLLECTED.**

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7 I. SECTION 9 OF REPUBLIC ACT NO. 8298 ENTITLED "AN ACT  
8 AMENDING REPUBLIC ACT NUMBERED SEVENTY-NINE HUNDRED  
9 SEVENTY-EIGHT, ENTITLED, "AN ACT GRANTING THE METRO  
10 MANILA TURF CLUB, INC., A FRANCHISE TO CONSTRUCT,  
11 OPERATE AND MAINTAIN A RACETRACK FOR HORSE RACING IN  
12 THE CITY OF KALOOKAN" IS HEREBY FURTHER AMENDED TO  
13 READ AS FOLLOWS:  
14

15 "Section 9. In consideration of the franchise and rights herein granted, the  
16 grantee shall pay to the National Treasury a franchise tax equal to twenty-five  
17 percent (25%) of its gross earnings, which is equivalent to the commissions/fees  
18 earned by the grantee out of total wage funds, allotted as follows: (a) three  
19 percent (3%) to the National Government; (b) five percent (5%) to the City of  
20 Kalookan, or if the racetrack is located elsewhere, then to such city or  
21 municipality where it is located; (c) five percent (5%) to the public health workers  
22 under the Magna Carta for Public Health Workers and three percent (3%) to the  
23 cardiovascular program of the Department of Health; (d) five percent (5%) to the  
24 Philippine Anti-Tuberculosis Society; (e) two percent (2%) to the White Cross;  
25 and (f) two percent (2%) to the Water For Life program of the Department of  
26 Health. The said tax shall be paid monthly ~~and shall be in lieu of any and all~~  
27 ~~taxes, except the income tax, of any kind, nature and description levied,~~  
28 ~~established or collected by any authority whether barrio, municipality, city,~~  
29 ~~provincial or national, on its properties, whether real or personal, from which~~  
30 ~~taxes the grantee is hereby expressly exempted.~~ **AND ALL APPLICABLE**  
31 **TAXES UNDER THE NATIONAL INTERNAL REVENUE CODE, AS**  
32 **AMENDED, FOR REVENUES EARNED FROM ALL ACTIVITIES SHALL**  
33 **BE COLLECTED."**  
34

- 35 II. SECTION 12 OF REPUBLIC ACT NO. 8446 ENTITLED "AN ACT  
36 GRANTING THE FIL-ASIA RACING CLUB A FRANCHISE TO  
37 CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR  
38 HORSE RACING IN RIZAL OR TARLAC, OR PAMPANGA OR  
39 BATANGAS OR QUEZON CITY," IS HEREBY AMENDED TO READ AS  
40 FOLLOWS:  
41

42 "Section 12. Franchise Tax. - In consideration of the franchise, the grantee shall  
43 pay into the National Treasury a franchise tax equal to twenty-five percentum  
44 (25%) of its gross earnings from the horse races authorized to be held under this  
45 franchise which is equivalent to the eight and one-half percentum (8½ %) of the  
46 total wager fund or gross receipt on the sale of betting tickets during the racing

1 day as mentioned in section 8 hereof, allotted as follows: (a) three percentum  
2 (3%) for the National Government; (b) five percentum (5%) for the province or  
3 city/municipality where the racetrack is located; (c) five percentum (5%) for the  
4 benefit of public health workers of the Department of Health (DOH); (d) five  
5 percentum (5%) for the cardiovascular program of the DOH; (e) five percentum  
6 (5%) for the Philippine Anti-Tuberculosis Society; and (f) two percentum (2%) for  
7 the "Water of Life" project of the Department of Health. The said taxes shall be  
8 paid monthly, and shall be in lieu of any and all taxes of any kind, nature and  
9 description levied except the income tax, established or collected by any authority  
10 whether barangay, municipal, city, provincial or national, on its properties,  
11 whether real or personal, from which taxes the grantee is hereby expressly  
12 exempted. **AND ALL APPLICABLE TAXES UNDER THE NATIONAL  
13 INTERNAL REVENUE CODE, AS AMENDED, FOR REVENUES EARNED  
14 FROM ALL ACTIVITIES SHALL BE COLLECTED.**

15  
16 XXX"

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19 **SEC. 306. REPEALING CLAUSE. – A. THE FOLLOWING PROVISIONS**  
20 **PROVIDING FOR INCENTIVES ARE HEREBY REPEALED ACCORDINGLY:**

- 21  
22 i. **SEC 5 REPUBLIC ACT NO. 9379 ENTITLED, "AN ACT DEFINING**  
23 **HANDLINE FISHING, PROVIDING EFFECTIVE REGULATIONS**  
24 **THEREFOR AND FOR OTHER PURPOSES;"**  
25  
26 ii. **SECTION 16 (LAST SENTENCE) OF REPUBLIC ACT NO. 10601**  
27 **ENTITLED, "AN ACT PROMOTING AGRICULTURAL AND**  
28 **FISHERIES MECHANIZATION DEVELOPMENT IN THE COUNTRY;"**  
29  
30 iii. **SECTION 32 OF REPUBLIC ACT NO. 10654 ENTITLED, "AN ACT TO**  
31 **PREVENT, DETER AND ELIMINATE ILLEGAL, UNREPORTED AND**  
32 **UNREGULATED FISHING, AMENDING REPUBLIC ACT NO. 8550,**  
33 **OTHERWISE KNOWN AS THE PHILIPPINE FISHERIES CODE OF**  
34 **1998, AND FOR OTHER PURPOSES;"**  
35  
36 iv. **SECTION 14 (B) OF REPUBLIC ACT NO. 7308 ENTITLED, "AN ACT TO**  
37 **PROMOTE AND DEVELOP THE SEED INDUSTRY IN THE**  
38 **PHILIPPINES AND CREATE A NATIONAL SEED INDUSTRY**  
39 **COUNCIL AND FOR OTHER PURPOSES (SEED INDUSTRY**  
40 **DEVELOPMENT ACT OF 1992);"**  
41  
42 v. **SECTION 18 (2ND AND 3RD PARAGRAPH) OF REPUBLIC ACT NO.**  
43 **7884 ENTITLED, "AN ACT CREATING THE NATIONAL DAIRY**  
44 **AUTHORITY TO ACCELERATE THE DEVELOPMENT OF THE**  
45 **DAIRY INDUSTRY IN THE PHILIPPINES, PROVIDING FOR A DAIRY**  
46 **DEVELOPMENT FUND, AND FOR OTHER PURPOSES;"**

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- vi. SECTION 9 (E), (F) (I), (J) REPUBLIC ACT NO. 7900 ENTITLED, "AN ACT TO PROMOTE THE PRODUCTION, PROCESSING, MARKETING, AND DISTRIBUTION OF HIGH VALUE CROPS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES;"
  - vii. CHAPTER II, ARTICLE II, SEC. 35 (B), (C) AND (D) OF REPUBLIC ACT NO. 8550, ENTITLED "AN ACT PROVIDING FOR THE DEVELOPMENT, MANAGEMENT AND CONSERVATION OF THE FISHERIES AND AQUATIC RESOURCES, INTEGRATING ALL LAWS PERTINENT THERETO, AND FOR OTHER PURPOSES (THE PHILIPPINE FISHERIES CODE OF 1998);"
  - viii. SECTION 24 (A) (E) (F) OF REPUBLIC ACT NO. 10068 ENTITLED, "AN ACT PROVIDING FOR THE DEVELOPMENT AND PROMOTION OF ORGANIC AGRICULTURE IN THE PHILIPPINES AND FOR OTHER PURPOSES;"
  - ix. SECTION 37 OF REPUBLIC ACT NO. 6848 ENTITLED, "AN ACT PROVIDING FOR THE 1989 CHARTER OF THE AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES, AUTHORIZING ITS CONDUCT OF ISLAMIC BANKING BUSINESS, AND REPEALING FOR THIS PURPOSE PRESIDENTIAL DECREE NUMBERED TWO HUNDRED AND SIXTY-FOUR AS AMENDED BY PRESIDENTIAL DECREE NUMBERED FIVE HUNDRED AND FORTY-TWO (CREATING THE PHILIPPINE AMANAH BANK);"
  - x. SECTION 17 OF REPUBLIC ACT NO. 7906 ENTITLED, "AN ACT PROVIDING FOR THE REGULATION OF THE ORGANIZATION AND OPERATIONS OF THRIFT BANKS, AND FOR OTHER PURPOSES;"
  - xi. SECTION 15 OF REPUBLIC ACT NO. 7353 ENTITLED, "AN ACT PROVIDING FOR THE CREATION, ORGANIZATION AND OPERATION OF RURAL BANKS, AND FOR OTHER PURPOSES (RURAL BANK ACT OF 1992);"
  - xii. TITLE III, ARTICLE 39 (A), (B), (C), (D), (E), (G), (I), (J), (K), (M) AND (N); TITLE IV, AND BOOK VI, ARTICLES 77 AND 78 AND ARTICLE 81 OF EXECUTIVE ORDER NO. 226, SERIES OF 1987 ENTITLED, "THE OMNIBUS INVESTMENTS CODE OF 1987;"
  - xiii. SECTION 1 OF REPUBLIC ACT NO. 7918 ENTITLED, "AN ACT AMENDING ARTICLE 39, TITLE III OF EXECUTIVE ORDER NO. 226, OTHERWISE KNOWN AS THE OMNIBUS INVESTMENTS CODE OF 1987, AS AMENDED, AND FOR OTHER PURPOSES;"

- 1           xiv. ARTICLES 62, 63, 64, 65, 66, 67 AND 69 OF REPUBLIC ACT NO. 8756  
2           ENTITLED, "AN ACT PROVIDING FOR THE TERMS, CONDITIONS  
3           AND LICENSING REQUIREMENTS OF REGIONAL OR AREA  
4           HEADQUARTERS, REGIONAL OPERATING HEADQUARTERS,  
5           REGIONAL WAREHOUSES OF MULTINATIONAL COMPANIES  
6           AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF  
7           EXECUTIVE ORDER NO. 226, OTHERWISE KNOWN AS THE  
8           OMNIBUS INVESTMENT CODE OF 1987;"  
9
- 10          xv. EXECUTIVE ORDER NO. 22 SERIES OF 2017 AMENDING EO 70  
11          SERIES OF 2012 528, SERIES OF 2006 AND 313, SERIES OF 2004  
12          ENTITLED, "REDUCING THE RATES OF DUTY ON CAPITAL  
13          EQUIPMENT, SPARE PARTS AND ACCESSORIES IMPORTED BY  
14          BOI-REGISTERED NEW AND EXPANDING ENTERPRISES";  
15
- 16          xvi. SECTION 12 OF REPUBLIC ACT NO. 8047 ENTITLED, "AN ACT  
17          PROVIDING FOR THE DEVELOPMENT OF THE BOOK  
18          PUBLISHING INDUSTRY THROUGH THE FORMULATION AND  
19          IMPLEMENTATION OF A NATIONAL BOOK POLICY AND A  
20          NATIONAL BOOK DEVELOPMENT PLAN;"  
21
- 22          xvii. SECTION 17 (1) TO (8) AND SECTION 18 (A), (B), (C) AND (F) OF  
23          PRESIDENTIAL DECREE NO. 66 ENTITLED "CREATING THE  
24          EXPORT PROCESSING ZONE AUTHORITY AND REVISING  
25          REPUBLIC ACT NO. 5490;"  
26
- 27          xviii. SECTION 4 (E) AND (F) OF REPUBLIC ACT NO. 7903 ENTITLED "AN  
28          ACT CREATING SPECIAL ECONOMIC ZONE AND FREE PORT IN  
29          THE CITY OF ZAMBOANGA AND ESTABLISHING FOR THIS  
30          PURPOSE THE ZAMBOANGA CITY SPECIAL ECONOMIC ZONE  
31          AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR  
32          OTHER PURPOSES (ZAMBOANGA CITY SPECIAL ECONOMIC  
33          ZONE ACT OF 1995);"  
34
- 35          xix. SECTION 4 (B) (C) OF REPUBLIC ACT NO. 7922, ENTITLED, AN ACT  
36          ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN  
37          THE MUNICIPALITY OF SANTA ANA AND THE NEIGHBORING  
38          ISLANDS IN THE MUNICIPALITY OF APARRI, PROVINCE OF  
39          CAGAYAN PROVIDING FUNDS THEREFOR, AND FOR OTHER  
40          PURPOSES;"  
41
- 42          xx. SECTION 4 OF REPUBLIC ACT NO. 8748 ENTITLED "AN ACT  
43          AMENDING REPUBLIC ACT NO. 7916, OTHERWISE KNOWN AS  
44          THE SPECIAL ECONOMIC ZONE ACT OF 1995";  
45

- 1           xxi. SECTIONS 23 AND 24 OF REPUBLIC ACT NO. 7916 ENTITLED, "AN  
2           ACT PROVIDING FOR THE LEGAL FRAMEWORK AND  
3           MECHANISMS FOR THE CREATION, OPERATION,  
4           ADMINISTRATION, AND COORDINATION OF SPECIAL  
5           ECONOMIC ZONES IN THE PHILIPPINES, CREATING FOR THE  
6           PURPOSE THE PHILIPPINE ECONOMIC ZONE AUTHORITY  
7           (PEZA), AND FOR OTHER PURPOSES (THE SPECIAL ECONOMIC  
8           ZONE ACT OF 1995);"  
9
- 10          xxii. SECTION 1 AND SECTIONS 2, 3, 4, 5 AND 7 OF REPUBLIC ACT NO.  
11          9400 ENTITLED, "AN ACT AMENDING REPUBLIC ACT NO. 7227, AS  
12          AMENDED, OTHERWISE KNOWN AS THE BASES CONVERSION  
13          AND DEVELOPMENT ACT OF 1982, AND FOR OTHER PURPOSES;"  
14
- 15          xxiii. SECTION 1 OF EXECUTIVE ORDER NO. 619 ENTITLED,  
16          "CREATING AND DESIGNATING SPECIAL ECONOMIC ZONES  
17          PURSUANT TO REPUBLIC ACT NO. 7916, AS AMENDED BY  
18          REPUBLIC ACT NO. 8784, IN RELATION TO REPUBLIC ACT NO.  
19          7227, AS AMENDED BY REPUBLIC ACT NO. 9400, INSIDE THE  
20          CLARK FREEPORT ZONE;"  
21
- 22          xxiv. SECTIONS 5, 6, 7(LAST PARAGRAPH), 8 AND 9 OF REPUBLIC ACT  
23          NO. 9490, ENTITLED, AN ACT ESTABLISHING THE AURORA  
24          SPECIAL ECONOMIC ZONE IN THE PROVINCE OF AURORA,  
25          CREATING FOR THE PURPOSE THE AURORA SPECIAL  
26          ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS  
27          THEREFOR AND FOR OTHER PURPOSES; SECTIONS 3 (E) (F) (H)  
28          AND 4 OF R.A. NO. 10083, ENTITLED, "AN ACT AMENDING  
29          REPUBLIC ACT NO. 9490;"  
30
- 31          xxv. SECTIONS 5, 6 AND 10 OF REPUBLIC ACT NO. 9728 ENTITLED  
32          "AN ACT CONVERTING THE BATAAN ECONOMIC ZONE  
33          LOCATED IN THE MUNICIPALITY OF MARIVELES, PROVINCE  
34          OF BATAAN, INTO THE FREEPORT AREA OF BATAAN (FAB),  
35          CREATING FOR THIS PURPOSE THE AUTHORITY OF THE  
36          FREEPORT AREA OF BATAAN (AFAB), APPROPRIATING FUNDS  
37          THEREFOR AND FOR OTHER PURPOSES (FREEPORT AREA OF  
38          BATAAN (FAB) ACT OF 2009);"  
39
- 40          xxvi. SECTIONS 12, 21 AND 22 OF PRESIDENTIAL DECREE NO. 87  
41          RESTORED BY FIRB RESOLUTION 19-87 AMENDING  
42          PRESIDENTIAL DECREE 8 ISSUED ON OCTOBER 2, 1972, AND  
43          PROMULGATING AN AMENDED ACT TO PROMOTE THE  
44          DISCOVERY AND PRODUCTION OF INDIGENEOUS PETROLEUM  
45          AND APPROPRIATE FUNDS THEREFOR (OIL EXPLORATION  
46          AND DEVELOPMENT ACT);

- xxvii. PRESIDENTIAL DECREE NO. 529 (RESTORED BY FIRB RESOLUTION 19-87) ENTITLED "GRANTING TO PETROLEUM EXPLORATION CONCESSIONAIRES UNDER THE PETROLEUM ACT OF 1949 EXEMPTION FROM CUSTOMS DUTY AND COMPENSATING TAX ON IMPORTATIONS OF MACHINERY AND EQUIPMENT, SPARE PARTS AND MATERIALS REQUIRED FOR THEIR EXPLORATION OPERATIONS;"
- xxviii. SECTION 16 (A), (B) AND (C) AND SECTION 17 (A) TO (E) OF PRESIDENTIAL DECREE NO. 972 ENTITLED, "PROMULGATING AN ACT TO PROMOTE AN ACCELERATED EXPLORATION, DEVELOPMENT, EXPLOITATION, PRODUCTION AND UTILIZATION OF COAL (THE COAL DEVELOPMENT ACT OF 1976);"
- xxix. SECTION 4 (A) AND (D) OF PRESIDENTIAL DECREE NO. 1442 RESTORED BY FIRB RESOLUTION 19-87, ENTITLED, "AN ACT TO PROMOTE THE EXPLORATION AND DEVELOPMENT OF GEOTHERMAL RESOURCES;"
- xxx. SECTION 10 (1) TO (6) OF REPUBLIC ACT NO. 7156 ENTITLED "AN ACT GRANTING INCENTIVES TO MINI-HYDRO ELECTRIC POWER DEVELOPERS AND FOR OTHER PURPOSES" (MINI-HYDROELECTRIC INCENTIVE ACT);"
- xxxi. SECTION 9 OF REPUBLIC ACT NO. 8479 ENTITLED "AN ACT DEREGULATING THE DOWNSTREAM OIL INDUSTRY, AND FOR OTHER PURPOSES (DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998);"
- xxxii. SECTION 6, FIFTH PARAGRAPH OF REPUBLIC ACT NO. 9136 ENTITLED, "AN ACT ORDAINING REFORM IN THE ELECTRIC POWER INDUSTRY, AMENDING FOR THE PURPOSE CERTAIN LAWS AND FOR OTHER PURPOSES (ELECTRIC POWER INDUSTRY REFORM ACT OF 2001);"
- xxxiii. CHAPTER VII, SECTIONS 15, 19, 21, 22 AND 23 OF REPUBLIC ACT NO. 9513 ENTITLED, "AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND FOR OTHER PURPOSES;"
- xxxiv. SECTION 6 (A) (B) OF REPUBLIC ACT NO. 9367 ENTITLED, "AN ACT TO DIRECT THE USE OF BIOFUELS, ESTABLISHING FOR

1 THIS PURPOSE THE BIOFUEL PROGRAM, APPROPRIATING  
2 FUNDS THEREFORE, AND FOR OTHER PURPOSES;"

3  
4 xxxv. SECTIONS 36 (E) AND (F) OF PRESIDENTIAL DECREE NO. 705  
5 ENTITLED, "REVISING PD NO. 389, OTHERWISE KNOWN AS THE  
6 FORESTRY REFORM CODE OF THE PHILIPPINES (REVISED  
7 FORESTRY CODE OF THE PHILIPPINES);"

8  
9 xxxvi. SECTION (B) (1) (C) OF REPUBLIC ACT NO. 9003 ENTITLED, "AN  
10 ACT PROVIDING FOR AN ECOLOGICAL SOLID WASTE  
11 MANAGEMENT PROGRAM, CREATING THE NECESSARY  
12 INSTITUTIONAL MECHANISMS AND INCENTIVES, DECLARING  
13 CERTAIN ACTS PROHIBITED AND PROVIDING PENALTIES,  
14 APPROPRIATING FUNDS THEREFOR AND FOR OTHER  
15 PURPOSES;"

16  
17 xxxvii. SECTION 26 A (1) (3) OF REPUBLIC ACT NO. 9275 ENTITLED, "AN  
18 ACT PROVIDING FOR COMPREHENSIVE WATER QUALITY  
19 MANAGEMENT AND FOR OTHER PURPOSES (PHILIPPINE  
20 CLEAN WATER ACT OF 2004);"

21  
22 xxxviii. SECTIONS 16 AND 17 OF REPUBLIC ACT NO. 7844 ENTITLED,  
23 "AN ACT TO DEVELOP EXPORTS AS A KEY TOWARDS THE  
24 ACHIEVEMENT OF THE NATIONAL GOALS TOWARDS THE  
25 YEAR 2000 (EXPORT DEVELOPMENT ACT OF 1994);"

26  
27 xxxix. SECTION 13 OF REPUBLIC ACT NO. 10817 ENTITLED, "AN ACT  
28 INSTITUTING THE PHILIPPINE HALAL EXPORT DEVELOPMENT  
29 AND PROMOTION PROGRAM, CREATING FOR THE PURPOSE  
30 THE PHILIPPINE HALAL EXPORT DEVELOPMENT AND  
31 PROMOTION BOARD, AND FOR OTHER PURPOSES;"

32  
33 xl. SECTION 14 OF REPUBLIC ACT NO. 8423 ENTITLED, "AN ACT  
34 CREATING THE PHILIPPINE INSTITUTE OF TRADITIONAL AND  
35 ALTERNATIVE HEALTH CARE (PITAHC) TO ACCELERATE THE  
36 DEVELOPMENT OF TRADITIONAL AND ALTERNATIVE HEALTH  
37 CARE IN THE PHILIPPINES, PROVIDING FOR A TRADITIONAL  
38 AND ALTERNATIVE HEALTH CARE DEVELOPMENT FUND AND  
39 FOR OTHER PURPOSES;"

40  
41 xli. SECTION 20 (D) (1) TO (5) OF REPUBLIC ACT NO. 10884  
42 ENTITLED, "AN ACT STRENGTHENING THE BALANCED  
43 HOUSING DEVELOPMENT PROGRAM, AMENDING FOR THE  
44 PURPOSE REPUBLIC ACT NO. 7279, AS AMENDED, OTHERWISE  
45 KNOWN AS THE URBAN DEVELOPMENT AND HOUSING ACT OF  
46 1992;"

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- xlii. SECTION 10 OF REPUBLIC ACT NO. 7718 ENTITLED, "AN ACT AMENDING CERTAIN SECTIONS OF RA 6957\*, ENTITLED "AN ACT AUTHORIZING THE FINANCING, CONSTRUCTION, OPERATION AND MAINTENANCE OF INFRASTRUCTURE PROJECTS BY THE PRIVATE SECTOR, AND FOR OTHER PURPOSES;"
  - xlili. SECTION 6 (C) (D) (F) SECTIONS 7, 8 OF REPUBLIC ACT NO. 7103 ENTITLED, "AN ACT TO STRENGTHEN THE IRON AND STEEL INDUSTRY AND PROMOTE PHILIPPINE INDUSTRIALIZATION AND FOR OTHER PURPOSES;"
  - xliv. SECTION 3 (A) TO (D) AND (H) OF REPUBLIC ACT NO. 8502 ENTITLED, "AN ACT TO PROMOTE THE DEVELOPMENT OF THE JEWELRY MANUFACTURING INDUSTRY, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES (JEWELRY INDUSTRY DEVELOPMENT ACT OF 1998);"
  - xlv. SECTION 5 (A) (B) OF REPUBLIC ACT NO. 10771 ENTITLED, "AN ACT PROMOTING THE CREATION OF GREEN JOBS, GRANTING INCENTIVES AND APPROPRIATING FUNDS THEREFOR;"
  - xlvi. SECTION 9 (H) (10) OF REPUBLIC ACT NO. 9501 ENTITLED, "PROMOTING ENTREPRENEURSHIP BY STRENGTHENING DEVELOPMENT AND ASSISTANCE PROGRAMS TO MICRO, SMALL AND MEDIUM SCALE ENTERPRISES AMENDING RA 6977, OTHERWISE KNOWN AS THE MAGNA CARTA FOR SMALL ENTERPRISES;"
  - xlvii. SECTION 7 OF REPUBLIC ACT NO. 9178 ENTITLED, "AN ACT TO PROMOTE THE ESTABLISHMENT OF BARANGAY MICRO BUSINESS ENTERPRISES (BMBES), PROVIDING INCENTIVES AND BENEFITS THEREFOR, AND FOR OTHER PURPOSES;"
  - xlviii. CHAPTER XV, SECTION 83; CHAPTER XVI, SECTIONS 90, 91, 92, 93 OF REPUBLIC ACT NO. 7942, ENTITLED, "AN ACT INSTITUTING A NEW SYSTEM OF MINERAL RESOURCES EXPLORATION, DEVELOPMENT, UTILIZATION AND CONSERVATION (PHILIPPINE MINING ACT OF 1995);"
  - xlix. CHAPTER II, SECTION 4 AND CHAPTER VIII, SECTION 19 OF REPUBLIC ACT NO. 9295 ENTITLED, "AN ACT PROMOTING THE DEVELOPMENT OF PHILIPPINE DOMESTIC SHIPPING, SHIPBUILDING, SHIP REPAIR AND SHIP BREAKING, ORDAINING REFORMS IN GOVERNMENT POLICIES TOWARDS SHIPPING IN

1 THE PHILIPPINES AND FOR OTHER PURPOSES (DOMESTIC  
2 SHIPPING DEVELOPMENT ACT OF 2004);”  
3

- 4 I. SECTION 6 OF REPUBLIC ACT NO. 7471, AS AMENDED,  
5 ENTITLED, “AN ACT TO PROMOTE THE DEVELOPMENT OF  
6 PHILIPPINE OVERSEAS SHIPPING (PHILIPPINE OVERSEAS  
7 SHIPPING DEVELOPMENT ACT);”  
8
- 9 ii. SUBCHAPTER V-A, SECTION 86 AND SECTION 88 OF REPUBLIC  
10 ACT NO. 9593 ENTITLED, “AN ACT DECLARING A NATIONAL  
11 POLICY FOR TOURISM AS AN ENGINE OF INVESTMENT,  
12 EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT,  
13 AND STRENGTHENING THE DEPARTMENT OF TOURISM AND  
14 ITS ATTACHED AGENCIES TO EFFECTIVELY AND  
15 EFFICIENTLY IMPLEMENT THAT POLICY, AND  
16 APPROPRIATING FUNDS THEREFOR (THE TOURISM ACT OF  
17 2009);”  
18
- 19 iii. SECTION 8 (LAST 2 SENTENCES/PARAGRAPHS) OF REPUBLIC  
20 ACT NO. 10816 ENTITLED, “AN ACT PROVIDING FOR THE  
21 DEVELOPMENT AND PROMOTION OF FARM TOURISM IN THE  
22 PHILIPPINES;”  
23
- 24 liii. SECTION 8 OF PRESIDENTIAL DECREE 1491- AMENDING  
25 SECTION 8 OF PRESIDENTIAL DECREE NO. 538 (PHILIPPINE  
26 VETERANS INVESTMENT DEVELOPMENT CORPORATION);”  
27
- 28 liv. SECTIONS 8, 9 AND 2<sup>ND</sup> SENTENCE OF THE 1<sup>ST</sup> PARAGRAPH  
29 2<sup>ND</sup> PARAGRAPH OF SECTION 10 OF PRESIDENTIAL DECREE  
30 538 ENTITLED, “CREATING AND ESTABLISHING THE PHIVIDEC  
31 INDUSTRIAL AUTHORITY AND MAKING IT A SUBSIDIARY  
32 AGENCY OF THE PHILIPPINE VETERANS DEVELOPMENT  
33 CORPORATION, DEFINING ITS POWERS, FUNCTIONS AND  
34 RESPONSIBILITIES, AND FOR OTHER PURPOSES;”  
35
- 36 iv. SECTION 1 (1.1) OF EXECUTIVE ORDER NO. 97-A S. 1993  
37 ENTITLED, “FURTHER CLARIFYING THE TAX AND DUTY-FREE  
38 PRIVILEGE WITHIN THE SUBIC SPECIAL ECONOMIC AND FREE  
39 PORT ZONE;”  
40
- 41 lvi. SECTION 12(C) OF REPUBLIC ACT NO. 7227 ENTITLED, “AN ACT  
42 ACCELERATING THE CONVERSION OF MILITARY  
43 RESERVATIONS INTO OTHER PRODUCTIVE USES, CREATING  
44 THE BASES CONVERSION AND DEVELOPMENT AUTHORITY  
45 FOR THIS PURPOSE, PROVIDING FUNDS THEREFOR AND FOR  
46 OTHER PURPOSES;”

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2           lvii. SECTIONS 4(F) AND SECTION 5(C)(K) OF REPUBLIC ACT NO.  
3           10083 ENTITLED, "AN ACT AMENDING REPUBLIC ACT NO. 9490,  
4           OTHERWISE KNOWN AS THE AURORA SPECIAL ECONOMIC  
5           ZONE ACT OF 2007;"

6  
7           lviii. SECTION 5 OF EXECUTIVE ORDER NO. 290 ENTITLED,  
8           "IMPLEMENTING THE NATURAL GAS VEHICLE PROGRAM FOR  
9           PUBLIC TRANSPORT;"

10  
11          lix. SECTION 18 OF REPUBLIC ACT NO. 6847 ENTITLED, "AN ACT  
12          CREATING AND ESTABLISHING THE PHILIPPINE SPORTS  
13          COMMISSION, DEFINING ITS POWERS, FUNCTIONS, AND  
14          RESPONSIBILITIES, APPROPRIATING FUNDS THEREFOR, AND  
15          FOR OTHER PURPOSES;"

16  
17          B. THE PROVISIONS ON INVESTMENT PRIORITY PLAN (IPP) UNDER ART.  
18          26, CHAPTER I AND CHAPTER II OF EXECUTIVE ORDER NO. 226, SERIES OF  
19          1987 ENTITLED, THE "OMNIBUS INVESTMENTS CODE OF 1987, ARE HEREBY  
20          REPEALED.

21  
22          C. CHAPTER III ARTICLE 32 OF EXECUTIVE ORDER NO. 226, SERIES OF  
23          1987 ENTITLED, THE "OMNIBUS INVESTMENTS CODE OF 1987;" ARE HEREBY  
24          REPEALED.

25  
26          D. SECTION 1 (6) AND SECTION 2 OF PRESIDENTIAL DECREE NO. 776,  
27          ENTITLED "MODIFYING ALL LAWS, ACTS DECREES, ORDERS AND  
28          ORDINANCES GRANTING SUBSIDIES, EXEMPTIONS FROM TAXES, DUTIES,  
29          FEES IMPOSTS AND OTHER CHARGES UNDER CERTAIN EXCEPTIONS AND  
30          CREATING A FISCAL INCENTIVES BOARD. AUGUST 24, 1975;" ARE HEREBY  
31          REPEALED.

32  
33          E. SECTION 2 OF PRESIDENTIAL DECREE NO. 1931, S. 1984 ENTITLED,  
34          "DIRECTING THE RATIONALIZATION OF DUTY AND TAX EXEMPTION  
35          PRIVILEGES GRANTED TO GOVERNMENT-OWNED AND CONTROLLED  
36          CORPORATIONS AND ALL OTHER UNITS OF GOVERNMENT;" ARE HEREBY  
37          REPEALED.

38  
39          F. SECTION 1 (C), (D) EXECUTIVE ORDER NO. 93, SERIES OF 1986  
40          ENTITLED, "WITHDRAWING ALL TAX AND DUTY INCENTIVES, SUBJECT TO  
41          CERTAIN EXCEPTIONS, EXPANDING THE POWERS OF THE FISCAL  
42          INCENTIVES BOARD AND FOR OTHER PURPOSES;" ARE HEREBY REPEALED.

43  
44          G. MEMORANDUM ORDER NO. 23, S. 1986 ENTITLED, "EXPANDING THE  
45          MEMBERSHIP OF THE FISCAL INCENTIVES REVIEW BOARD ARE HEREBY  
46          REPEALED.

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2 H. SECTION 1 (A) AND (B) OF PRESIDENTIAL DECREE NO. 1955,  
3 ENTITLED, "WITHDRAWING, SUBJECT TO CERTAIN CONDITIONS, THE DUTY  
4 AND TAX PRIVILEGES GRANTED TO PRIVATE BUSINESS ENTERPRISES  
5 AND/OR PERSONS ENGAGED IN ANY ECONOMIC ACTIVITY AND FOR OTHER  
6 PURPOSES" ARE HEREBY REPEALED.

7  
8 SEC. 15. *Repealing Clause.* - All other laws, decrees, executive orders, rules and  
9 regulations, or parts thereof which are contrary to or inconsistent with this Code are hereby  
10 repealed, amended or modified accordingly.

11  
12 SEC. 16. *Separability Clause.* - If any clause, sentence, paragraph, or part of this Code  
13 shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not  
14 affect, impair, or invalidate the remainder of said Code, but shall be confined in its operation  
15 to the clause, sentence, paragraph, or part thereof directly involved in the controversy.

16  
17 SEC. 17. *Effectivity.* This Act shall take effect on January 1, 2019 or fifteen (15) days  
18 following its publication in the *Official Gazette* or in a newspaper of general circulation,  
19 whichever is earlier.

20  
21 Approved,