

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2084



Introduced by Representative Junie E. Cua

This bill covers the second package of the Duterte Administration's comprehensive tax reform program. It complements the recently-passed Tax Reform for Acceleration and Inclusion (TRAIN) Act (RA 10963) by lowering the corporate income tax rate, reforming the corporate income tax system, and broadening the tax base by modernizing investment tax incentives to enhance fairness, improve competitiveness, plug tax leakages, and achieve fiscal sustainability.

Specifically, 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%, its collection efficiency is one of the lowest. This is because of very generous tax incentives that are given in perpetuity and in lieu of other 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 more than 300 laws that grant various types of investment and non-investment incentives with little regard to cost-efficiency and effectiveness. All these result in 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 The outdated tax code lacks adequate provisions to address transfer pricing and other anti-avoidance practices.
4. Ironically, the 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 grant of tax incentives to the registered business enterprises. This is contrary to international best

practice where the finance minister holds a significant role in the decision making process regarding the design and grant of tax incentives.

The cost to the country of this defective system is significant. In 2015, the Department of Finance estimates that the investment tax incentive system costs the government some P301 billion in forgone income tax, VAT (gross of refund), and customs duty. 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 investment, jobs, exports, and country-side development, the staggering cost at more than 2% of GDP warrants the government to review its incentives system by making them time-bound, performance-based, transparent, and targeted to ensure that redundant incentives are removed, the benefits fully outweigh the cost, and fiscal prudence is maintained at all times.

Specifically, despite being the most generous provider of incentives in the region, the Philippines' investment tax incentives have not translated into much higher investment and export performance. The Philippines has one of the lowest export share to GDP among the ASEAN5, while the share of foreign direct investment to GDP, while increasing in recent years, remains lackluster relative to its neighbors. The answer to this conundrum lies in the fact that investment 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 work force. In general, while some tax incentives can help the country improve its competitiveness, they are not the real solution and they often serve as band-aid solution to the ills of the country's inability to provide infrastructure and basic services. In this regard, the Duterte Administrations seeks to reform the tax system so that it can generate more tax revenues fairly to fund the priority programs that will make the country attractive to investors without giving away redundant and costly tax incentives.

With tax incentives modernized and the tax base expanded, the corporate income tax rate can be reduced to correct the current inequitable and unjust system that benefits a few industries while negatively impacting the rest of the business community, which pay the regular corporate income tax rate. The reduction of the corporate income tax rate would be a very much welcome relief that will benefit all corporate taxpayers, whether large or small, and whether domestic or foreign, and will enhance the competitiveness of our

investment climate. In the end, this bill aims to benefit not just the government, but more importantly, the Filipino taxpayers who have been diligently complying with their tax obligations by making the tax system more progressive, efficient, and simpler.

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



JUNIE E. CUA
Representative
Lone District, Quirino

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

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HOUSE BILL NO. _____

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AN ACT AMENDING SECTIONS 4, 5, 20, 22, 25, 27, 28, 34, 40, 50, 73, 112, 117, 119, 203, 204, 222, 237, 237-A, 255, 256, 257, 258, 260, 261, 262, 263, 264, 265, 266, 275, 282, 290 AND ADDING SECTIONS 6-A AND A NEW TITLE XIII UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

1 SECTION 1. *Title.* This Act shall be known as the "Corporate Income Tax and
2 Reform Act."

3
4 SEC. 2. Section 4 of the National Internal Revenue Code of 1997, as
5 amended, is hereby further amended to read as follows:
6

7 "SEC. 4. *Power of the Commissioner to Interpret Tax Laws and to*
8 *Decide Tax Cases.* – The power to interpret the provisions of the
9 Code and other tax laws shall be under the exclusive and original
10 jurisdiction of the Commissioner, subject to review by the Secretary
11 of Finance: **PROVIDED, THAT THE POWER TO INTERPRET THE**
12 **PROVISIONS OF TITLE XIII OF THIS CODE, SHALL BE UNDER THE**

1 **EXCLUSIVE AND ORIGINAL JURISDICTION OF THE SECRETARY OF**
2 **FINANCE.**
3

4 The power to decide disputed assessments, refunds of internal
5 revenue taxes, fees or other charges, penalties imposed in relation
6 thereto, or other matters arising under this Code or other laws or
7 portions thereof administered by the Bureau of Internal Revenue is
8 vested in the Commissioner, subject to the exclusive appellate
9 jurisdiction of the Court of Tax Appeals.
10

11 SEC. 3. Section 5 of the National Internal Revenue Code of 1997, as
12 amended, is hereby further amended to read as follows:
13

14 *"SEC. 5. Power of the Commissioner to Obtain Information and to*
15 *Summon, Examine, and Take Testimony of Persons. – In ascertaining*
16 *the correctness of any return, or in making a return when none has*
17 *been made, or in determining the liability of any person for any*
18 *internal revenue tax, or in collecting any such liability, or in*
19 *evaluation tax compliance, the Commissioner is authorized:*
20

21 (A) xxx

22
23 (B) xxx

24
25 (C) xxx

26
27 (D) xxx; [and]

28
29 (E) xxx; **AND**

30
31 **(F) IN CASE THE INFORMATION OR RECORDS REQUESTED ARE**
32 **NOT FURNISHED WITHIN THE PERIOD PRESCRIBED IN THE WRITTEN**
33 **NOTICE, OR WHEN THE INFORMATION OR RECORDS SUBMITTED**
34 **ARE INCOMPLETE, THE COMMISSIONER OR HIS DULY AUTHORIZED**
35 **REPRESENTATIVE, SHALL ISSUE A *SUBPOENA DUCES TECUM***
36 **STATING THEREIN THE RELEVANT FACTS, SPECIFYING THE**
37 **PARTICULAR DOCUMENTS OR RECORDS NOT MADE AVAILABLE**
38 **AND THE TAXPAYER LIABLE OR THE THIRD PARTY/OFFICE**
39 **CONCERNED: *PROVIDED*, THAT INFORMATION OR RECORDS DULY**
40 **RECEIVED OR ALREADY WITHIN THE CUSTODY OF THE BUREAU, AS**

1 THEREAFTER DECLARED BY THE PERSON SUBJECT OF THE
2 *SUBPOENA DUCES TECUM*, SHALL BE REMOVED THEREFROM.

3
4
5 THE SERVICE OF A *SUBPOENA DUCES TECUM* SHALL BE
6 EFFECTED BY THE REVENUE OFFICERS ASSIGNED TO INVESTIGATE
7 THE CASE. HOWEVER, SUCH SERVICE MAY BE MADE BY ANY OTHER
8 INTERNAL REVENUE OFFICER AUTHORIZED FOR THE PURPOSE.

9
10 THE *SUBPOENA DUCES TECUM* SHALL BE SERVED
11 PERSONALLY OR BY MAIL, OR IF NOT PRACTICABLE, IT SHALL BE
12 SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH THE
13 RULES OF THE COURT.

14
15 A CRIMINAL ACTION SHALL BE INSTITUTED FOR FAILURE TO
16 OBEY THE *SUBPOENA DUCES TECUM*.

17
18 BOOKS, RECORDS, AND DOCUMENTS SUBMITTED AS A
19 RESULT OF A *SUBPOENA DUCES TECUM* SHALL BE UNDER THE
20 CUSTODIANSHIP OF THE RECEIVING OFFICER WHO SHALL BE
21 RESPONSIBLE FOR ITS SAFEKEEPING AND PRESERVATION, SUBJECT
22 TO APPLICABLE RULES.

23
24 SEC. 4. A new section shall be inserted as Section 6-A of the National
25 Internal Revenue Code of 1997, as amended, to read as follows:

26
27 "SEC. 6-A. – *SERVICE OF LETTER OF AUTHORITY, AUDIT AND*
28 *ASSESSMENT NOTICES ISSUED BY THE BUREAU.* - THE NOTICE TO
29 THE TAXPAYER HEREIN REQUIRED MAY BE SERVED BY THE
30 COMMISSIONER OR HIS DULY AUTHORIZED REPRESENTATIVE
31 THROUGH PERSONAL SERVICE AT HIS REGISTERED ADDRESS. IN CASE
32 PERSONAL SERVICE IS NOT PRACTICABLE, THE NOTICE SHALL BE
33 SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH THE
34 RULES OF THE COURT.

35
36
37 SEC. 5. Section 20 of the National Internal Revenue Code of 1997, as
38 amended, is hereby further amended to read as follows:
39

1 "SEC. 20. *Submission of Report and Pertinent Information by the*
2 *Commissioner.* –

3
4 (A) xxx

5
6 (B) **SUBMISSION OF TAX-RELATED INFORMATION TO THE**
7 **DEPARTMENT OF FINANCE.** – THE COMMISSIONER SHALL, UPON
8 THE REQUEST OF THE SECRETARY OF FINANCE SPECIFICALLY
9 IDENTIFYING THE NEEDED INFORMATION AND JUSTIFICATION FOR
10 SUCH REQUEST, FURNISH THE SECRETARY PERTINENT TAXPAYER
11 INFORMATION: *PROVIDED, HOWEVER,* THAT THE SECRETARY AND
12 THE RELEVANT OFFICERS HANDLING SUCH SPECIFIC INFORMATION
13 SHALL BE COVERED BY THE PROVISIONS OF SECTION 270, UNLESS
14 TAXPAYER CONSENTS IN WRITING TO SUCH DISCLOSURE.
15

16 [(B)] (C) **Report to Oversight Committee.** - The Commissioner
17 shall, with reference to Section 204 of this Code, submit to the
18 Oversight Committee referred to in Section 290 hereof, through the
19 Chairmen of the Committee on Ways and Means of the Senate and
20 House of Representatives, a report on the exercise of his powers
21 pursuant to the said Section, every six (6) months of each calendar
22 year."
23

24 SEC. 6. Section 22 of the National Internal Revenue Code of 1997, as
25 amended, is hereby further amended to read as follows:
26

27 SEC. 22. Definitions. - xxx

28
29 "(A) xxx

30
31 (B) xxx

32
33 (C) xxx

34
35 (D) xxx

36
37 (E) The term '*nonresident citizen*' means;
38

1 (1) A citizen of the Philippines who establishes to the
2 satisfaction of the Commissioner the fact of his physical presence
3 abroad with a definite intention to reside therein.
4

5 (2) A citizen of the Philippines who leaves the Philippines
6 during the taxable year to reside abroad, either as an immigrant or
7 for employment on a permanent basis.
8

9 (3) A citizen of the Philippines who works and derives income
10 from abroad and whose employment thereat requires him to be
11 physically present abroad [most of the time] **FOR 183 DAYS OR**
12 **MORE** during the taxable year.
13

14 (4) A citizen who has been previously considered as
15 nonresident citizen and who arrives in the Philippines at any time
16 during the taxable year to reside permanently in the Philippines shall
17 likewise be treated as a nonresident citizen for the taxable year in
18 which he arrives in the Philippines with respect to his income derived
19 from sources abroad until the date of his arrival in the Philippines.
20

21 (5) The taxpayer shall submit proof to the Commissioner to
22 show his intention of leaving the Philippines to reside permanently
23 abroad or to return to and reside in the Philippines as the case may
24 be for purpose of this Section.
25

26 xxx.”
27

28 SEC. 7. Section 25 (A) (1) of the National Internal Revenue Code of 1997, as
29 amended, is hereby further amended to read as follows:
30

31 “SEC. 25. Tax on Nonresident Alien Individual. -
32

33 (A) *Non-resident Alien Engaged in trade or Business Within the Philippines.* -
34

35 (1) *In General.* - A nonresident alien individual engaged in trade or
36 business in the Philippines shall be subject to an income tax in
37 the same manner as an individual citizen and a resident alien
38 individual, on taxable income received from all sources within
39 the Philippines. A nonresident alien individual who shall come
40 to the Philippines and stay therein for an aggregate period of

1 more than one hundred eighty **THREE** [(180)] **(183)** days **OR**
2 **MORE** during any calendar year shall be deemed a
3 'nonresident alien doing business in the Philippines.' Section
4 22 (G) of this Code notwithstanding.
5

6 SEC. 8. Section 27 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:
8

9 "*SEC. 27. Rates of Income tax on Domestic Corporations. –*
10

11 (A) *In General.* - Except as otherwise provided in this Code, **AN**
12 **INCOME TAX RATE OF PERCENT (30%)**, is hereby imposed upon the
13 taxable income derived during each taxable year from all sources
14 within and without the Philippines by every corporation, as defined
15 in Section 22(B) of this Code and taxable under this Title as a
16 corporation, organized in, or existing under the laws of the
17 Philippines: [*Provided*, that effective January 1, 2009, the rate of
18 income tax shall be thirty percent (30%).] **PROVIDED, THAT THE**
19 **RATE OF CORPORATE INCOME TAX SHALL BE TWENTY EIGHT**
20 **PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY SIX**
21 **PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY FOUR**
22 **PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY TWO**
23 **PERCENT (22%) BEGINNING JANUARY 1, 2027; AND TWENTY**
24 **PERCENT (20%) BEGINNING JANUARY 1, 2029. PROVIDED FURTHER,**
25 **THAT THE SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED**
26 **BY THE PRESIDENT UPON RECOMMENDATION OF THE SECRETARY**
27 **OF FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF**
28 **GDP EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE**
29 **DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC), IN**
30 **THE PRECEEDING YEAR PRIOR TO THE SCHEDULED REDUCTION IN**
31 **THE CIT RATE, BASED ON THE ANNUAL REVIEW OF THE MEDIUM**
32 **TERM FISCAL PROGRAM.**
33

34 In the case of corporations adopting the fiscal-year accounting
35 period, the taxable income shall be computed without regard to the
36 specific date when specific sales, purchases and other transactions
37 occur. Their income and expenses for the fiscal year shall be deemed
38 to have been earned and spent equally for each month of the period.
39

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

5
6 [*Provided, further, That the President, upon the*
7 *recommendation of the Secretary of Finance, may effective January*
8 *1, 2000, allow corporations the option to be taxed at fifteen percent*
9 *(15%) of gross income as defined hereinafter the following conditions*
10 *have been satisfied:*

11
12
13 (1) A tax effort ratio of twenty percent (20%) of Gross
14 National Product (GNP);

15
16 (2) A ratio of forty percent (40%) of income tax
17 collection to total tax revenues;

18
19 (3) A VAT tax effort of four percent (4%) of GNP; and

20
21 (4) A 0.9 percent (0.9%) ratio of the Consolidated Public
22 Sector Financial Position (CPSFP) to GNP.]

23
24 xxx

25
26
27 (B) xxx

28
29 (C) xxx

30
31 (D) xxx

32
33 (E) xxx

34
35 SEC. 9. Section 28 of the National Internal Revenue Code of 1997, as
36 amended, is hereby further amended to read as follows:

37
38 “SEC. 28. *Rates of Income Tax on Foreign Corporations. –*

39
40 (A) *Tax on Resident Foreign Corporations. -*

1
2 (1) *In General.* - Except as otherwise provided in this Code, a
3 corporation organized, authorized, or existing under the laws of any
4 foreign country, engaged in trade or business within the Philippines,
5 shall be subject to an income tax equivalent to **THIRTY PERCENT**
6 **(30%)** [thirty-five percent (35%)] of the taxable income derived in
7 the preceding taxable year from all sources within the Philippines: [*Provided,* That effective January 1, 2009, the rate of income tax shall
8 be thirty percent (30%).] **PROVIDED, THAT THE RATE OF**
9 **CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT (28%)**
10 **BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT (26%)**
11 **BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT (24%)**
12 **BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT (22%)**
13 **BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%)**
14 **BEGINNING JANUARY 1, 2029. PROVIDED FURTHER, THAT THE**
15 **SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED BY THE**
16 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**
17 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF GDP**
18 **EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE**
19 **DBCC, IN THE PRECEEDING YEAR PRIOR TO THE SCHEDULED**
20 **REDUCTION IN THE CIT RATE, BASED ON THE ANNUAL REVIEW OF**
21 **THE MEDIUM TERM FISCAL PROGRAM.**
22

23
24 In the case of corporations adopting the fiscal-year accounting
25 period, the taxable income shall be computed without regard to the
26 specific date when sales, purchases and other transactions occur.
27 Their income and expenses for the fiscal year shall be deemed to
28 have been earned and spent equally for each month of the period.
29

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

35 [*Provided, however,* That a resident foreign corporation shall
36 be granted the option to be taxed at fifteen percent (15%) on gross
37 income under the same conditions, as provided in Section 27 (A).]
38

39 (2) xxx
40

1 (3) xxx

2
3 [(4) *Offshore Banking Units.* - The provisions of any law to the
4 contrary notwithstanding, income derived by offshore banking units
5 authorized by the Bangko Sentral ng Pilipinas (BSP), from foreign
6 currency transactions with nonresidents, other offshore banking
7 units, local commercial banks, including branches of foreign banks
8 that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to
9 transact business with offshore banking units shall be exempt from
10 all taxes except net income from such transactions as may be
11 specified by the Secretary of Finance, upon recommendation of the
12 Monetary Board which shall be subject to the regular income tax
13 payable by banks: Provided, however, That any interest income
14 derived from foreign currency loans granted to residents other than
15 offshore banking units or local commercial banks, including local,
16 branches of foreign banks that may be authorized by the BSP to
17 transact business with offshore banking units, shall be subject only to
18 a final tax at the rate of ten percent (10%).

19
20 Any income of nonresidents, whether individuals or
21 corporations, from transactions with said offshore banking units shall
22 be exempt from income tax.]

23
24 [(5)] (4) *Tax on Branch Profits Remittances.* – Any profit
25 remitted by a branch to its head office shall be subject to a tax of
26 fifteen percent (15%) which shall be based on the total profits
27 applied or earmarked for remittance without any deduction for the
28 tax component thereof [(except those activities which are registered
29 with the Philippine Economic Zone Authority)]. Xxx

30
31 [(6) *Regional or Area Headquarters and Regional Operating*
32 *Headquarters of Multinational Companies.* –

33
34 (a) Regional or area headquarters as defined in Section 22(DD)
35 shall not be subject to income tax.

36
37 (b) Regional operating headquarters as defined in Section
38 22(EE) shall pay a tax of ten percent (10%) of their taxable income.]

1 [(7)] (5) *Tax on Certain Incomes Received by a Resident*
2 *Foreign Corporation. –*

3
4 (a) Interest from Deposits and Yield or any other Monetary
5 Benefit from Deposit Substitutes, Trust Funds and Similar
6 Arrangements and Royalties. – Interest from any currency bank
7 deposit and yield or any other monetary benefit from deposit
8 substitutes and from trust funds and similar arrangements and
9 royalties derived from sources within the Philippines shall be subject
10 to a final income tax at the rate of twenty percent (20%) of such
11 interest: Provided, however, That interest income derived by a
12 resident foreign corporation from a depository bank under the
13 expanded foreign currency deposit system shall be subject to a final
14 income tax at the rate of **FIFTEEN PERCENT (15%)** [seven and one-
15 half percent (7 1/2%)] of such interest income.
16

17 (b) Income Derived under the Expanded Foreign Currency Deposit
18 System.
19

20 xxx
21

22 (c) Capital Gains from Sale of Shares of Stock Not Traded in the
23 Stock Exchange. – A final tax at the rate [s prescribed below] **OF**
24 **FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital gains
25 realized during the taxable year from the sale, barter, exchange or
26 other disposition of shares of stock in a domestic corporation except
27 shares sold or disposed of through the stock exchange:.
28

29	[Not over	P100,000	5%
30	On any amount in excess of	P100,000	10%]

31
32 (d) Intercorporate Dividends.- xxx
33

34
35 (B) *Tax on Nonresident Foreign Corporation. -*
36

37 (1) *In General.* - Except as otherwise provided in this Code, a
38 foreign corporation not engaged in trade or business in the
39 Philippines shall pay a tax equal to **THIRTY PERCENT (30%)** [thirty-
40 five percent (35%)] of the gross income received during each

1 taxable year from all sources within the Philippines, such as interests,
2 dividends, rents, royalties, salaries, premiums (except reinsurance
3 premiums), annuities, emoluments or other fixed or determinable
4 annual, periodic or casual gains, profits and income, and capital
5 gains, except capital gains subject to tax under subparagraph 5 (c):
6 [*Provided*, That effective January 1, 2009, the rate of income tax shall
7 be thirty percent (30%).] **PROVIDED, THAT THE RATE OF**
8 **CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT (28%)**
9 **BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT (26%)**
10 **BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT (24%)**
11 **BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT (22%)**
12 **BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%)**
13 **BEGINNING JANUARY 1, 2029. PROVIDED FURTHER, THAT THE**
14 **SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED BY THE**
15 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**
16 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF GDP**
17 **EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE**
18 **DBCC, IN THE PRECEEDING YEAR PRIOR TO THE SCHEDULED**
19 **REDUCTION IN THE CIT RATE, BASED ON THE ANNUAL REVIEW OF**
20 **THE MEDIUM TERM FISCAL PROGRAM.**

21
22 (2) *Nonresident Cinematographic Film Owner, Lessor or*
23 *Distributor.* - A cinematographic film owner, lessor, or distributor
24 shall pay a tax of twenty-five percent (25%) of its gross income from
25 all sources within the Philippines.

26
27 (3) xxx

28
29 (4) xxx

30
31 (5) *Tax on Certain Incomes Received by a Nonresident Foreign*
32 *Corporation.* –

33
34 (a) *Interest on Foreign Loans.* – xxx

35
36 (b) *Intercorporate Dividends.* – A final withholding tax at
37 the rate of fifteen percent (15%) is hereby imposed on the
38 amount of cash and/or property dividends received from a
39 domestic corporation, which shall be collected and paid as
40 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%)] and the fifteen percent (15%) tax on dividends as provided in this subparagraph: *Provided, that* **EFFECTIVE JANUARY 1, 2021**, [effective January 1, 2009], the credit against the tax due shall be equivalent to [fifteen percent (15%), which represents] the difference between the regular income tax **RATE** [of thirty percent (30%)] and the fifteen percent (15%) tax on dividends.

(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. 10. 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, 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.*-

x xx

(2) xxx

(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 CORPORATE INCOME TAX RATE AS PROVIDED IN SECTIONS 27 (A) AND 28(A)(1) IS ADJUSTED AS FOLLOWS:**

IF RATE IS 28%, INTEREST EXPENSE REDUCTION RATE IS 29%

IF RATE IS 26%, THE INTEREST EXPENSE REDUCTION RATE IS 23%

IF RATE IS 24%, THE INTEREST EXPENSE REDUCTION RATE IS 16%

IF RATE IS 22%, THE INTEREST EXPENSE REDUCTION RATE IS 9%

IF RATE IS 20%, THE INTEREST EXPENSE REDUCTION RATE IS 0%

PROVIDED, FINALLY, THAT IF THE TAX ON INTEREST INCOME IS ADJUSTED IN THE FUTURE, THE INTEREST EXPENSE REDUCTION RATE SHALL BE ADJUSTED ACCORDINGLY BASED ON THE PRESCRIBED STANDARD FORMULA AS DEFINED IN THE RULES AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF THE COMMISSIONER.

(2) xxx

- 1
2 (C) *Taxes.* - xxx
3
4 (D) *Losses.* - xxx
5
6 (E) *Bad Debts.* - xxx
7
8 (F) *Depreciation.* - xxx
9
10 (G) *Depletion of Oil and Gas Wells and Mines.* - xxx
11
12 (H) *Charitable and Other Contributions.* - xxx
13
14 (I) *Research and Development.* - xxx
15
16 (J) *Pension Trusts.* - xxx
17
18 (K) *Additional Requirements for Deductibility of Certain Payments.* -
19 xxx
20
21 (L) *Optional Standard Deduction (OSD).* – In lieu of the
22 deductions allowed under the preceding Subsections, an
23 individual subject to tax under Section 24, other than a
24 nonresident alien, [may elect a standard deduction in an
25 amount not exceeding forty percent (40%) of his gross sales or
26 gross receipts, as the case maybe. In the case of a] **AND A**
27 **CORPORATION CLASSIFIED AS MICRO, SMALL OR MEDIUM-SIZED**
28 **ENTERPRISE (MSME) AS DETERMINED BY THE DEPARTMENT**
29 **OF TRADE AND INDUSTRY AND** subject to tax under Sections
30 27(A) and 28 (A)(1), [it] may elect a standard deduction in an
31 amount not exceeding forty percent (40%) of its gross income
32 as defined in Section 32 of this Code: Unless the taxpayer
33 signifies in his return his intention to elect the optional
34 standard deduction, he shall be considered as having availed
35 himself of the deductions allowed in the preceding
36 Subsections. Such election when made in the return shall be
37 irrevocable for the taxable year for which the return is made:
38 *Provided,* That an individual who is entitled to and claimed for
39 the optional standard deduction shall not be required to
40 submit with his tax return such financial statements otherwise

1 required under this Code: *Provided, further,* That except when
2 the Commissioner otherwise permits, the said individual shall
3 keep such records pertaining to his gross sales or gross
4 receipts, or the said corporation shall keep such records
5 pertaining to his gross income as defined in Section 32 of this
6 Code during the taxable year, as may be required by the rules
7 and regulations promulgated by the Secretary of Finance,
8 upon, recommendation of the Commissioner.
9

10 Notwithstanding the provision of the preceding Subsections,
11 the Secretary of Finance, upon recommendation of the
12 Commissioner, after a public hearing shall have been held for this
13 purpose, may prescribe by rules and regulations, limitations or
14 ceilings for any of the itemized deductions under Subsections (A) to
15 (J) of this Section: *Provided,* That for purposes of determining such
16 ceilings or limitations, the Secretary of Finance shall consider the
17 following factors: (1) adequacy of the prescribed limits on the actual
18 expenditure requirements of each particular industry; and (2) effects
19 of inflation on expenditure levels: *Provided, further,* That no ceilings
20 shall further be imposed on items of expense already subject to
21 ceilings under present law.”
22

23 SEC. 11. Section 40(C)(2) of the National Internal Revenue Code of 1997, as
24 amended, is hereby further amended to read as follows:
25

26 “SEC. 40. *Determination of Amount and Recognition of Gain or Loss.*

27
28 (A) x xx

29
30 (B) x xx

31
32 (C) *Exchange of Property.* –

33 (1) xxx
34

35 (2) *Exception.* - No gain or loss shall be recognized TO A
36 CORPORATION OR ON ITS STOCK OR SECURITIES IF SUCH
37 CORPORATION IS A PARTY TO A REORGANIZATION AND
38 EXCHANGES PROPERTY, [if] in pursuance of a plan of [
39 merger or consolidation] REORGANIZATION SOLELY FOR
40 STOCK OR SECURITIES IN ANOTHER CORPORATION THAT IS A

**PARTY TO THE REORGANIZATION. A REORGANIZATION IS
DEFINED AS:**

(a) A corporation, which is a party to a 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 WHETHER 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 DETERMINING WHETHER THE EXCHANGE IS SOLELY FOR STOCK THE ASSUMPTION BY THE ACQUIRING CORPORATION**

1 OF A LIABILITY OF THE OTHER SHALL BE
2 DISREGARDED;

3
4 (D) A RECAPITALIZATION; OR

5
6 (E) A REINCORPORATION
7

8 No gain or loss shall also be recognized if property is
9 transferred to a corporation by a person in exchange for stock or unit
10 of participation in such a corporation of which as a result of such
11 exchange said person, alone or together with others, not exceeding
12 four (4) persons, [gains control of said corporation] **AND,**
13 **IMMEDIATELY AFTER, SUCH PERSON OR PERSONS ARE IN CONTROL**
14 **OF SAID CORPORATION:** *Provided*, that stocks issued for services
15 shall not be considered as issued in return for property.
16

17 **IN ALL OF THE ABOVE INSTANCES, THE TRANSACTION OR**
18 **ARRANGEMENT MUST BE UNDERTAKEN FOR A LEGITIMATE OR**
19 **BONA FIDE BUSINESS PURPOSE AND NOT SOLELY FOR THE**
20 **PURPOSE OF AVOIDING OR ESCAPING THE BURDEN OF TAXATION.**
21

22 **THE PROVISION OF SECTION 50 OF THIS CODE SHALL BE**
23 **APPLIED AND ENFORCED IN CASES WHERE THE TRANSACTION OR**
24 **ARRANGEMENT ENTERED INTO IS FOUND TO BE NOT FOR**
25 **LEGITIMATE OR BONA FIDE BUSINESS PURPOSE.**
26

27 **SALE OR EXCHANGES OF PROPERTY USED FOR BUSINESS FOR**
28 **SHARES OF STOCK COVERED UNDER THIS SUBSECTION SHALL NOT**
29 **BE SUBJECT TO VALUE ADDED TAX (VAT).**
30

31 xxx"
32

33 SEC. 12. Section 50 of the National Internal Revenue Code of 1997, as
34 amended, is hereby further amended to read as follows:
35

36 "SEC. 50.[*Allocation of Income and Deductions.* In the case of
37 two or more organizations, trades or businesses (whether or not
38 incorporated and whether or not organized in the Philippines) owned
39 or controlled directly or indirectly by the same interests, the
40 Commissioner is authorized to distribute, apportion or allocate gross

1 income or deductions between or among such organization, trade or
2 business, if he determined that such distribution, apportionment or
3 allocation is necessary in order to prevent evasion of taxes or clearly
4 to reflect the income of any such organization, trade or business.]
5 **AUTHORITY OF THE COMMISSIONER TO DISTRIBUTE, APPORTION,**
6 **ALLOCATE, AND IMPUTE INCOME AND DEDUCTIONS TO DISREGARD**
7 **AND COUNTERACT TAX AVOIDANCE ARRANGEMENTS. – IN CASE OF**
8 **TWO OR MORE ORGANIZATIONS, TRADES OR BUSINESSES,**
9 **WHETHER OR NOT ORGANIZED IN THE PHILIPPINES, OWNED OR**
10 **CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS,**
11 **THE COMMISSIONER IS AUTHORIZED TO DISTRIBUTE, APPORTION,**
12 **ALLOCATE, OR IMPUTE INCOME OR DEDUCTIONS BETWEEN OR**
13 **AMONG SUCH ORGANIZATIONS, TRADES OR BUSINESSES, IF THE**
14 **COMMISSIONER DETERMINES THAT SUCH DISTRIBUTION,**
15 **APPORTIONMENT, ALLOCATION, OR IMPUTATION IS NECESSARY IN**
16 **ORDER TO PREVENT EVASION OF TAXES OR TO CLEARLY REFLECT**
17 **THE INCOME OF ANY SUCH ORGANIZATION, TRADE, OR BUSINESS.**
18

19 IN CASES WHERE THE TRANSACTION OR ARRANGEMENT IS
20 MOTIVATED BY OBTAINING TAX BENEFIT OR ADVANTAGE WITH NO
21 COMMERCIAL REALITY OR ECONOMIC EFFECT, SUCH AS (A)
22 DIRECTLY OR INDIRECTLY ALTERING THE INCIDENCE OF ANY
23 INCOME TAX; (B) DIRECTLY OR INDIRECTLY RELIEVING A PERSON
24 FROM LIABILITY TO PAY INCOME TAX OR FROM A POTENTIAL OR
25 PROSPECTIVE LIABILITY TO FUTURE INCOME TAX; OR (C) DIRECTLY
26 OR INDIRECTLY AVOIDING, POSTPONING, OR REDUCING ANY
27 LIABILITY TO INCOME TAX, OR ANY POTENTIAL OR PROSPECTIVE
28 LIABILITY TO FUTURE INCOME TAX, THEN THE COMMISSIONER IS
29 AUTHORIZED TO DISREGARD AND CONSIDER SUCH TRANSACTION
30 OR ARRANGEMENT AS VOID FOR INCOME TAX PURPOSES, AND
31 MAY ADJUST THE TAXABLE INCOME OF A PERSON AFFECTED BY THE
32 ARRANGEMENT IN A WAY THE COMMISSIONER DEEMS
33 APPROPRIATE, IN ORDER TO COUNTERACT A TAX ADVANTAGE
34 OBTAINED BY THE PERSON FROM OR UNDER THE ARRANGEMENT.
35
36

37 SEC. 13. Sec. 73 of the National Internal Revenue Code of 1997, as
38 amended, is hereby amended to read as follows:
39

40 ***"SEC. 73. Distribution of Dividends or Assets by Corporations. -***

1
2 (A) *Definition of Dividends.* - The term '*dividends*' when used in
3 this Title means any distribution made by a corporation to its
4 shareholders out of its earnings or profits and payable to its
5 shareholders, whether in money or in other property.
6

7 [Where a corporation distributes all of its assets in complete
8 liquidation or dissolution, the gain realized or loss sustained by the
9 stockholder, whether individual or corporate, is a taxable income or a
10 deductible loss, as the case may be.]
11

12 (B) *Stock Dividend.* - A stock dividend representing the transfer
13 of surplus to capital account shall not be subject to tax. However, if a
14 corporation cancels or redeems stock issued as a dividend at such
15 time and in such manner as to make the distribution and cancellation
16 or redemption, in whole or in part, essentially equivalent to the
17 distribution of a taxable dividend, the amount so distributed in
18 redemption or cancellation of the stock shall be considered as
19 taxable income to the extent that it represents a distribution of
20 earnings or profits.
21

22 (C) **LIQUIDATING DIVIDENDS. – LIQUIDATING DIVIDENDS ARE**
23 **DIVIDENDS REPRESENTING THE REMAINING GAINS REALIZED OR**
24 **LOSS SUSTAINED BY THE STOCKHOLDER IN A COMPLETE**
25 **LIQUIDATION OR DISSOLUTION BY A CORPORATION AND SHALL BE**
26 **CONSIDERED AS TAXABLE INCOME OR A DEDUCTIBLE LOSS, AS THE**
27 **CASE MAY BE.**
28

29 [(C)] (D) *Dividends Distributed are Deemed Made from Most*
30 *Recently Accumulated Profits.* - Any distribution made to the
31 shareholders or members of a corporation shall be deemed to have
32 been made from the most recently accumulated profits or surplus,
33 and shall constitute a part of the annual income of the distributee for
34 the year in which received.
35

36 [(D)] (E) *Net Income of a Partnership Deemed Constructively*
37 *Received by Partners.* - The taxable income declared by a partnership
38 for a taxable year which is subject to tax under Section 27 (A) of this
39 Code, after deducting the corporate income tax imposed therein,
40 shall be deemed to have been actually or constructively received by

1 the partners in the same taxable year and shall be taxed to them in
2 their individual capacity, whether actually distributed or not.”

3
4 SEC. 14. Sec. 112 (A) (B) of the National Internal Revenue Code of 1997, as
5 amended, is hereby further amended to read as follows:

6
7 “SEC. 112. Refunds [or Tax Credits] of Input Tax. –

8
9 “(A) Zero-rated or Effectively Zero-rated Sales. - Any VAT-
10 registered person, whose sales are zero-rated or effectively zero-
11 rated may, within two (2) years after the close of the taxable quarter
12 when the sales were made, apply for [the issuance of a tax credit
13 certificate or] refund of creditable input tax due or paid attributable
14 to such sales, except transitional input tax, to the extent that such
15 input tax has not been applied against output tax: Provided,
16 however, That in the case of zero-rated sales under Section
17 106(A)(2)(a)(1) ,(2) and [(b)] and Section 108 (B)(1) and (2), the
18 acceptable foreign currency exchange proceeds thereof had been
19 duly accounted for in accordance with the rules and regulations of
20 the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where
21 the taxpayer is engaged in zero-rated or effectively zero-rated sale
22 and also in taxable or exempt sale of goods or properties or services,
23 and the amount of creditable input tax due or paid cannot be directly
24 and entirely attributed to any one of the transactions, it shall be
25 allocated proportionately on the basis of the volume of sales.
26 Provided, finally, that for a person making sales that are zero-rated
27 under Section 108(B)(6), the input taxes shall be allocated ratably
28 between his zero-rated and non-zero-rated sales.

29
30 “(B) Cancellation of VAT Registration. - A person whose
31 registration has been cancelled due to retirement from or cessation
32 of business, or due to changes in or cessation of status under Section
33 106(C) of this Code may, within two (2) years from the date of
34 cancellation, apply for **REFUND**. [the issuance of a tax credit
35 certificate for any unused input tax. which may be used in payment
36 of his other internal revenue taxes]

37
38 SEC. 15. SEC. 117 of the National Internal Revenue code of 1997, as
39 amended, is hereby amended to read as follows:

1 “SEC 117. *Percentage Tax on Domestic Carriers and Keepers of*
2 *Garages.* –Cars for rent or hire driven by the lessee; transportation
3 contractors, including persons who transport passengers for hire, and
4 other domestic carriers by land for the transport of passengers
5 (except **OWNERS/OPERATORS OF TRICYCLES OPERATING NOT**
6 **MORE THAN TWO (2) UNITS**, owners of bancas, and owners of
7 animal-drawn two-wheeled vehicle), and keepers of garages shall pay
8 a tax equivalent to three percent (3%) of their quarterly gross
9 receipts.

10
11 xxx”

12
13 SEC. 16. Sec. 119 of the National Internal Revenue Code of 1997, as
14 amended, is hereby amended to read as follows:

15
16 “SEC. 119. *Tax on Franchises.* - Any provision of general or special law
17 to the contrary notwithstanding, there shall be levied, assessed and
18 collected in respect to all **EXISTING** franchise agreement or law
19 pertaining **TO** franchises on radio and/or television broadcasting
20 companies [whose annual gross receipts of the preceding year do not
21 exceed Ten million pesos (P10,000,000.00)], subject to Section 236
22 of this Code, a **FRANCHISE** tax of three percent (3%) and on gas and
23 water utilities, a **FRANCHISE** tax of two percent (2%) on the gross
24 receipts derived from the business covered by the law granting the
25 franchise: Provided, however, That radio and/OR television
26 broadcasting companies referred to in this Section shall [have an
27 option to] be registered as a value-added taxpayer and pay the tax
28 due thereon [: Provided, further, That once the option is exercised,
29 said option shall not be irrevocable].

30
31 xxx”

32 SEC. 17. Sec. 203 of the National Internal Revenue Code of 1997, as
33 amended, is hereby amended to read as follows:

34
35 “SEC. 203. *Period of Limitation Upon Assessment and Collection.* –
36 Except as provided in Section 222, internal revenue taxes “Except as
37 provided in Section 222, internal revenue taxes shall be assessed
38 within [three (3)] **FIVE (5)** years after the last day prescribed by law
39 of the filing of the return, and no proceeding in court without
40 assessment for the collection of such taxes shall be begun after the

1 expiration of such period: Provided, That in a case where a return is
2 filed beyond the period prescribed by law, the [three (3)] **FIVE (5)**
3 year period shall be counted from the day the return was filed. For
4 purposes of this Section, a return filed before the last day prescribed
5 by law for the filing thereof shall be considered filed on such last
6 day.”

7
8 SEC. 18. Sec. 204 of the National Internal Revenue Code of 1997, as
9 amended, is hereby amended to read as follows:

10
11 *“SEC. 204. Authority of the Commissioner to Compromise, Abate and*
12 *Refund or Credit Taxes. – The Commissioner may –*

13
14 *(A) Compromise the payment of any internal revenue tax, when:*

15
16 (1) A reasonable doubt as to the validity of the claim against
17 the taxpayer exists; or

18
19 (2) The financial position of the taxpayer demonstrates a clear
20 inability to pay the assessed tax.

21
22 The compromise settlement of any tax liability shall be subject to the
23 following minimum amounts:

24
25 For cases of financial incapacity, a minimum compromise rate
26 equivalent to ten percent (10%) of the basic assessed tax; and

27
28 For other cases, a minimum compromise rate equivalent to forty
29 percent (40%) of the basic assessed tax.

30
31 Where the basic tax involved exceeds [One] **TEN** million pesos [
32 (P1,000.000)] **(P10,000,000)** or where the settlement offered is less
33 than the prescribed minimum rates, the compromise shall be subject
34 to the approval of the Evaluation Board which shall be composed of
35 the Commissioner and the four (4) Deputy Commissioners.

36
37 xxx”

38
39 SEC. 19. Sec. 222 of the National Internal Revenue Code of 1997, as
40 amended, is hereby amended to read as follows:

1
2 "SEC. 222. *Exceptions as to Period of Limitation of Assessment and*
3 *Collection of Taxes.-*

4
5 (a) xxx

6
7 (b) If before the expiration of the time prescribed in Section
8 203 for the assessment of the tax, [both the Commissioner
9 and] the taxpayer [have agreed] **APPLIES WITH THE**
10 **COMMISSIONER** in writing to its assessment after such time,
11 the tax may be assessed within the period
12 [agreed upon] **SPECIFIED IN THE APPLICATION WHICH SHALL**
13 **NOT EXCEED SIX (6) MONTHS AT ANY ONE TIME.** The
14 **FOREGOING** period [so agreed upon] may be extended by
15 subsequent written [agreement] **APPLICATION** made before
16 the expiration of the period previously [agreed upon
17] **APPLIED FOR.**

18
19 xxx"

20
21 SEC. 20. Sec. 237 of the National Internal Revenue Code of 1997, as
22 amended, is hereby amended to read as follows:

23
24 "SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices. –*

25
26 (A) *Issuance. – xxx*

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

1 issue electronic receipts of sales or commercial invoices in lieu of
2 manual receipts or sales or commercial invoices. **PROVIDED**
3 **FURTHER, SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED**
4 **BY THE SECRETARY OF FINANCE, THE COMMISSIONER MAY**
5 **REQUIRE ANY TAXPAYER TO COMPLY WITH THE PROVISIONS OF**
6 **THIS SECTION.**

7
8 The original of each receipt or invoice shall be issued to the
9 purchaser, customer, or client at the time the transaction is effected,
10 who, if engaged in the business or in the exercise of profession, shall
11 keep and preserve the same in his place of business for a period of
12 [three (3)] **FIVE (5)** years from the close of the taxable year in which
13 such invoice or receipt was issued, while the duplicate shall be kept
14 and preserved by the issuer, also in his place of business, for a like
15 period: *Provided*, that in case of electronic receipts or sales or
16 commercial invoices, digital record of the same [shall be kept by the
17 purchaser, customer or client and the issuer for the same period
18 above stated] **BEARING THE APPROVED ELECTRONIC TAX**
19 **TRANSACTION NUMBER SHALL BE SUFFICIENT COMPLIANCE.**

20
21 The Commissioner may, in meritorious cases, exempt any person
22 subject to internal revenue tax from compliance with the provision of
23 this Section.”

24
25 SEC. 21. Sec. 237-A of the National Internal Revenue Code of 1997, as
26 amended, is hereby amended to read as follows:

27
28 **“SEC. 237-A. Electronic Sales Reporting System. –** Within five (5)
29 years from the effectivity of this Act and upon the establishment of a
30 system capable of storing and processing the required data, the
31 Bureau shall require taxpayers engaged in the export of goods and
32 services, taxpayers engaged in e-commerce, and taxpayers under the
33 jurisdiction of the Large Taxpayers Service to **USE A SYSTEM**
34 **CAPABLE OF ISSUING ELECTRONIC RECEIPTS OR SALES OR**
35 **COMMERCIAL INVOICES, COLLECT TRANSACTION RECORDS, AND**
36 **TRANSMIT THE SAME THROUGH THE DESIGNATED ELECTRONIC**
37 **CHANNELS OF THE BUREAU IN THE FORMAT REQUIRED[**
38 electronically report their sales data to the Bureau of through the use
39 of electronic point of sales systems, **]** subject to the rules and
40 regulations to be issued by the Secretary of Finance upon

1 recommendation of the Commissioner of Internal Revenue: *Provided*,
2 That the **POINT OF SALE (POS)** machines, **VALUE ADDED NETWORK**
3 **(VAN) TERMINALS**, fiscal devices, and fiscal memory devices **WITH**
4 **CAPACITY TO MAKE SUCH TRANSMISSION** shall be at the expense of
5 the taxpayers: **PROVIDED, FURTHER, SUBJECT TO THE RULES AND**
6 **REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE, THE**
7 **COMMISSIONER MAY REQUIRE ANY TAXPAYER TO COMPLY WITH**
8 **THE PROVISIONS OF THIS SECTION.**

9
10 **IN YEAR ONE TO YEAR FOUR OF THE IMPLEMENTATION PERIOD, A**
11 **TAXPAYER WHO ADOPTS THE REQUIRED SYSTEM SHALL BE**
12 **GRANTED A TAX CREDIT OF 0.1% OF THE PURCHASE VALUE, NET OF**
13 **VALUE ADDED TAX, FOR EVERY ELECTRONIC RECEIPT OR SALE OR**
14 **COMMERCIAL INVOICE TRANSMITTED THROUGH THE DESIGNATED**
15 **ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN**
16 **ELECTRONIC TAX TRANSACTION NUMBER.**

17
18 **IN SUPPORT OF THE ELECTRONIC SALES REPORTING SYSTEM, THE**
19 **BUREAU OF INTERNAL REVENUE MAY GRANT TAX INCENTIVES FOR**
20 **ELECTRONICALLY TRACEABLE PAYMENTS (ETP) IN THE FORM OF**
21 **ALLOWABLE DEDUCTIBLE EXPENSE OF UP TO 10% OF THE ETP**
22 **MADE BY THE TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ETP**
23 **DEDUCTIBLE EXPENSE PER TAXPAYER MAYBE SET BY THE**
24 **COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF**
25 **FINANCE.**

26
27 **ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT CARD,**
28 **DEBIT CARD, OR OTHER METHODS OF PAYMENT WITH A SYSTEM**
29 **TO VERIFY OR LINK THE PAYMENT TO THE IDENTITY OF PAYOR.**

30
31 **THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND INVOICE**
32 **LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR SALES OR**
33 **COMMERCIAL INVOICES TRANSMITTED THROUGH THE DESIGNATED**
34 **ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN**
35 **ELECTRONIC TAX TRANSACTION NUMBER.**

36
37 The data processing of sales and purchase data shall comply with the
38 provisions of Republic Act No. 10173, otherwise known as the "Data
39 Privacy Act" and Section 270 of the NIRC, as amended, on unlawful

1 divulgence of taxpayer information and such other laws relating to
2 the confidentiality of information.

3
4 The Bureau shall also establish policies, risk management
5 approaches, actions, training, and technologies to protect the cyber
6 environment, organization, and data in compliance with Republic Act
7 No. 10175 or the "Cybercrime Prevention Act of 2012."
8

9 SEC. 22. Sec. 255 of the National Internal Revenue Code of 1997, as
10 amended, is hereby amended to read as follows:

11
12 *"SEC. 255. Failure to File Return, Supply Correct and Accurate*
13 *Information, Pay Tax Withhold and Remit Tax and Refund Excess*
14 *Taxes Withheld on Compensation. - Any person required under this*
15 *Code or by rules and regulations promulgated thereunder to pay any*
16 *tax make a return, keep any record, or supply correct the accurate*
17 *information, who willfully fails to pay such tax, make such return,*
18 *keep such record, or supply correct and accurate information, or*
19 *withhold or remit taxes withheld, or refund excess taxes withheld on*
20 *compensation, at the time or times required by law or rules and*
21 *regulations shall, in addition to other penalties provided by law, upon*
22 *conviction thereof, be punished by a fine of not less than [Ten*
23 *thousand pesos (P10,000)]* **ONE HUNDRED THOUSAND (P100,000)**
24 **BUT NOT MORE THAN ONE MILLION TWO HUNDRED THOUSAND**
25 **PESOS (P1,200,000)** *and suffer imprisonment of not less than one (1)*
26 *year but not more than ten (10) years.*

27
28 Any person who attempts to make it appear for any reason that he or
29 another has in fact filed a return or statement, or actually files a
30 return or statement and subsequently withdraws the same return or
31 statement after securing the official receiving seal or stamp of receipt
32 of internal revenue office wherein the same was actually filed shall,
33 upon conviction therefore, be punished by a fine of not less than [
34 Ten thousand pesos (P10,000) but not more than Twenty thousand
35 pesos (P20,000)] **ONE HUNDRED THOUSAND PESOS (P100,000)**
36 **BUT NOT MORE THAN ONE MILLION TWO HUNDRED THOUSAND**
37 **PESOS (P1,200,000)** *and suffer imprisonment of not less than one (1)*
38 *year but not more than three (3) years."*
39

1 SEC. 23. Sec. 256 of the National Internal Revenue Code of 1997, as
2 amended, is hereby amended to read as follows:

3
4 "SEC. 256. *Penal Liability of Corporations.* - Any corporation,
5 association or general co-partnership liable for any of the acts or
6 omissions penalized under this Code, in addition to the penalties
7 imposed herein upon the responsible corporate officers, partners, or
8 employees shall, upon conviction for each act or omission, be
9 punished by a fine of not less than [Fifty thousand pesos (P50,000)
10 but not more than One hundred thousand pesos (P100,000)] **TWO**
11 **HUNDRED THOUSAND PESOS (P200,000) BUT NOT MORE THAN**
12 **TWO MILLION FOUR HUNDRED THOUSAND PESOS (P2,400,000)."**
13

14 SEC. 24. Sec. 257 of the National Internal Revenue Code of 1997, as
15 amended, is hereby amended to read as follows:

16
17 "SEC. 257. *Penal Liability for Making False Entries, Records or*
18 *Reports, or Using Falsified or Fake Accountable Forms.* -
19

20 (A) Any financial officer or independent Certified Public Accountant
21 engaged to examine and audit books of accounts of taxpayers under
22 Section 232 (A) and any person under his direction who:
23

24 (1) Willfully falsifies any report or statement bearing on any
25 examination or audit, or renders a report, including exhibits,
26 statements, schedules or other forms of accountancy work
27 which has not been verified by him personally or under his
28 supervision or by a member of his firm or by a member of his
29 staff in accordance with sound auditing practices; or
30

31 (2) Certifies financial statements of a business enterprise
32 containing an essential misstatement of facts or omission in
33 respect of the transactions, taxable income, deduction and
34 exemption of his client; or
35

36 (B) Any person who:
37

38 (1) Not being an independent Certified Public Accountant
39 according to Section 232(B) or a financial officer, examines and
40 audits books of accounts of taxpayers; or

1
2 (2) Offers to sign and certify financial statements without
3 audit; or
4

5 (3) Offers any taxpayer the use of accounting bookkeeping
6 records for internal revenue purposes not in conformity with
7 the requirements prescribed in this Code or rules and
8 regulations promulgated thereunder; or
9

10 (4) Knowingly makes any false entry or enters any false or
11 fictitious name in the books of accounts or record mentioned
12 in the preceding paragraphs; or
13

14 (5) Keeps two (2) or more sets of such records or books of
15 accounts; or
16

17 (6) In any way commits an act or omission, in violation of the
18 provisions of this Section; or
19

20 (7) Fails to keep the books of accounts or records mentioned in
21 Section 232 in a native language, English or Spanish, or to
22 make a true and complete translation as required in Section
23 234 of this Code, or whose books of accounts or records kept
24 in a native language, English or Spanish, and found to be at
25 material variance with books or records kept by him in another
26 language; or
27

28 (8) Willfully attempts in any manner to evade or defeat any tax
29 imposed under this Code, or knowingly uses fake or falsified
30 revenue official receipts, Letters of Authority, certificates
31 authorizing registration, Tax Credit Certificates, Tax Debit
32 Memoranda and other accountable forms shall, upon
33 conviction for each act or omission, be punished by a fine not
34 less than [Fifty thousand pesos (P50,000) but not more than
35 One hundred thousand pesos (P100,000)] **THREE HUNDRED**
36 **THOUSAND PESOS (P300,000) BUT NOT MORE THAN ONE**
37 **MILLION TWO HUNDRED THOUSAND PESOS (P1,200,000)** and
38 suffer imprisonment of not less than two (2) years but not
39 more than six (6) years.
40

1 If the offender is a Certified Public Accountant, his certificate as a
2 Certified Public Accountant shall be automatically revoked or
3 cancelled upon conviction.
4

5 In the case of foreigners, conviction under this Code shall result in
6 [his] **THEIR** immediate deportation after serving sentence, without
7 further proceedings for deportation.”
8

9 SEC. 25. Sec. 258 of the National Internal Revenue Code of 1997, as
10 amended, is hereby amended to read as follows:
11

12 “SEC. 258. *Unlawful Pursuit of Business.* - Any person who carries on
13 any business for which an annual registration fee is imposed without
14 paying the tax as required by law shall, upon conviction for each act
15 or omission, be punished by a fine of not less than [Five
16 thousand pesos (P5,000) but not more than Twenty thousand pesos
17 (P20,000)] **FIFTY THOUSAND PESOS (P50,000) BUT NOT MORE**
18 **THAN THREE HUNDRED THOUSAND PESOS (P300,000)** and suffer
19 imprisonment of not less than six (6) months but not more than two
20 (2) years: *Provided,* That in the case of a person engaged in the
21 business of distilling, rectifying, repacking, compounding or
22 manufacturing any article subject to excise tax, he shall, upon
23 conviction for each act or omission, be punished by a fine of not less
24 than [Thirty thousand pesos (P30,000) but not more than Fifty
25 thousand pesos (P50,000)] **THREE HUNDRED THOUSAND PESOS**
26 **(P300,000) BUT NOT MORE THAN SEVEN HUNDRED THOUSAND**
27 **PESOS (P700,000)** and suffer imprisonment of not less than two (2)
28 years but not more than four (4) years.”
29

30 SEC. 26. Sec. 260 of the National Internal Revenue Code of 1997, as
31 amended, is hereby amended to read as follows:
32

33 “SEC. 260. *Unlawful Possession of Cigarette Paper in Bobbins or Rolls,*
34 *Etc.* - It shall be unlawful for any person to have in his possession
35 cigarette paper in bobbins or rolls, cigarette tipping paper or
36 cigarette filter tips, without the corresponding authority therefor
37 issued by the Commissioner. Any person, importer, manufacturer of
38 cigar and cigarettes, who has been found guilty under this Section,
39 shall, upon conviction for each act or omission, be punished by a fine
40 of not less than than[Twenty thousand pesos (P20,000) but not

1 more than One hundred thousand pesos (P100,000)] **ONE MILLION**
2 **FIVE HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT MORE**
3 **THAN FIFTEEN MILLION PESOS (P15,000,000)** and suffer
4 imprisonment for a term of not less than six (6) years and one (1) day
5 but not more than twelve (12) years.”
6

7 SEC. 27. Sec. 261 of the National Internal Revenue Code of 1997, as
8 amended, is hereby amended to read as follows:
9

10 “SEC. 261. *Unlawful Use of Denatured Alcohol.* - Any person who for
11 the purpose of manufacturing any beverage, uses denatured alcohol
12 or alcohol specially denatured to be used for motive power or
13 withdrawn under bond for industrial uses or alcohol knowingly
14 misrepresented to be denatured to be unfit for oral intake or who
15 knowingly sells or offers for sale any beverage made in whole or in
16 part from such alcohol or who uses such alcohol for the manufacture
17 of liquid medicinal preparations taken internally, or knowingly sells
18 or offers for sale such preparations containing as an ingredient such
19 alcohol, shall upon conviction for each act or omission be punished
20 by a fine of not less than than[Twenty thousand pesos (P20,000) but
21 not more than One hundred thousand pesos (P100,000)] **ONE**
22 **MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT**
23 **MORE THAN FIFTEEN MILLION PESOS (P15,000,000)** and suffer
24 imprisonment for a term of not less than six (6) years and one (1) day
25 but not more than twelve (12) years.
26

27 Any person who shall unlawfully recover or attempt to recover by
28 distillation or other process any denatured alcohol or who knowingly
29 sells or offers for sale, conceals or otherwise disposes of alcohol so
30 recovered or redistilled shall be subject to the same penalties
31 imposed under this Section.”
32

33 SEC. 28. Sec. 262 of the National Internal Revenue Code of 1997, as
34 amended, is hereby amended to read as follows:
35

36 “SEC. 262. *Shipment or Removal of Liquor or Tobacco Products under*
37 *False Name or Brand or as an Imitation of any Existing or Otherwise*
38 *Known Product Name or Brand.* - Any person who ships, transports or
39 removes spirituous, compounded or fermented liquors, wines or any
40 manufactured products of tobacco under any other than the proper

1 name or brand known to the trade as designating the kind and
2 quality of the contents of the cask, bottle or package containing the
3 same or as an imitation of any existing or otherwise known product
4 name or brand or causes such act to be done, shall, upon conviction
5 for each act or omission, be punished by a fine of not less than [
6 Twenty thousand pesos (P20,000) but not more than One hundred
7 thousand pesos (P100,000)] **ONE MILLION FIVE HUNDRED**
8 **THOUSAND PESOS (P1,500,000) BUT NOT MORE THAN FIFTEEN**
9 **MILLION PESOS (P15,000,000)** and suffer imprisonment of not less
10 than six (6) years and one (1) day but not more than twelve (12)
11 years.”
12

13 SEC. 29. Sec. 263 of the National Internal Revenue Code of 1997, as
14 amended, is hereby amended to read as follows:
15

16 “SEC. 263. *Unlawful Possession or Removal of Articles Subject to*
17 *Excise Tax without Payment of the Tax.*- Any person who owns
18 and/or is found in possession of imported articles subject to excise
19 tax, the tax on which has not been paid in accordance with law, or
20 any person who owns and/or is found in possession of imported tax-
21 exempt articles other than those to whom they are legally issued
22 shall be punished by:
23

24 (a) A fine of not less than [One thousand pesos (P1,000)] **TWENTY**
25 **FIVE THOUSAND PESOS (P25,000)** [nor] **BUT NOT** more than [Two
26 thousand pesos (P2,000)] **SEVENTY FIVE THOUSAND PESOS**
27 **(P75,000)** and suffer imprisonment of not less than [sixty (60) days
28 but not more than one hundred (100) days] **THIRTY (30) DAYS BUT**
29 **NOT MORE THAN SIX (6) MONTHS** if the appraised value, to be
30 determined in the manner prescribed in the [Tariff and Customs
31 Code] **CUSTOMS MODERNIZATION AND TARIFF ACT**, including
32 duties and taxes, of the articles does not exceed [One thousand
33 pesos (P1,000).] **TWO HUNDRED FIFTY THOUSAND PESOS**
34 **(P250,000).**
35

36 (b) A fine of not less than [Ten thousand pesos (P10,000)] **SEVENTY**
37 **FIVE THOUSAND PESOS (P75,000)** but not more than [Twenty
38 thousand pesos (P20,000)] **ONE HUNDRED FIFTY THOUSAND PESOS**
39 **(P150,000)** and suffer imprisonment of not less than [two (2) years
40 but not more than four (4) years] **SIX (6) MONTHS AND ONE (1) DAY**

1 **BUT NOT MORE THAN ONE (1) YEAR** if the appraised value, to be
2 determined in the manner prescribed in the [Tariff and Customs
3 Code] **CUSTOMS MODERNIZATION AND TARIFF ACT**, including
4 duties and taxes, of the articles exceeds [One thousand pesos
5 (P1,000)] **TWO HUNDRED FIFTY THOUSAND PESOS (P250,000)** but
6 does not exceed [Fifty thousand pesos (P50,000)] **FIVE HUNDRED**
7 **THOUSAND PESOS (P500,000);**

8
9 (c) A fine of not less than [Thirty thousand pesos (P30,000)] **ONE**
10 **HUNDRED FIFTY THOUSAND PESOS (P150,000)** but not more than [
11 Sixty thousand pesos (P60,000)] **THREE HUNDRED THOUSAND**
12 **PESOS (P300,000)** and suffer imprisonment of not less than [
13 four (4) years but not more than six (6) years] **,ONE (1) YEAR AND**
14 **ONE (1) DAY BUT NOT MORE THAN THREE (3) YEARS**, if the
15 appraised value, to be determined in the manner prescribed in the [
16 Tariff and Customs Code] **CUSTOMS MODERNIZATION AND TARIFF**
17 **ACT**, including duties and taxes of the articles is more than [
18 Fifty thousand pesos (P50,000) but does not exceed One hundred
19 fifty thousand pesos (P150,000)] **FIVE HUNDRED THOUSAND PESOS**
20 **(P500,000) BUT DOES NOT EXCEED ONE MILLION PESOS**
21 **(P1,000,000); or**

22
23 (d) A fine of not less than [Fifty thousand pesos (P50,000)] **THREE**
24 **HUNDRED THOUSAND PESOS (P300,000)** but not more than [One
25 hundred thousand pesos (P100, 000)] **ONE MILLION FIVE HUNDRED**
26 **THOUSAND PESOS (P1,500, 000)** and suffer imprisonment of [not
27 less than ten (10) years but not more than twelve (12) years] **THREE**
28 **(3) YEARS AND ONE (1) DAY BUT NOT MORE THAN SIX (6) years**, if
29 the appraised value, to be determined in the manner prescribed in
30 the [Tariff and Customs Code] **CUSTOMS MODERNIZATION AND**
31 **TARIFF ACT**, including duties and taxes, of the articles exceeds [One
32 hundred fifty thousand pesos (P150,000)] **IS MORE THAN ONE**
33 **MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN FIVE**
34 **MILLION PESOS (P5,000,000.00);**

35
36 (E) **A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED**
37 **THOUSAND PESOS (P 1,500,000.00) BUT NOT MORE THAN FIFTEEN**
38 **MILLION PESOS (P15,000,000.00), AND SUFFER IMPRISONMENT OF**
39 **NOT LESS THAN SIX (6) YEARS AND ONE (1) DAY BUT NOT MORE**
40 **THAN TWELVE (12) YEARS, IF THE APPRAISED VALUE, TO BE**

1 DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS
2 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES AND TAXES,
3 OF THE ARTICLES IS MORE THAN FIVE MILLION PESOS (P5,000,000)
4 BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000);

5
6 (F) A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS (P
7 15,000,000.00) BUT NOT MORE THAN FIFTY MILLION PESOS
8 (P50,000,000), AND SUFFER IMPRISONMENT OF NOT LESS THAN
9 TWELVE (12) YEARS AND ONE (1) DAY BUT NOT MORE THAN
10 TWENTY (20) YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED
11 IN THE MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION
12 AND TARIFF ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES
13 IS MORE THAN FIFTY MILLION PESOS (P50,000,000.00) BUT NOT
14 MORE THAN TWO HUNDRED MILLION PESOS (P200,000,000); OR

15
16 (G) IF THE APPRAISED VALUE OF THE GOODS UNLAWFULLY
17 IMPORTED TO BE DETERMINED IN THE MANNER PRESCRIBED
18 UNDER IN THE CUSTOMS MODERNIZATION AND TARIFF ACT,
19 INCLUDING DUTIES AND TAXES, EXCEEDS TWO HUNDRED MILLION
20 PESOS (P200,000,000) OR IF THE AGGREGATE AMOUNT OF THE
21 APPRAISED VALUE OF THE GOODS WHICH ARE THE SUBJECT OF
22 UNLAWFUL IMPORTATION COMMITTED IN MORE THAN ONE
23 INSTANCE, INCLUDING DUTIES AND TAXES, EXCEEDS TWO
24 HUNDRED MILLION PESOS (P200,000,000), THE SAME SHALL BE
25 PUNISHABLE WITH A PENALTY OF TWENTY YEARS ONE DAY BUT
26 NOT MORE THAN THIRTY YEARS AND A FINE OF NOT LESS THAN
27 FIFTY MILLION PESOS (P50,000,000.00).

28
29 Any person who is found in possession of locally manufactured
30 articles subject to excise tax, the tax on which has not been paid in
31 accordance with law, or any person who is found in possession of
32 such articles which are exempt from excise tax other than those to
33 whom the same is lawfully issued shall be punished with a fine of not
34 less than (10) times the amount of excise tax due on the articles
35 found but not less than [Five hundred pesos (P500)] **TWENTY FIVE**
36 **THOUSAND PESOS (P25,000)** and suffer imprisonment of not less
37 than two (2) years but not more than four (4) years.

38
39 Any manufacturer, owner or person in charge of any article
40 subject to excise tax who removes or allows or causes the unlawful

1 removal of any such articles from the place of production or bonded
2 warehouse, upon which the excise tax has not been paid at the time
3 and in the manner required, and any person who knowingly aids or
4 abets in the removal of such articles as aforesaid, or conceals the
5 same after illegal removal shall, for the first offense, be punished
6 with a fine of not less than ten (10) times the amount of excise tax
7 due on the articles but not less than [One thousand pesos (P1,000)
8]**TWENTY FIVE THOUSAND (P25,000)** and suffer imprisonment of not
9 less than [one (1) year but not more than two (2) years] **TWO (2)**
10 **YEARS BUT NOT MORE THAN FOUR (4) YEARS.**

11
12 The mere unexplained possession of articles subject to excise
13 tax, the tax on which has not been paid in accordance with law, shall
14 be punishable under this Section.”

15
16 SEC. 30. Sec. 264 of the National Internal Revenue Code of 1997, as
17 amended, is hereby amended to read as follows:

18
19 *“SEC. 264. Failure or refusal to Issue Receipts or Sales or Commercial*
20 *Invoices, Violations related to the Printing of such Receipts or Invoices*
21 *and Other Violations. -*

22
23 (a) Any person who, being required under Section 237 to
24 issue receipts or sales or commercial invoices, fails or
25 refuses to issue such receipts or invoices, issues receipts
26 or invoices that do not truly reflect and/or contain all
27 the information required to be shown therein, or uses
28 multiple or double receipts or invoices, shall, upon
29 conviction for each act or omission, be punished by a
30 fine of not less than [One thousand pesos (P1,000) but
31 not more than Fifty thousand pesos (P50,000)] **ONE**
32 **HUNDRED THOUSAND PESOS (P100,000) BUT NOT**
33 **MORE THAN FIVE HUNDRED THOUSAND PESOS**
34 **(P500,000)** and suffer imprisonment of not less than [
35 two (2) years but not more than four (4) years] **FOUR**
36 **(4) YEARS BUT NOT MORE THAN EIGHT (8) YEARS.**

37
38 (b) Any person who commits any of the acts enumerated
39 hereunder shall be penalized in the same manner and to
40 the same extent as provided for in this Section:

1
2 (1) Printing of receipts or sales or commercial invoices
3 without authority from the Bureau of Internal Revenue;
4 or

5
6 (2) Printing of double or multiple sets of invoices or
7 receipts; or

8
9 (3) Printing of unnumbered receipts or sales or
10 commercial invoices, not bearing the name, business
11 style, Taxpayer Identification Number, and business
12 address of the person or entity.”

13
14 SEC. 31. Sec. 265 of the National Internal Revenue Code of 1997, as
15 amended, is hereby amended to read as follows:

16
17 “SEC. 265. *Offenses Relating to Stamps.* - Any person who commits
18 any of the acts enumerated hereunder shall, upon conviction
19 thereof, be punished by a fine of not less than [Twenty thousand
20 pesos (P20,000)] **SEVEN HUNDRED THOUSAND PESOS**
21 **(P700,000.00)** but not more than [Fifty thousand pesos (P50,000)]
22 **ONE MILLION TWO HUNDRED THOUSAND PESOS (P1,200,000)** and
23 suffer imprisonment of not less than four (4) years but not more than
24 eight (8) years:

25
26 (a) Making, importing, selling, using or possessing without express
27 authority from the Commissioner, any die for printing or making
28 stamps, labels, tags or playing cards;

29
30 (b) Erasing the cancellation marks of any stamp previously
31 used, or altering the written figures or letters or cancellation
32 marks on internal revenue stamps;

33
34 (c) Possessing false, counterfeit, restored or altered stamps,
35 labels or tags or causing the commission of any such offense by
36 another;

37
38 (d) Selling or offering for sale any box or package containing
39 articles subject to excise tax with false, spurious or counterfeit

1 stamps or labels or selling from any such fraudulent box,
2 package or container as aforementioned; or
3

4 (e) Giving away or accepting from another, or selling, buying or
5 using containers on which the stamps are not completely
6 destroyed.”
7

8 SEC.32. Sec. 266 of the National Internal Revenue Code of 1997, as
9 amended, is hereby amended to read as follows:
10

11 “SEC. 266. *Failure to Obey Summons.* - Any person who, being duly
12 summoned to appear to testify, or to appear and produce books of
13 accounts, records, memoranda or other papers, or to furnish
14 information as required under the pertinent provisions of this Code,
15 neglects to appear or to produce such books of accounts, records,
16 memoranda or other papers, or to furnish such information, shall,
17 upon conviction, be punished by a fine of not less than [Five
18 thousand pesos (P5,000)] **ONE HUNDRED THOUSAND PESOS**
19 **(P100,000)** but not more than [ten thousand pesos (P10,000)]
20 **THREE HUNDRED THOUSAND PESOS (P300,000))** and suffer
21 imprisonment of not less than [one (1) year but not more than two
22 (2) years.”
23

24 SEC. 33. Sec. 275 of the National Internal Revenue Code of 1997, as
25 amended, is hereby amended to read as follows:
26

27 “SEC. 275. *Violation of Other Provisions of this Code or Rules and*
28 *Regulations in General.* - Any person who violates any provision of
29 this Code or any rule or regulation promulgated by the Department
30 of Finance, for which no specific penalty is provided by law, shall,
31 upon conviction for each act or omission, be punished by a fine of
32 not more than [One thousand pesos (P1,000)] **TEN THOUSAND**
33 **PESOS (P10,000)** or suffer imprisonment of not more than
34 [six (6) months] **TWO (2) YEARS,** or both.”
35

36 SEC. 34. A new section is hereby inserted after Section 282 of the National
37 Internal Revenue Code of 1997, as amended, to read as follows:
38

39 “SEC. 282-A. **VIOLATION OF THE PROVISIONS OF THIS CODE**
40 **AMOUNTING TO ECONOMIC SABOTAGE. – ANY VIOLATION OF**

1 **SECTION 254 OF THIS CODE THAT UNDERMINES, WEAKENS OR**
2 **RENDERS INTO DISREPUTE THE ECONOMIC SYSTEM OR VIABILITY**
3 **OF THE COUNTRY OR TENDS TO BRING OUT SUCH EFFECTS, IN LIEU**
4 **OF THE PENALTY SET IN THE PRECEDING PROVISIONS, SHALL**
5 **CONSTITUTE ECONOMIC SABOTAGE, AND, UPON CONVICTION FOR**
6 **EACH ACT OR OMISSION, BE PUNISHED BY A FINE OF NOT LESS**
7 **THAN FIFTY MILIION (P50,000,000) AND RECLUSION TEMPORAL.**

8
9
10 SEC. 35. Sec. 290 of the National Internal Revenue Code of 1997, as
11 amended, is hereby further amended to read as follows:

12
13 “SEC. 290. Congressional Oversight Committee. –

14
15 xxx

16
17 The Committee shall, among others, in aid of legislation:

- 18
19 (1) xxx;
20 (2) xxx;
21 (3) xxx; [and]
22 (4) xxx[.];

23
24 (5) **REVIEW THE PERFORMANCE OF FUNCTIONS OF THE**
25 **INVESTMENT PROMOTION AGENCIES AND THE FISCAL INCENTIVES**
26 **REVIEW BOARD, PARTICULARLY IN THE GRANT OF INCENTIVES TO**
27 **REGISTERED ENTERPRISES AND IN THE REVIEW AND EVALUATION**
28 **OF GRANTED INCENTIVES, RESPECTIVELY, AS WELL AS IN THE**
29 **FORMULATION OF THE STRATEGIC INVESTMENTS PRIORITY PLAN;**
30 **AND**

31
32 xxx”

33
34 SEC. 36. A new title is hereby inserted beginning Section 291, Title XIII of
35 the National Internal Revenue Code of 1997, as amended, to read as follows:

36
37 **“TITLE XIII**

38
39 **CHAPTER I**

1 **GENERAL PROVISIONS ON TAX INCENTIVES**

2
3 **SEC 291. SCOPE AND COVERAGE. – THIS TITLE SHALL COVER ALL**
4 **EXISTING INVESTMENT PROMOTION AGENCIES (IPAS) AS DEFINED IN THIS**
5 **CODE OR RELATED LAWS, AND ALL OTHER IPAS AND OTHER SIMILAR**
6 **AUTHORITIES THAT MAY BE CREATED BY LAW.**

7
8 **THE IPAS SHALL MAINTAIN THEIR FUNCTIONS AND POWERS AS**
9 **PROVIDED UNDER THE SPECIAL LAWS GOVERNING THEM EXCEPT ON THE**
10 **EXTENT MODIFIED BY THE PROVISIONS OF THIS CODE.**

11
12 **SEC. 292. GOVERNING PROVISION FOR IPAS. – ALL IPAS VESTED**
13 **WITH THE POWER TO CONFER AND ADMINISTER INCENTIVES SHALL**
14 **GRANT TAX INCENTIVES PROVIDED IN THIS TITLE TO REGISTERED**
15 **ENTERPRISES ONLY TO THE EXTENT OF THEIR APPROVED REGISTERED**
16 **PROJECTS OR ACTIVITIES UNDER THE STRATEGIC INVESTMENT PRIORITY**
17 **PLAN (SIPP). THE PERIOD OF AVAILMENT OF INCENTIVES SHALL BE**
18 **RECKONED FROM THE START OF COMMERCIAL OPERATION.**

19
20 **INCOME OR SALES DERIVED FROM NON-REGISTERED ACTIVITY OR**
21 **PROJECT SHALL BE SUBJECT TO APPROPRIATE TAXES UNDER THIS CODE.**

22
23 **UNLESS OTHERWISE PROVIDED IN THIS CODE, VALUE-ADDED TAX**
24 **SHALL FOLLOW THE DESTINATION PRINCIPLE WHERE EXPORTS ARE ZERO-**
25 **RATED AND DOMESTIC SALES ARE SUBJECT TO THE REGULAR VALUE-**
26 **ADDED TAX RATE.**

27
28 **SEC. 293. DEFINITIONS - WHEN USED IN THIS TITLE TO AVAIL OF**
29 **INCENTIVES:**

30
31 **(A) THE TERM ‘ÁNNUAL FISCAL INCENTIVES REPORT’ REFERS TO THE**
32 **DETAILED REPORT ON FISCAL INCENTIVES AVAILED IN A TAXABLE YEAR**
33 **AND BENEFITS CORRESPONDING THERETO. THE REPORT SHALL CONTAIN**
34 **FIRM- OR ENTITY-LEVEL DATA SUCH AS BUT NOT LIMITED TO THE ACTUAL**
35 **AMOUNT OF INVESTMENTS, TAXES WITHHELD AND FOREGONE,**
36 **EMPLOYMENT IMPACT, AND EXPORTS, IMPORTS AND DOMESTIC INPUTS.**

37
38 **(B) THE TERM ‘CAPITAL EQUIPMENT’ REFERS TO MACHINERY,**
39 **EQUIPMENT, MAJOR COMPONENTS THEREOF, FITTINGS AND**

1 ACCOMPANIMENTS WHICH ARE DIRECTLY AND REASONABLY NEEDED IN
2 THE REGISTERED ACTIVITY OF THE REGISTERED ENTERPRISE.

3
4 (C) THE TERM '*FISCAL INCENTIVES*' SHALL MEAN TAX INCENTIVES
5 SUCH AS INCOME TAX HOLIDAY, REDUCED INCOME TAX RATE,
6 ADDITIONAL INCOME TAX DEDUCTIONS, CUSTOMS DUTY EXEMPTION,
7 VAT EXEMPTION AND ZERO-RATING, LOCAL TAX EXEMPTIO, AND OTHER
8 EXEMPTIONS AND SPECIAL RATE AS MAY BE PROVIDED BY LAW TO
9 REGISTERED BUSINESS ENTERPRISES AND OTHER REGISTERED ENTITIES.

10
11 (D) THE TERM '*INVESTMENT PROMOTION AGENCIES (IPAS)*' SHALL
12 REFER TO GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE ORDER,
13 DECREE OR OTHER ISSUANCE, IN CHARGE OF PROMOTING INVESTMENTS,
14 ADMINISTERING TAX AND NON-TAX INCENTIVES, AND/OR OVERSEEING
15 THE OPERATIONS FOR THE DIFFERENT ECONOMIC ZONES AND FREEPORTS
16 IN ACCORDANCE WITH THEIR RESPECTIVE CHARTERS. THESE INCLUDE THE
17 BOARD OF INVESTMENTS (BOI), REGIONAL BOARD OF INVESTMENTS
18 AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),
19 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES CONVERSION
20 AND DEVELOPMENT AUTHORITY (BCDA), SUBIC BAY METROPOLITAN
21 AUTHORITY (SBMA), CLARK DEVELOPMENT CORPORATION (CDC), JOHN
22 HAY MANAGEMENT CORPORATION (JHMC), PORO POINT MANAGEMENT
23 CORPORATION (PPMC), CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA),
24 ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY (ZCSEZA),
25 PHIVIDEC INDUSTRIAL AUTHORITY (PIA), AURORA PACIFIC ECONOMIC
26 ZONE AND FREEPORT AUTHORITY (APECO), AUTHORITY OF THE FREEPORT
27 AREA OF BATAAN (AFAB), TOURISM INFRASTRUCTURE AND ENTERPRISE
28 ZONE AUTHORITY (TIEZA), AND ALL OTHER SIMILAR AUTHORITIES
29 EXISTING OR THAT MAY BE CREATED BY LAW.

30
31 (E) THE TERM '*OTHER GOVERNMENT AGENCIES ADMINISTERING*
32 *FISCAL INCENTIVES (OGA)*' SHALL REFER TO GOVERNMENT AGENCIES
33 OTHER THAN IPAS WHICH REGISTER OR ADMINISTER FISCAL INCENTIVES
34 OF ANY KIND TO ANY SPECIFIC ENTITIES AND/OR CLASS OF PERSONS
35 PURSUANT TO ANY LAW. THESE SHALL INCLUDE, BUT SHALL NOT BE
36 LIMITED TO THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA),
37 DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD),
38 COMMISSION ON HIGHER EDUCATION (CHED), BUREAU OF INTERNAL
39 REVENUE (BIR), DEPARTMENT OF AGRARIAN REFORM (DAR),
40 DEPARTMENT OF AGRICULTURE (DA), DEPARTMENT OF

1 TRANSPORTATION AND COMMUNICATIONS (DOTC), CIVIL AVIATION
2 AUTHORITY OF THE PHILIPPINES (CAAP), DEPARTMENT OF PUBLIC
3 WORKS AND HIGHWAYS (DPWH), REGIONAL GOVERNMENT-
4 AUTONOMOUS REGION IN MUSLIM MINDANAO, REGIONAL
5 GOVERNMENT- CORDILLERA ADMINISTRATIVE REGION, DEPARTMENT OF
6 TOURISM (DOT), BANGKO SENTRAL NG PILIPINAS (BSP), NATIONAL
7 BOOK DEVELOPMENT BOARD (NBDB), BOY SCOUT OF THE PHILIPPINES,
8 GIRL SCOUT OF THE PHILIPPINES, DEPARTMENT OF FINANCE (DOF),
9 BUREAU OF CUSTOMS (BOC), NATIONAL TELECOMMUNICATIONS
10 COMMISSION (NTC), PRESIDENTIAL COMMUNICATIONS OPERATIONS
11 OFFICE (PCOO), NATIONAL COUNCIL FOR CHILDREN'S TELEVISION (NCCT),
12 NATIONAL COMMISSION FOR CULTURE AND THE ARTS (NCCA),
13 NATIONAL HISTORICAL COMMISSION OF THE PHILIPPINES (NHCP), FILM
14 DEVELOPMENT COUNCIL, NATIONAL COUNCIL FOR DISABILITY AFFAIRS,
15 SECURITIES AND EXCHANGE COMMISSION (SEC), COMMISSION ON
16 HIGHER EDUCATION (CHED), DEPARTMENT OF EDUCATION (DEPED),
17 DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), TECHNICAL
18 EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA),
19 COMMISSION ON ELECTIONS (COMELEC), NATIONAL ELECTRIFICATION
20 ADMINISTRATION (NEA), NATIONAL POWER CORPORATION (NPC),
21 DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR),
22 NATIONAL DISASTER AND RISK REDUCTION MANAGEMENT COUNCIL
23 (NDRRMC), DEPARTMENT OF FOREIGN AFFAIRS (DFA), DEPARTMENT OF
24 HEALTH (DOH), PHILIPPINE RED CROSS, HOUSING AND URBAN
25 DEVELOPMENT COORDINATING COUNCIL (HUDCC), NATIONAL
26 GOVERNMENT CENTER ADMINISTRATION COMMITTEE, HOUSING AND
27 LAND USE REGULATORY BOARD (HLURB), NATIONAL COMMISSION ON
28 INDIGENOUS PEOPLE (NCIP), QUEZON CITY DEVELOPMENT AUTHORITY,
29 SOCIAL SECURITY SYSTEM (SSS), GOVERNMENT SERVICE INSURANCE
30 SYSTEM (GSIS), PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC),
31 SUPREME COURT (SC), DEPARTMENT OF LABOR AND EMPLOYMENT
32 (DOLE), OVERSEAS WORKERS WELFARE ADMINISTRATION (OWWA),
33 PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA),
34 DEPARTMENT OF JUSTICE (DOJ), DEPARTMENT OF INTERIOR AND LOCAL
35 GOVERNMENT (DILG), NATIONAL ANTI-POVERTY COMMISSION (NAPC),
36 PARTIDO DEVELOPMENT ADMINISTRATION, PHILIPPINE VETERANS
37 AFFAIRS OFFICE (PVAO), DEPARTMENT OF NATIONAL DEFENSE (DND),
38 PHILIPPINE PORTS AUTHORITY (PPA), PHILIPPINE SPORTS COMMISSION
39 (PSC), NATIONAL YOUTH COMMISSION, AND HUMAN RIGHTS
40 VIOLATIONS VICTIM'S MEMORIAL COMMISSION, AMONG OTHERS.

1
2 (F) THE TERM '*OTHER REGISTERED ENTITIES (OREs)*' REFER TO ANY
3 INDIVIDUAL, PARTNERSHIP, ORGANIZATION, CORPORATION, PHILIPPINE
4 BRANCH OF A FOREIGN CORPORATION, OR OTHER ENTITY
5 INCORPORATED AND/OR ORGANIZED AND EXISTING UNDER PHILIPPINE
6 LAWS, AND REGISTERED WITH OTHER OGAS ADMINISTERING FISCAL
7 INCENTIVES.
8

9 (G) THE TERM '*REGISTERED BUSINESS ENTERPRISE (RBE)*' SHALL
10 MEAN INDIVIDUAL, PARTNERSHIP, CORPORATION, PHILIPPINE BRANCH
11 OF A FOREIGN CORPORATION, OR OTHER ENTITY ORGANIZED AND
12 EXISTING UNDER PHILIPPINE LAWS AND REGISTERED WITH AN IPA AS
13 DEFINED UNDER REPUBLIC ACT (RA) NO. 10708, OR THE TIMTA LAW:
14 *PROVIDED, HOWEVER, THAT THE TERM "REGISTERED ENTERPRISE" SHALL*
15 *NOT INCLUDE ANY OF THE FOLLOWING SERVICE ENTERPRISES SUCH AS,*
16 *BUT NOT LIMITED TO, THOSE ENGAGED IN CUSTOMS BROKERAGE,*
17 *TRUCKING OR FORWARDING SERVICES, JANITORIAL SERVICES, SECURITY*
18 *SERVICES, INSURANCE, BANKING, AND OTHER FINANCIAL SERVICES,*
19 *CONSUMERS' COOPERATIVES, CREDIT UNIONS, CONSULTANCY SERVICES,*
20 *RETAIL BUSINESS, RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS*
21 *MAY BE DETERMINED BY THE FISCAL INCENTIVES REVIEW BOARD (FIRB)*
22 *OR IPA BOARD, IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR*
23 *OUTSIDE THE ECOZONES, DULY ACCREDITED AND/OR LICENSED BY ANY*
24 *OF THE IPAS AND WHOSE INCOME DELIVERED WITHIN THE ECONOMIC*
25 *ZONES SHALL BE SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL*
26 *REVENUE CODE (NIRC) OF 1997, AS AMENDED.*
27

28 (H) THE TERM '*SPECIAL ECONOMIC ZONE*' OR '*ECOZONE*' SHALL
29 REFER TO A SELECTED AREA, WHICH SHALL BE OPERATED AND MANAGED
30 AS A SEPARATE CUSTOMS TERRITORY THAT IS HIGHLY DEVELOPED OR
31 HAS THE POTENTIAL TO BE DEVELOPED INTO AN AGRO-INDUSTRIAL,
32 INDUSTRIAL, INFORMATION TECHNOLOGY, OR TOURIST/RECREATIONAL,
33 WHOSE METES AND BOUNDS ARE FIXED OR DELIMITED BY PRESIDENTIAL
34 PROCLAMATIONS AND WITHIN A SPECIFIC GEOGRAPHICAL AREA. AN
35 ECOZONE MAY CONTAIN ANY OR ALL OF THE FOLLOWING: INDUSTRIAL
36 ESTATES (IES), EXPORT PROCESSING ZONES (EPZS), ICT PARKS AND
37 CENTERS, AND FREE TRADE ZONES: *PROVIDED, HOWEVER, THAT AREAS*
38 *WHERE MINING EXTRACTIONS ARE UNDERTAKEN SHALL NOT BE*
39 *DECLARED AS ECOZONES: PROVIDED, FURTHER, THAT VERTICAL*
40 *ECONOMIC ZONES, SUCH AS BUT NOT LIMITED TO BUILDINGS, SELECTED*

1 FLOORS WITHIN BUILDINGS, AND SELECTED AREAS ON A FLOOR, SHOULD
2 COMPLY WITH THE MINIMUM CONTIGUOUS LAND AREA AS DETERMINED
3 BY THE FIRB.
4

5 (I) THE TERM '*SPECIAL PROJECTS/ACTIVITIES*' SHALL REFER TO
6 PROJECTS/ACTIVITIES DEFINED AS FOLLOWS:
7

8 (1) REGISTERED PROJECTS WITH INVESTMENT AMOUNT OF FIFTY
9 MILLION PESOS (PHP 50,000,000) AND ABOVE, AS MAY BE
10 ADJUSTED IN THE IMPLEMENTING RULES AND REGULATIONS;
11

12 (2) REGISTERED PROJECTS OR ACTIVITIES THAT ARE:
13

14 (2.1) "*ENVIRONMENTALLY RISKY PROJECTS*" SUCH AS BUT
15 NOT LIMITED TO:
16

17 (a) THOSE FALLING WITHIN THE SCOPE OF THE
18 ENVIRONMENTAL IMPACT STATEMENT (EIS)
19 SYSTEM ESTABLISHED UNDER PD NO. 1586 AND
20 PROCLAIMED PURSUANT TO PRESIDENTIAL
21 PROCLAMATION (PP) NO. 2146, AS AMENDED BY PP
22 NO. 803, OR AS MAY BE AMENDED IN THE FUTURE:
23

24 (i) ENVIRONMENTALLY CRITICAL PROJECTS (ECP)
25 WHICH HAVE A HIGH POTENTIAL FOR
26 NEGATIVE ENVIRONMENTAL IMPACTS AND
27 WHOSE PROPONENTS ARE REQUIRED TO
28 SUBMIT ENVIRONMENTAL IMPACT
29 STATEMENTS (EIS), SUCH AS BUT NOT
30 LIMITED TO: (A) HEAVY INDUSTRIES (NON-
31 FERROUS METAL INDUSTRIES, IRON AND
32 STEEL MILLS, PETROLEUM AND
33 PETROCHEMICAL INDUSTRIES, AND SMELTING
34 PLANTS); (B) RESOURCE EXTRACTIVE
35 INDUSTRIES (MAJOR MINING AND
36 QUARRYING PROJECTS, FORESTRY PROJECTS,
37 DIKES AND FISHPOND DEVELOPMENT
38 PROJECTS); (C) INFRASTRUCTURE PROJECTS
39 (MAJOR DAMS, MAJOR POWER PLANTS,

1 MAJOR RECLAMATION PROJECTS, MAJOR
2 ROAD AND BRIDGES); AND (D) GOLF COURSE
3 PROJECTS.
4

- 5 (ii) PROJECTS LOCATED IN ENVIRONMENTALLY
6 CRITICAL AREAS (ECA) WHOSE PROJECT
7 PROPONENT IS REQUIRED TO SUBMIT AN EIS
8 LATER, IF DEEMED NECESSARY, IS REQUIRED.
9 SUCH AREAS INCLUDE BUT ARE NOT LIMITED
10 TO: (A) ALL AREAS DECLARED BY LAW AS
11 NATIONAL PARKS, WATERSHED RESERVES,
12 WILDLIFE PRESERVES, AND SANCTUARIES; (B)
13 AREAS SET ASIDE AS AESTHETIC POTENTIAL
14 TOURIST SPOTS; (C) AREAS WHICH
15 CONSTITUTE THE HABITAT FOR ANY
16 ENDANGERED OR THREATENED SPECIES OF
17 INDIGENOUS PHILIPPINE WILDLIFE (FLORA
18 AND FAUNA); (D) AREAS OF UNIQUE
19 HISTORIC, ARCHEOLOGICAL OR SCIENTIFIC
20 INTEREST; (E) AREAS WHICH ARE
21 TRADITIONALLY OCCUPIED BY CULTURAL
22 COMMUNITIES OR TRIBES (INDIGENOUS
23 CULTURAL COMMUNITIES); (F) AREAS
24 FREQUENTLY VISITED AND/OR HARD-HIT BY
25 NATURAL CALAMITIES (GEOLOGIC HAZARDS,
26 FLOODS, TYPHOONS, VOLCANIC ACTIVITY,
27 ETC.); (G) AREAS WITH CRITICAL SLOPES; (H)
28 AREAS CLASSIFIED AS PRIME AGRICULTURAL
29 LANDS; (I) RECHARGED AREAS OF AQUIFERS;
30 (J) WATER BODIES CHARACTERIZED BY ONE
31 OR ANY COMBINATION OF THE FOLLOWING
32 CONDITIONS: (I.) TAPPED FOR DOMESTIC
33 PURPOSES, (II) WITHIN THE CONTROLLED
34 AND/OR PROTECTED AREAS DECLARED BY
35 APPROPRIATE AUTHORITIES, (III) WHICH
36 SUPPORT WILDLIFE AND FISHERY ACTIVITIES;
37 (K) MANGROVE AREAS CHARACTERIZED BY
38 ONE OR ANY COMBINATION OF THE
39 FOLLOWING CONDITIONS: (I) WITH PRIMARY

1 PRISTINE AND DENSE YOUNG GROWTH, (II)
2 ADJOINING MOUTH OF MAJOR RIVER
3 SYSTEMS, (III) NEAR OR ADJACENT TO
4 TRADITIONAL PRODUCTIVE FRY OR FISHING
5 GROUNDS, (IV) WHICH ACT AS NATURAL
6 BUFFERS AGAINST SHORE EROSION, STRONG
7 WINDS AND STORM FLOODS, (V) ON WHICH
8 PEOPLE ARE DEPENDENT FOR THEIR
9 LIVELIHOOD; AND (L) CORAL REEFS
10 CHARACTERIZED BY ONE OR ANY
11 COMBINATION OF THE FOLLOWING
12 CONDITIONS: (I) WITH FIFTY PERCENT (50%)
13 AND ABOVE LIVE CORALLINE COVER, (II)
14 SPAWNING AND NURSERY GROUNDS FOR
15 FISH, (III) WHICH ACT AS NATURAL
16 BREAKWATER OF COASTLINES.
17

18 (b) PROJECTS AND ACTIVITIES THAT REQUIRE THE
19 IMPORTATION, MANUFACTURE, PROCESSING, SALE,
20 DISTRIBUTION, USE AND DISPOSAL OF CHEMICAL
21 SUBSTANCES AND MIXTURES THAT PRESENT
22 UNREASONABLE RISK AND/OR INJURY TO HEALTH
23 AND/OR ENVIRONMENT UNDER RA 6969,
24 OTHERWISE KNOWN AS THE "TOXIC SUBSTANCES
25 AND HAZARDOUS AND NUCLEAR WASTES CONTROL
26 ACT OF 1990";
27

28 (c) INDUSTRIES THAT DISCHARGE REGULATED
29 EFFLUENTS AND ARE REQUIRED TO SECURE A
30 DISCHARGE PERMIT FROM THE DENR UNDER RA
31 9275, OTHERWISE KNOWN AS THE "PHILIPPINE
32 CLEAN WATER ACT OF 2004";
33

34 (2.2) "HEALTH RISKY PROJECTS" OR THOSE FALLING UNDER
35 THE SCOPE OF THE PHILIPPINE NATIONAL FRAMEWORK
36 AND GUIDELINES FOR ENVIRONMENTAL HEALTH
37 IMPACT ASSESSMENT SUCH AS PROJECTS THAT HAVE
38 HEALTH-SENSITIVE COMPONENTS AND THOSE
39 LOCATED IN HEALTH-SENSITIVE PROJECT LOCATIONS

1 AS DETERMINED BY THE DEPARTMENT OF HEALTH
2 (DOH), OTHER GOVERNMENT AGENCIES AND
3 RELEVANT ENTITIES, WITHOUT PREJUDICE TO THE
4 ESTABLISHMENT OF A HEALTH IMPACT ASSESSMENT
5 (HIA) SYSTEM IN THE FUTURE, AND ISSUANCE OF A
6 PRESIDENTIAL PROCLAMATION ON THE MATTER.
7

8 (2.3) "ECONOMICALLY RISKY PROJECTS" OR PROJECTS THAT
9 POSE RISKS TO ECONOMIC STABILITY WHICH INCLUDE
10 THOSE THAT HAVE HIGH RELIANCE ON IMPORTS, LIMIT
11 COMPETITION, AND ARE POTENTIALLY SPECULATIVE IN
12 NATURE.
13

14 (3) REGISTERED PROJECTS OR ACTIVITIES WHOSE APPROVAL IN
15 THE IPA BOARD LEVEL DOES NOT MEET THE MINIMUM
16 REQUIRED VOTES OF AT LEAST TWO-THIRDS.
17

18 (J) THE TERM '*TAX SUBSIDY OR TAX EXPENDITURE SUBSIDY*' SHALL
19 REFER TO SUBSIDY GIVEN TO NATIONAL GOVERNMENT AGENCIES, GOCCS
20 AND GOVERNMENT INSTRUMENTALITIES, STATE UNIVERSITIES AND
21 COLLEGES (SUCS), AND OTHER GOVERNMENT ENTITIES AS MAY BE
22 PROVIDED UNDER THE ANNUAL GENERAL APPROPRIATIONS ACT (GAA),
23 IN LIEU OF PAYMENT OF TAXES AND CUSTOM DUTIES, CHARGEABLE
24 AGAINST THE TAX EXPENDITURE FUND.
25

26 CHAPTER II

27 TAX AND DUTY INCENTIVES

28
29
30 SEC. 294. *INCENTIVES*. - REGISTERED PROJECTS OR ACTIVITIES
31 UNDER THE STRATEGIC INVESTMENTS PRIORITY PLAN SHALL BE
32 QUALIFIED TO ANY OF THE FOLLOWING INCENTIVES:
33

34 (A) INCOME TAX INCENTIVES

35
36 (1) *INCOME TAX HOLIDAY (ITH)*. – THE ITH SHALL BE GRANTED FOR
37 A PERIOD NOT EXCEEDING THREE (3) YEARS: *PROVIDED*, THAT
38 AFTER THE EXPIRATION OF THE ITH, THE FOLLOWING INCENTIVES
39 MAY BE APPLIED FOR A PERIOD NOT EXCEEDING FIVE (5) YEARS,

1 WHICH INCLUDES THE PERIOD OF ITH AVAILMENT, EXCEPT THOSE
2 PROVIDED UNDER SECTIONS 294 (7) and (9), 295, 296, AND 297.

3
4 **(2) REDUCED CORPORATE INCOME TAX.** - A REDUCED TAX RATE OF
5 EIGHTEEN PERCENT (18%) OF THE TAXABLE INCOME AS DEFINED
6 UNDER SECTION 31 OF THIS CODE. *PROVIDED*, THAT IN THE CASE
7 OF REGISTERED ENTERPRISES WITHIN ECONOMIC ZONES AND
8 FREEPORTS, THAT TAX SHALL BE PAID AS FOLLOWS:

9
10 FIFTEEN PERCENT (15%) TO THE NATIONAL
11 GOVERNMENT;

12
13 ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY
14 REMITTED TO THE TREASURER'S OFFICE OF THE
15 PROVINCE WHERE THE ENTERPRISE IS LOCATED, IN
16 LIEU OF THE LOCAL BUSINESS TAX;

17
18 ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY
19 REMITTED TO THE TREASURER'S OFFICE OF THE
20 MUNICIPALITY OR COMPONENT CITY WHERE THE
21 ENTERPRISE IS LOCATED, IN LIEU OF THE LOCAL
22 BUSINESS TAX;

23
24 *PROVIDED*, THAT IF THE ENTERPRISE IS UNDER THE
25 JURISDICTION OF A HIGHLY URBANIZED CITY (HUC),
26 THE 3% SHARE OF THE LGU SHALL BE DIRECTLY
27 REMITTED TO THE TREASURER'S OFFICE OF THE HUC.

28
29 **(3) DEPRECIATION ALLOWANCE OF THE ASSETS THAT IS ACQUIRED**
30 **FOR THE ENTITY'S PRODUCTION OF GOODS AND SERVICES**
31 **(QUALIFIED CAPITAL EXPENDITURE) OF TEN PERCENT (10%) FOR**
32 **BUILDINGS; AND TWENTY PERCENT (20%) FOR MACHINERIES AND**
33 **EQUIPMENT. *PROVIDED*, THAT DEPRECIATION MAY BE COMPUTED**
34 **USING ACCELERATED DEPRECIATION METHOD ON RATE NOT**
35 **EXCEEDING TWICE THE RATE WHICH WOULD HAVE BEEN USED HAD**
36 **THE ANNUAL ALLOWANCE BEEN COMPUTED IN ACCORDANCE WITH**
37 **THE RULES AND REGULATIONS PRESCRIBED BY THE SECRETARY OF**
38 **FINANCE AND THE PROVISIONS OF THE NIRC OF 1997, AS**
39 **AMENDED: *PROVIDED FURTHER*, THAT THE ASSETS ARE ACQUIRED**
40 **DIRECTLY FOR THE ENTITY'S PRODUCTION OF GOODS AND**

SERVICES OTHER THAN ADMINISTRATIVE AND OTHER SUPPORT SERVICES.

(4) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON THE INCREMENT OF LABOR EXPENSE: *PROVIDED*, THAT THIS DOES NOT INCLUDE INDIRECT LABOR, SALARIES AND WAGES, AND OTHER PERSONNEL COSTS INCURRED FOR ADMINISTRATIVE AND OTHER SUPPORT SERVICES.

(5) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL DEDUCTION ON THE INCREMENT OF RESEARCH AND DEVELOPMENT INCURRED IN THE TAXABLE YEAR: *PROVIDED*, THAT IT IS DIRECTLY RELATED TO THE REGISTERED ACTIVITY/IES OF THE ENTITY, AND

(6) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL DEDUCTION ON THE INCREMENT OF TRAINING INCURRED IN THE TAXABLE YEAR: *PROVIDED*, THAT IT IS GIVEN TO THE EMPLOYEES ENGAGED DIRECTLY IN THE ENTITY'S PRODUCTION OF GOODS AND SERVICES: *PROVIDED, FURTHER*, THAT THE CONCERNED IPA HAS ISSUED A CORRESPONDING CERTIFICATE OF ENTITLEMENT UPON APPLICATION, AND A CERTIFICATE OF APPROVAL AFTER A REVIEW OF DOCUMENTATION OF TRAININGS SUBMITTED BY THE ENTERPRISE AT THE END OF THE TAXABLE YEAR, OTHERWISE, THIS INCENTIVE SHALL BE DEEMED WAIVED.

(7) UP TO ONE HUNDRED PERCENT (100%) DEDUCTION ON INFRASTRUCTURE DEVELOPMENT. – REGISTERED ENTERPRISES ESTABLISHING THEIR ACTIVITY IN AN AREA THAT THE STRATEGIC INVESTMENT PRIORITY PLAN (SIPP) DESIGNATES AS NECESSARY FOR COUNTRY-WIDE DEVELOPMENT OR IN AN AREA FOUND TO BE DEFICIENT IN INFRASTRUCTURE, PUBLIC UTILITIES, AND OTHER FACILITIES, SUCH AS IRRIGATION, DRAINAGE, OR OTHER SIMILAR WATERWORKS INFRASTRUCTURE, MAY DEDUCT FROM THE GROSS INCOME AN AMOUNT EQUIVALENT TO UP TO ONE HUNDRED PERCENT (100%) OF NECESSARY AND MAJOR INFRASTRUCTURE WORKS IT MAY HAVE UNDERTAKEN WITH THE PRIOR APPROVAL AND RECOMMENDATION OF THE IPA CONCERNED: *PROVIDED*, THAT THE TITLE TO ALL SUCH INFRASTRUCTURE WORKS SHALL

1 UPON COMPLETION, BE TRANSFERRED TO THE PHILIPPINE
2 GOVERNMENT: *PROVIDED FURTHER*, THAT ANY AMOUNT NOT
3 DEDUCTED FOR A PARTICULAR YEAR MAY BE CARRIED OVER FOR
4 DEDUCTION FOR SUBSEQUENT YEARS NOT EXCEEDING FIVE (5)
5 YEARS FROM COMMERCIAL OPERATION.
6

7 (8) *DEDUCTION FOR REINVESTMENT ALLOWANCE TO*
8 *MANUFACTURING INDUSTRY.* – WHEN A MANUFACTURING
9 REGISTERED ENTERPRISE REINVESTS ITS UNDISTRIBUTED PROFIT OR
10 SURPLUS IN ANY OF THE ACTIVITIES LISTED IN THE SIPP, THE
11 AMOUNT SO REINVESTED TO A MAXIMUM OF FIFTY PERCENT (50%)
12 SHALL BE ALLOWED AS A DEDUCTION FROM ITS TAXABLE INCOME
13 WITHIN A PERIOD OF FIVE (5) YEARS FROM THE TIME OF SUCH
14 REINVESTMENT: *PROVIDED*, THAT PRIOR APPROVAL AND
15 RECOMMENDATION BY THE IPA CONCERNED OF SUCH
16 REINVESTMENT WAS OBTAINED BY THE REGISTERED ENTERPRISE
17 PLANNING SUCH REINVESTMENT.
18

19 (9) *ENHANCED NET OPERATING LOSS CARRY-OVER (NOLCO).* -
20 THE NET OPERATING LOSS OF THE REGISTERED ACTIVITY DURING
21 THE FIRST THREE (3) YEARS FROM THE START OF COMMERCIAL
22 OPERATION WHICH HAD NOT BEEN PREVIOUSLY OFFSET AS
23 DEDUCTION FROM GROSS INCOME MAY BE CARRIED OVER AS
24 DEDUCTION FROM GROSS INCOME WITHIN THE NEXT FIVE (5)
25 CONSECUTIVE TAXABLE YEARS IMMEDIATELY FOLLOWING THE
26 YEAR OF SUCH LOSS.
27

28 (10) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON
29 THE INCREMENT OF DOMESTIC INPUT EXPENSE INCURRED IN THE
30 TAXABLE YEAR: *PROVIDED*, THAT IT IS DIRECTLY RELATED TO AND
31 ACTUALLY USED IN THE REGISTERED EXPORT ACTIVITY OF THE
32 REGISTERED ENTITY.”
33

34 *PROVIDED*, THAT IN LIEU OF THE ITH UNDER SECTION 294 (A) (1) OR THE
35 REDUCED TAX RATE OF EIGHTEEN PERCENT (18%) UNDER SECTION 294 (A)
36 (2), THE TAX INCENTIVES UNDER SECTION 294 (A) (3), (4), (5), (6), (7), (8),
37 (9), AND (10) MAY BE GRANTED ON AN INDUSTRY-SPECIFIC BASIS AS
38 DETERMINED BY THE BOI IN THE STRATEGIC INVESTMENT PRIORITY PLAN.
39 THE BOI SHALL PRESCRIBE THE LEVEL OF ADDITIONAL DEDUCTION FOR
40 SELECTED INDUSTRIES.

1
2 **PROVIDED, FURTHER, THAT IN NO SUCH CASE SHALL AN INCOME TAX**
3 **INCENTIVE BE EXTENDED BEYOND THE INITIAL GRANT OF FIVE (5) YEARS,**
4 **EXCEPT THOSE PROVIDED UNDER SECTION 294 (A)(7) AND (9), SECTIONS**
5 **295, 296, AND 297.**

6
7 **(B) EXEMPTION FROM CUSTOMS DUTY ON IMPORTATION OF CAPITAL**
8 **EQUIPMENT AND RAW MATERIALS DIRECTLY AND EXCLUSIVELY USED IN**
9 **THE REGISTERED ACTIVITY FOR A PERIOD NOT EXCEEDING FIVE (5) YEARS**
10 **BY REGISTERED ENTERPRISES: PROVIDED, THAT THE FIVE YEARS LIMIT IN**
11 **THIS SUBSECTION SHALL NOT APPLY TO SPECIAL ECONOMIC ZONES AS**
12 **DEFINED UNDER THIS TITLE.**

13
14 **PROVIDED, FURTHER, THAT EXPANSION OF REGISTERED ACTIVITIES MAY**
15 **BE GRANTED DUTY EXEMPTION ON CAPITAL EQUIPMENT ONLY, SUBJECT**
16 **TO THE FOLLOWING CONDITIONS:**

17
18 **(1) THE ACTIVITY IS STILL COVERED BY THE STRATEGIC**
19 **INVESTMENTS PRIORITY PLAN (SIPP) OR IS AN INNOVATION**
20 **PROJECT AS DEFINED IN THE STRATEGIC INVESTMENT**
21 **PRIORITY PLAN;**

22
23 **(2) CUSTOMS DUTY EXEMPTION WILL ONLY APPLY ON THE**
24 **INCREMENTAL PORTION OF THE ACTIVITY; AND**

25
26 **(3) THE CUSTOMS DUTY EXEMPTION EXTENSION SHALL NOT**
27 **EXCEED FIVE (5) YEARS.**

28
29
30 **SEC. 295. INCENTIVES FOR AGRIBUSINESS. AGRIBUSINESS PROJECTS**
31 **OR ACTIVITIES OF REGISTERED ENTERPRISES LOCATED OUTSIDE METRO**
32 **MANILA AND OTHER URBAN AREAS AS IDENTIFIED IN THE STRATEGIC**
33 **INVESTMENT PRIORITY PLAN SHALL BE ENTITLED TO ADDITIONAL TWO (2)**
34 **YEARS OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY**
35 **BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.**

36
37 **SEC. 296. PROJECTS LOCATED IN LESS DEVELOPED AREAS OR THOSE**
38 **RECOVERING FROM ARMED CONFLICT OR A MAJOR DISASTER. PROJECTS**
39 **OR ACTIVITIES OF REGISTERED ENTERPRISES LOCATING IN LESS**
40 **DEVELOPED AREAS AS IDENTIFIED IN THE STRATEGIC INVESTMENT**

1 PRIORITY PLAN, OR THOSE RECOVERING FROM ARMED CONFLICT
2 AND/OR A MAJOR DISASTER AS DETERMINED BY THE OFFICE OF THE
3 PRESIDENT SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF
4 INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE AN
5 ADDITIONAL YEAR OF INCOME TAX HOLIDAY.
6

7 SEC. 297. *RELOCATION PROJECTS OR ACTIVITIES.* REGISTERED
8 PROJECTS OR ACTIVITIES PRIOR TO THE EFFECTIVITY OF THIS ACT
9 RELOCATING FROM METRO MANILA AND SELECTED AREAS OF REGIONS III
10 AND IV-A TO OTHER AREAS OF THE COUNTRY SHALL BE ENTITLED TO
11 ADDITIONAL TWO (2) YEARS OF INCENTIVE UNDER SECTION 294, OF
12 WHICH ONE (1) YEAR MAY BE AN ADDITIONAL YEAR OF INCOME TAX
13 HOLIDAY.
14

15 CHAPTER III

16 GOVERNANCE OF FISCAL INCENTIVES

17
18 SEC. 298. *COMPOSITION OF THE FIRB* - FOR PURPOSES OF THIS ACT, THE
19 FISCAL INCENTIVES REVIEW BOARD OR FIRB CREATED UNDER PRESIDENTIAL
20 DECREE (PD) NO. 776, AS AMENDED BY PD 1931 AND PD 1955, OFFICE OF THE
21 PRESIDENT MEMORANDUM ORDER NO. 23, SERIES OF 1986 AND EXECUTIVE
22 ORDER 93, SERIES OF 1986, SHALL BE RECONSTITUTED AS FOLLOWS:
23
24

25
26 (A) BOARD. – THE BOARD SHALL BE COMPOSED OF THE SECRETARY OF
27 FINANCE AS CHAIRPERSON, AND FOUR (4) MEMBERS CONSISTING
28 OF: (1) THE EXECUTIVE SECRETARY OF THE OFFICE OF THE
29 PRESIDENT; (2) THE SECRETARY OF TRADE AND INDUSTRY; (3) THE
30 DIRECTOR-GENERAL OF THE NATIONAL ECONOMIC DEVELOPMENT
31 AUTHORITY; AND (4) THE SECRETARY OF BUDGET AND
32 MANAGEMENT;
33

34 (B) TECHNICAL COMMITTEE. – THE TECHNICAL COMMITTEE SHALL BE
35 COMPOSED OF AN UNDERSECRETARY OF FINANCE DESIGNATED BY
36 THE SECRETARY OF FINANCE AS CHAIRPERSON AND SIX (6) MEMBERS
37 CONSISTING OF: (1) A DEPUTY OR ASSISTANT DEPUTY EXECUTIVE
38 SECRETARY OF THE OFFICE OF THE PRESIDENT; (2) AN
39 UNDERSECRETARY OR ASSISTANT SECRETARY OF TRADE AND

1 INDUSTRY; (3) A DEPUTY OR ASSISTANT DIRECTOR GENERAL OF
2 NATIONAL ECONOMIC DEVELOPMENT AUTHORITY; (4) AN
3 UNDERSECRETARY OR ASSISTANT SECRETARY OF BUDGET AND
4 MANAGEMENT; (5) THE COMMISSIONER OR DEPUTY
5 COMMISSIONER OF INTERNAL REVENUE; AND (6) THE
6 COMMISSIONER OR DEPUTY COMMISSIONER OF CUSTOMS.
7

8 (C) SECRETARIAT. – THE NATIONAL TAX RESEARCH CENTER (NTRC) SHALL
9 BE THE SECRETARIAT OF THE FIRB. THE EXECUTIVE DIRECTOR OF
10 NTRC SHALL ACT AS HEAD OF THE SECRETARIAT.
11

12 SEC. 299. *EXPANDED FUNCTIONS OF THE FIRB.* – THE POWERS AND
13 FUNCTIONS OF THE FIRB WHICH SHALL BE VESTED IN AND EXERCISED BY
14 THE BOARD SHALL BE EXPANDED AS FOLLOWS:
15

16 (A) TO EXERCISE OVERSIGHT FUNCTIONS OVER THE IPAS. FOR THIS
17 PURPOSE, THE FIRB SHALL:
18

19 (1) SET AND REVIEW THE GENERAL POLICY WITH REGARD TO THE
20 GRANT OF FISCAL INCENTIVES;
21

22 (2) REVIEW AND AUDIT THE COMPLIANCE OF IPAS AND OGAS TO
23 THE GENERAL POLICY ON INCENTIVES SET BY THE FIRB AS
24 MANDATED IN THIS ACT, THE STRATEGIC INVESTMENT
25 PRIORITY PLAN, AND THE RESPECTIVE CHARTERS OF THE IPAS
26 AND OGAS; AND IMPOSE SANCTIONS ON VIOLATION OR
27 NON-COMPLIANCE OF IPAS AND OGAS SUCH AS BUT NOT
28 LIMITED TO SUSPENSION OR CANCELATION OF THEIR POWER
29 TO GRANT FISCAL INCENTIVES;
30

31 (3) CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF
32 FISCAL INCENTIVES OF CONCERNED RBES AND ORES, AND
33 ENDORSE THE SAME TO THE CONCERNED REVENUE AGENCIES
34 FOR ASSESSMENT AND COLLECTION OF TAXES AND DUTIES
35 DUE, INCLUDING FINES OR PENALTIES, IF WARRANTED, FOR
36 THE FOLLOWING REASONS: (A) FAILURE TO MAINTAIN THE
37 QUALIFICATIONS REQUIRED BY THE CONCERNED IPA OR BY
38 THE FIRB FOR AVAILMENT OF INCENTIVES; AND (B)
39 VIOLATION OF ANY PROVISIONS OF THIS ACT, RULES AND

1 REGULATIONS ISSUED UNDER THE RESPECTIVE CHARTERS OF
2 THE IPAS, OR OF THE TERMS AND CONDITIONS OF
3 REGISTRATION;
4

5 (4) REQUIRE IPAS AND OGAS TO SUBMIT, REGULARLY OR WHEN
6 NECESSARY, SUMMARIES OF APPROVED INVESTMENT AND
7 INCENTIVES GRANTED, AND FIRM- OR ENTITY-LEVEL FISCAL
8 INCENTIVES AND BENEFITS DATA AS INPUT TO THE FIRB'S
9 REVIEW AND AUDIT FUNCTION AND EVALUATION OF
10 PERFORMANCE OF RECIPIENTS OF FISCAL INCENTIVES;
11

12 (5) PUBLISH THE NAMES OF THE RBES AND ORES WITH DETAILED
13 ESTIMATED AMOUNT OF FISCAL INCENTIVES, TAX
14 PAYMENTS, AND OTHER RELATED INFORMATION, INCLUDING
15 BENEFITS DATA; AND
16

17 (6) IN THE CASE OF VERTICAL ZONES, DETERMINE THE MINIMUM
18 CONTIGUOUS FLOOR AREA THAT ECONOMIC ZONES SHOULD
19 COMPLY WITH, SUCH AS BUT NOT LIMITED TO BUILDINGS,
20 SELECTED FLOORS WITHIN BUILDINGS, AND SELECTED AREAS
21 ON A FLOOR.
22

23 (B) TO APPROVE OR DISAPPROVE THE GRANT OF FISCAL INCENTIVES TO
24 SPECIAL PROJECTS/ACTIVITIES AS DEFINED IN THIS ACT UPON THE
25 RECOMMENDATION OF THE IPA BOARD: *PROVIDED*, THAT FOR THESE
26 SPECIAL PROJECTS/ACTIVITIES, THE IPA BOARD SHALL RECOMMEND
27 TO THE FIRB THE APPROVAL OF SUCH GRANT OF FISCAL INCENTIVES
28 ONLY AFTER A THOROUGH REVIEW OF THE APPLICATION;
29

30 (C) TO APPROVE APPLICATIONS FOR TAX SUBSIDIES TO GOCCS,
31 GOVERNMENT INSTRUMENTALITIES (GIS), GOVERNMENT
32 COMMISSARIES, AND STATE UNIVERSITIES AND COLLEGES (SUCS);
33

34 (D) TO CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF TAX
35 SUBSIDY OF CONCERNED GOCCS, GIS, GOVERNMENT
36 COMMISSARIES, AND SUCS AND ENDORSE THE SAME TO THE
37 CONCERNED REVENUE AGENCIES FOR ASSESSMENT AND COLLECTION
38 OF TAXES AND DUTIES DUE, INCLUDING FINES OR PENALTIES, IF
39 WARRANTED, FOR VIOLATIONS OF ANY OF THE CONDITIONS

1 IMPOSED IN THE GRANT OF TAX SUBSIDY, OR PROVISIONS OF THIS
2 ACT, OR APPLICABLE RULES AND REGULATIONS;
3

4 (E) TO CONDUCT REGULAR MONITORING AND EVALUATION OF
5 INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES IN
6 ACCORDANCE WITH SECTION 306 OF THIS ACT, SUCH AS USING COST-
7 BENEFIT ANALYSIS (CBA), TO DETERMINE THEIR IMPACT ON THE
8 ECONOMY AND WHETHER AGREED PERFORMANCE TARGETS ARE
9 MET;
10

11 (F) TO CHECK AND VERIFY REGULARLY THE COMPLIANCE OF RBES WITH
12 SPECIAL PROJECTS/ACTIVITIES GRANTED FISCAL INCENTIVES BY THE
13 FIRB WITH THE TERMS AND CONDITIONS OF THEIR AVAILMENT, THE
14 RELEVANT PROVISIONS AND RULES AND REGULATIONS OF THIS ACT,
15 AND OTHER RELEVANT LAWS OR ISSUANCES;
16

17 (G) TO DECIDE ON ISSUES, AFTER DUE HEARING, CONCERNING THE
18 APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION,
19 WITHDRAWAL OR FORFEITURE OF FISCAL INCENTIVES OR TAX
20 SUBSIDY IN ACCORDANCE WITH THIS ACT;
21

22 (H) TO REQUIRE THE SUBMISSION AND PRODUCTION OF DOCUMENTS,
23 RECORDS, BOOKS, OR OTHER DATA RELEVANT OR MATERIAL TO THE
24 EVALUATION OF APPLICATION FOR FISCAL INCENTIVES AND TAX
25 SUBSIDIES, FROM IPAS, OGAS, RBES, ORES, GOCCS, GIS,
26 GOVERNMENT COMMISSARIES, AND SUCS, LOCAL GOVERNMENT
27 UNITS (LGUS), AMONG OTHERS.
28

29 (I) TO OBTAIN INFORMATION, SUMMON, EXAMINE, INQUIRE AND
30 RECEIVE FROM IPAS, OGAS, RBES, ORES, GOCCS, GIS, GOVERNMENT
31 COMMISSARIES, SUCS, AND LGUS, DOCUMENTS, RECORDS, BOOKS,
32 OR OTHER DATA RELEVANT OR MATERIAL TO THE RESOLUTION OF
33 ISSUES ARISING FROM THE APPROVAL, DISAPPROVAL,
34 CANCELLATION, SUSPENSION, WITHDRAWAL OR FORFEITURE OF
35 FISCAL INCENTIVES OR TAX SUBSIDY, OR IN IMPOSING PENALTIES
36 FOR VIOLATIONS OF THE TERMS AND CONDITIONS ON THE
37 AVAILMENT OF FISCAL INCENTIVES AND TAX SUBSIDY, OR ANY OF
38 THE PROVISIONS OF THIS ACT;
39

1 (J) TO SUBMIT ANNUAL REPORTS TO THE OFFICE OF THE PRESIDENT, AS
2 PART OF THE BUDGET PROCESS COVERING ITS POLICY AND
3 ACTIVITIES IN THE ADMINISTRATION OF THIS ACT, INCLUDING
4 RECOMMENDATIONS ON FISCAL INCENTIVE POLICIES AND APPROVAL
5 OF FISCAL INCENTIVES;
6

7 (K) TO FIX AND IMPOSE REASONABLE FEES AND CHARGES FOR THE
8 PROCESSING OF APPLICATIONS FOR FISCAL INCENTIVES OR TAX
9 SUBSIDIES: *PROVIDED, THAT* THE PROCEEDS THEREOF SHALL ACCRUE
10 DIRECTLY AND AUTOMATICALLY TO THE FIRB.
11

12 (L) TO EXERCISE ALL OTHER POWERS NECESSARY OR INCIDENTAL TO
13 ATTAIN THE PURPOSES OF THIS ACT AND OTHER LAWS VESTING
14 ADDITIONAL FUNCTIONS ON THE FIRB; AND
15

16 (M) TO PROMULGATE SUCH RULES AND REGULATIONS AS MAY BE
17 NECESSARY TO IMPLEMENT THE INTENT AND PROVISIONS OF THIS
18 ACT.
19

20 *PROVIDED, THAT, AS CHAIR OF THE FIRB AND AS THE CUSTODIAN OF*
21 *FISCAL PRUDENCE AND RESPONSIBILITY, THE SECRETARY OF FINANCE*
22 *SHALL EXERCISE OVERSIGHT FUNCTIONS AND SHALL HAVE VETO POWER*
23 *OVER THE APPROVAL AND CANCELLATION OF TAX INCENTIVES UNDER*
24 *SEC. 302 HEREOF.*
25

26 *PROVIDED, FURTHER, THAT THE SECRETARY OF FINANCE SHALL*
27 *AUTOMATICALLY BE THE CO-CHAIR OF ALL THE EXISTING AND FUTURE*
28 *IPAS.*
29

30 *PROVIDED, FINALLY, THAT THE NATIONAL ECONOMIC AND*
31 *DEVELOPMENT AUTHORITY (NEDA) AND THE DEPARTMENT OF TRADE*
32 *AND INDUSTRY (DTI) SHALL BE MEMBERS OF ALL THE EXISTING AND*
33 *FUTURE IPAS.*
34

35 **SEC. 300. ROLES AND RESPONSIBILITIES OF THE TECHNICAL COMMITTEE. –**
36 **THE TECHNICAL COMMITTEE SHALL HAVE THE FOLLOWING ROLES AND**
37 **RESPONSIBILITIES:**
38

- 1 (A) TO EVALUATE APPLICATIONS FOR FISCAL INCENTIVES AND TAX
2 SUBSIDIES FORWARDED BY THE SECRETARIAT;
3
4 (B) TO RECOMMEND TO THE BOARD THE APPROVAL, DISAPPROVAL,
5 SUSPENSION, OR WITHDRAWAL OF FISCAL INCENTIVES AND TAX
6 SUBSIDIES AND PERTINENT MATTERS RELATIVE THERETO;
7
8 (C) TO ASSIST THE BOARD IN THE EFFECTIVE DISCHARGE OF ITS
9 FUNCTIONS AND RECOMMEND OTHER POLICIES AND MEASURES
10 DEEMED NECESSARY TO CARRY OUT THE OBJECTIVES OF THIS ACT;
11 AND
12
13 (D) TO PERFORM OTHER FUNCTIONS AS MAY BE DIRECTED BY THE
14 BOARD.
15

16 **SEC. 301. *ROLES AND RESPONSIBILITIES OF THE SECRETARIAT.* – THE**
17 **SECRETARIAT SHALL HAVE THE FOLLOWING ROLES AND RESPONSIBILITIES:**
18

- 19 (A) TO RECEIVE, REVIEW, AND PROCESS APPLICATIONS ON FISCAL
20 INCENTIVES COVERING SPECIAL PROJECTS/ACTIVITIES OF
21 REGISTERED BUSINESS ENTERPRISES, SUBSIDIES OF GOCCS, GIS,
22 GOVERNMENT COMMISSARIES AND SUCS, AND OTHER MATTERS
23 REGARDING FISCAL INCENTIVES AND TAX SUBSIDIES, AND
24 RECOMMEND TO THE TECHNICAL COMMITTEE THE APPROVAL,
25 DISAPPROVAL, SUSPENSION, OR WITHDRAWAL OF FISCAL
26 INCENTIVES AND TAX SUBSIDIES AND OTHER PERTINENT MATTERS
27 RELATIVE THERETO;
28
29 (B) TO ASSIST THE BOARD IN THE MONITORING AND EVALUATION OF
30 INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES AND TAX
31 SUBSIDIES IN ACCORDANCE WITH SECTION 306 OF THIS ACT;
32
33 (C) TO MAINTAIN, ORGANIZE, AND SECURE DATA RECEIVED FROM
34 OTHER ENTITIES, SUCH AS BUT NOT LIMITED TO IPAS, OGAS, RBES,
35 AND ORES;
36
37 (D) TO PREPARE THE AGENDA, MINUTES, TRANSCRIPTIONS OF THE
38 MEETINGS, AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED BY
39 THE BOARD OR THE TECHNICAL COMMITTEE;

- 1
- 2 (E) TO ACT AS THE CUSTODIAN OF ALL FIRB RECORDS AND DOCUMENTS;
- 3
- 4 (F) TO COLLECT AND RECEIVE REASONABLE FEES AND CHARGES FOR THE
- 5 PROCESSING OF APPLICATIONS FOR FISCAL INCENTIVES OR
- 6 SUBSIDIES; AND
- 7
- 8 (G) TO PERFORM SUCH OTHER DUTIES AS MAY BE ASSIGNED BY THE
- 9 TECHNICAL COMMITTEE AND THE BOARD.
- 10

11 **SEC. 302. COVERAGE AND SCOPE OF THE POWER OF THE FIRB TO GRANT**

12 **FISCAL INCENTIVES. – THE FIRB HAS THE POWER TO GRANT FISCAL INCENTIVES**

13 **TO THE FOLLOWING SPECIAL PROJECTS/ACTIVITIES AS DEFINED UNDER SEC.**

14 **293(I) OF THIS ACT.**

15

- 16 (A) REGISTERED PROJECTS WITH INVESTMENT AMOUNT OF FIFTY
- 17 MILLION PESOS (PHP 50,000,000) AND ABOVE;
- 18
- 19 (B) REGISTERED PROJECTS OR ACTIVITIES THAT POSE RISK TO THE
- 20 ENVIRONMENT, HEALTH AND ECONOMIC STABILITY. THE FIRB
- 21 JOINTLY WITH THE IPAS AND IN CONSULTATION WITH THE DOH,
- 22 DENR, NEDA, AND OTHER CONCERNED AGENCIES SHALL DETERMINE
- 23 WHICH PROJECTS AND ACTIVITIES FALL UNDER THIS CATEGORY AS
- 24 MAY PROVIDED IN THE IMPLEMENTING RULES AND REGULATIONS
- 25 OF THIS ACT; AND
- 26
- 27 (C) REGISTERED PROJECTS OR ACTIVITIES WHOSE APPROVAL IN THE IPA
- 28 BOARD LEVEL DOES NOT MEET THE MINIMUM REQUIRED VOTES OF
- 29 AT LEAST TWO-THIRDS. FOR THIS PURPOSE, THE IPA BOARD SHALL
- 30 ELEVATE TO THE FIRB THESE TYPES OF PROJECTS OR ACTIVITIES
- 31 TOGETHER WITH THE ENTIRE DOCKET, FOR APPROPRIATE ACTION.
- 32

33 **SEC. 303. REVIEW OF APPLICATIONS FOR FISCAL INCENTIVES ON SPECIAL**

34 **PROJECTS AND ACTIVITIES. – AFTER A DETERMINATION THAT THE APPLICATION**

35 **FALLS UNDER THE SPECIAL PROJECTS/ACTIVITIES ENUMERATED IN THE**

36 **PREVIOUS SECTION, THE IPA CONCERNED SHALL FORWARD THE ENTIRE**

37 **APPLICATION DOCKET TO THE FIRB FOR ITS REVIEW AND APPROVAL.**

38

1 WITHIN FIFTEEN (15) WORKING DAYS FROM THE RECEIPT THEREOF, THE
2 SECRETARIAT SHALL ENSURE THE COMPLETENESS OF THE DOCUMENTS
3 SUBMITTED, CONDUCT AN INITIAL EVALUATION OF THE DOCUMENTS
4 SUBMITTED, AND ELEVATE ITS RECOMMENDATION TO THE TECHNICAL
5 COMMITTEE FOR THEIR REVIEW AND EVALUATION. THE TECHNICAL
6 COMMITTEE SHALL HAVE TEN (10) WORKING DAYS TO ISSUE THEIR
7 RECOMMENDATION AND SUBMIT THE SAME TO THE BOARD FOR APPROPRIATE
8 ACTION.

9
10 **SEC. 304. *ISSUANCE OF THE FIRB RESOLUTION AND CERTIFICATE OF***
11 ***ENTITLEMENT TO FISCAL INCENTIVES.*** – THE BOARD SHALL ISSUE ITS
12 RESOLUTION WITHIN FIVE (5) WORKING DAYS FROM RECEIPT OF THE
13 RECOMMENDATION OF THE TECHNICAL COMMITTEE. IF THE APPLICATION FOR
14 FISCAL INCENTIVES IS APPROVED, A CERTIFICATE OF ENTITLEMENT TO FISCAL
15 INCENTIVES SHALL BE ISSUED TO THE APPLICANT.

16 17 CHAPTER IV

18 19 FISCAL INCENTIVES MANAGEMENT AND TRANSPARENCY

20
21 **SEC. 305. *FILING OF TAX RETURNS AND SUBMISSION OF FISCAL***
22 ***INCENTIVES REPORTS.*** — ALL RBES AND ORES WHETHER TAXABLE OR EXEMPT,
23 ARE REQUIRED TO FILE THEIR TAX RETURNS AND PAY THEIR TAX LIABILITIES, ON
24 OR BEFORE THE DEADLINE AS PROVIDED UNDER THE NIRC, AS AMENDED,
25 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF TAXES WITH THE
26 BIR.

27
28 FOR RBES AND ORES AVAILING OF INCENTIVES ADMINISTERED BY THE IPAS AND
29 OGAS, THEY SHALL FILE WITH THEIR RESPECTIVE IPAS OR OGAS A COMPLETE
30 ANNUAL FISCAL INCENTIVES REPORT OF THEIR INCOME-BASED FISCAL
31 INCENTIVES, VALUE-ADDED TAX EXEMPTIONS AND ZERO-RATING, AND
32 CUSTOMS DUTY EXEMPTIONS, DEDUCTIONS, CREDITS OR EXCLUSIONS FROM
33 THE INCOME TAX BASE, AND EXEMPTIONS FROM LOCAL TAXES, AS PROVIDED
34 IN THE CHARTER OF THE IPA CONCERNED OR OGA, AND RESPECTIVE LAWS, AND
35 BENEFITS DATA SUCH AS BUT NOT LIMITED TO THE ACTUAL AMOUNT OF
36 INVESTMENTS, TAXES PAID, WITHHELD, AND FOREGONE, EMPLOYMENT
37 IMPACT, AND EXPORTS, IMPORTS, AND DOMESTIC INPUTS WITHIN THIRTY (30)
38 CALENDAR DAYS FROM THE STATUTORY DEADLINE FOR FILING OF TAX

1 RETURNS AND PAYMENT OF TAXES; *PROVIDED*, THAT, A COPY OF THE REPORT
2 SHALL BE SIMULTANEOUSLY SUBMITTED TO THE FIRB IN ELECTRONIC FORM.

3
4 THE IPAS AND OGAS SHALL, WITHIN SIXTY (60) CALENDAR DAYS FROM THE END
5 OF THE STATUTORY DEADLINE FOR FILING OF THE RELEVANT TAX RETURNS,
6 SUBMIT TO THE BIR, THEIR RESPECTIVE ANNUAL FISCAL INCENTIVES REPORTS
7 BASED ON THE LIST OF THE RBES AND ORES WHICH HAVE FILED SAID FISCAL
8 INCENTIVES REPORT.

9
10 THE DETAILS OF THE FISCAL INCENTIVES REPORTS, AS PROVIDED IN THE
11 PRECEDING PARAGRAPHS, SHALL BE PROVIDED IN THE IRR OF THIS ACT.

12
13 THE FOREGOING PROVISIONS SHALL BE WITHOUT PREJUDICE TO THE RIGHT OF
14 THE BIR AND THE BUREAU OF CUSTOMS (BOC) TO ASSESS AND/OR AUDIT TAX
15 LIABILITIES, IF ANY, WITHIN THE PRESCRIBED PERIOD PROVIDED IN THE NIRC, AS
16 AMENDED, AND THE CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA), AS
17 AMENDED, RESPECTIVELY.

18
19 **SEC. 306. *MONITORING, EVALUATION AND REPORTING OF FISCAL***
20 ***INCENTIVES.*** — THE BIR AND THE BOC SHALL SUBMIT TO THE DOF
21 NOTWITHSTANDING ANY LAW TO THE CONTRARY: (A) THE TAX AND DUTY
22 INCENTIVES OF RBES AND ORES AS REFLECTED IN THEIR FILED TAX RETURNS
23 AND IMPORT ENTRIES; AND (B) ACTUAL TAX AND DUTY INCENTIVES AS
24 EVALUATED AND DETERMINED BY THE BIR AND THE BOC.

25
26 THE DOF SHALL MAINTAIN A SINGLE DATABASE FOR MONITORING AND
27 ANALYSIS OF FISCAL INCENTIVES GRANTED.

28
29 THE FIRB IS MANDATED TO CONDUCT A SYSTEMATIC COLLECTION OF
30 INFORMATION FROM THE DOF, IPAS, OGAS, RBES AND ORES, AS WELL AS
31 EVALUATE AND ASSESS THE PROCESS, OUTCOMES, AND IMPACT OF INCENTIVES
32 GRANTED TO FIRMS TO DETERMINE WHETHER AGREED PERFORMANCE
33 TARGETS AND INTENDED RESULTS AND OUTCOMES ARE MET. THE METHOD OF
34 EVALUATION MAY INCLUDE THE CONDUCT OF COST-BENEFIT ANALYSIS OR
35 OTHER PROCESS AND IMPACT EVALUATION METHODS: *PROVIDED*, THAT FOR
36 PURPOSES OF THIS ACT, THE TERM COST-BENEFITS ANALYSIS REFERS TO THE
37 SYSTEMATIC EVALUATION OF THE TOTAL COSTS OF GRANTING FISCAL
38 INCENTIVES VIS-À-VIS THE TOTAL BENEFITS DERIVED FROM THE GRANT OF
39 FISCAL INCENTIVES BASED ON THE ANNUAL FISCAL INCENTIVE REPORT AND
40 OTHER RELATED SOURCES, TO CALCULATE THE NET BENEFIT OR COST

1 ASSOCIATED TO FISCAL INCENTIVES AND EVALUATE THE OVERALL IMPACT OF
2 FISCAL INCENTIVES IN MONETIZED TERMS.

3
4 FOR PURPOSES OF MONITORING AND TRANSPARENCY, THE DOF SHALL SUBMIT
5 TO THE DBM AGGREGATE DATA ON A SECTORAL AND PER INDUSTRY BASIS OF:
6 (1) THE AMOUNT OF FISCAL INCENTIVES AVAILED BY RBES AND ORES; (2) THE
7 ESTIMATE CLAIMS OF FISCAL INCENTIVES IMMEDIATELY PRECEDING THE
8 CURRENT YEAR; (3) THE PROGRAMMED FISCAL INCENTIVES FOR THE CURRENT
9 YEAR; AND (4) THE PROJECTED FISCAL INCENTIVES FOR THE FOLLOWING YEAR.
10 SUCH INFORMATION SHALL BE GIVEN TO THE JOINT CONGRESSIONAL
11 OVERSIGHT COMMITTEE CREATED UNDER SECTION 9 OF RA NO. 10708 OR THE
12 TIMTA LAW.

13
14 THE AFORESAID DATA SHALL BE REFLECTED BY THE DBM IN THE ANNUAL
15 BUDGET OF EXPENDITURES AND SOURCES OF FINANCING (BESF), WHICH SHALL
16 BE KNOWN AS THE FISCAL INCENTIVES INFORMATION (FII) SECTION: *PROVIDED,*
17 *THAT* THE FII SHALL BE LIMITED TO THE AGGREGATE DATA RELATED TO
18 INCENTIVES AVAILED OF BY RBES AND ORES BASED ON THE SUBMISSIONS OF
19 THE DOF AND THE CONCERNED IPAS AND OGAS, CATEGORIZED BY SECTOR, BY
20 IPA OR OGA AND BY TYPE OF FISCAL INCENTIVE.

21
22 NOTHING IN THIS ACT SHALL BE CONSTRUED TO DIMINISH OR LIMIT, IN
23 WHATEVER MANNER, THE AMOUNT OF INCENTIVES THAT THE IPAS OR OGAS
24 MAY GRANT PURSUANT TO THEIR CHARTERS AND EXISTING LAWS; OR TO
25 PREVENT, DETER, OR DELAY THE PROMOTION AND REGULATION OF
26 INVESTMENTS, PROCESSING OF APPLICATIONS FOR REGISTRATIONS, AND
27 EVALUATION OF ENTITLEMENT OF INCENTIVES BY IPAS OR OGAS.

28
29 **SEC. 307. PENALTIES FOR NONCOMPLIANCE WITH FILING AND**
30 **REPORTORIAL REQUIREMENTS.** — ANY RBE OR ORE WHICH FAILS TO COMPLY
31 WITH FILING AND REPORTORIAL REQUIREMENTS WITH THE APPROPRIATE IPAS
32 OR OGAS AND/OR WHICH FAILS TO SHOW PROOF OF FILING OF TAX RETURNS
33 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF TAXES OF THE
34 BIR UNDER SECTION 305 HEREOF, SHALL BE IMPOSED THE FOLLOWING
35 PENALTIES BY THE APPROPRIATE IPA OR OGA:

36
37 (A) FIRST VIOLATION – PAYMENT OF A FINE AMOUNTING TO ONE
38 HUNDRED THOUSAND PESOS (P100,000.00);

39 (B) SECOND VIOLATION – PAYMENT OF A FINE AMOUNTING TO FIVE
40 HUNDRED THOUSAND PESOS (P500,000.00); AND

1 (C) THIRD VIOLATION – CANCELLATION OF THE REGISTRATION OF THE
2 REGISTERED BUSINESS ENTERPRISE OR REGISTERED ENTITY WITH THE
3 IPA OR OGA.
4

5 *PROVIDED, THAT* IF THE FAILURE TO SHOW SUCH PROOF IS NOT DUE TO THE
6 FAULT OF THE RBES OR ORES, THE SAME SHALL NOT BE A GROUND FOR THE
7 SUSPENSION OF THE ITH AND/OR OTHER FISCAL INCENTIVES AVAILMENT:
8 *PROVIDED, FURTHER THAT* COLLECTIONS FROM THE PENALTIES SHALL ACCRUE
9 TO THE GENERAL FUND.
10

11 ANY GOVERNMENT OFFICIAL OR EMPLOYEE WHO FAILS WITHOUT JUSTIFIABLE
12 REASON TO PROVIDE OR FURNISH THE REQUIRED FISCAL INCENTIVES REPORT
13 OR OTHER DATA OR INFORMATION AS REQUIRED UNDER SECTIONS 305 AND
14 306 OF THIS ACT SHALL BE PENALIZED, AFTER DUE PROCESS, BY A FINE
15 EQUIVALENT TO THE OFFICIAL'S OR EMPLOYEE'S BASIC SALARY FOR A PERIOD
16 OF ONE (1) MONTH TO SIX (6) MONTHS OR BY SUSPENSION FROM
17 GOVERNMENT SERVICE FOR NOT MORE THAN ONE (1) YEAR, OR BOTH, IN
18 ADDITION TO ANY CRIMINAL AND ADMINISTRATIVE PENALTIES IMPOSABLE
19 UNDER EXISTING LAWS.
20

21 22 CHAPTER V 23

24 SUSPENSION AND FORFEITURE OF FISCAL INCENTIVES 25

26 **SEC. 308. *SUSPENSION OF INCENTIVES.*** – THE FIRB MAY SUSPEND AND/OR
27 FORFEIT THE INCENTIVES GRANTED TO THE RBES OR ORES WHENEVER THERE
28 ARE VIOLATIONS OF THE TERMS AND CONDITIONS ON THE AVAILMENT OF
29 INCENTIVES BY THE LATTER, WITHOUT PREJUDICE TO THE CANCELLATION OF
30 THE REGISTRATION OF SAID ENTERPRISES.
31

32 **SEC. 309. *CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO FISCAL***
33 ***INCENTIVES OR CERTIFICATE OF ENTITLEMENT TO TAX SUBSIDY.*** – IN CASE OF
34 CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO FISCAL INCENTIVES OR
35 CERTIFICATE OF ENTITLEMENT TO TAX SUBSIDY, THE FIRB SHALL ENDORSE ITS
36 DECISION TO THE CONCERNED REVENUE AGENCIES FOR PROPER ASSESSMENT
37 AND COLLECTION OF TAXES, CUSTOMS DUTIES, AND ANY APPLICABLE
38 PENALTIES THEREON.
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CHAPTER VI

ADMINISTRATIVE REMEDIES

SEC. 310. *PERIOD OF FILING.* – A REQUEST FOR RECONSIDERATION OF THE DENIAL OF THE APPLICATION FOR TAX SUBSIDY OR FISCAL INCENTIVES, MAY BE FILED WITH THE FIRB, WITHIN FIFTEEN (15) WORKING DAYS FROM THE RECEIPT OF NOTICE OF DENIAL/SUSPENSION/FORFEITURE.

SEC. 311. *RESOLUTION OF MOTION.* – THE REQUEST FOR RECONSIDERATION SHALL BE RESOLVED WITHIN THIRTY (30) WORKING DAYS FROM THE DATE IT WAS SUBMITTED.

SEC. 312. *NO SECOND MOTION FOR RECONSIDERATION.* – NO SECOND MOTION FOR RECONSIDERATION SHALL BE ENTERTAINED.

CHAPTER VII

QUALIFIED ACTIVITIES FOR TAX INCENTIVES

SEC. 313. *'STRATEGIC INVESTMENTS PRIORITY PLAN' (SIPP).* – THE BOARD OF INVESTMENTS (BOI), IN COORDINATION WITH THE OFFICE OF THE PRESIDENT, THE FIRB, THE CONCERNED IPAS, AND OTHER GOVERNMENT AGENCIES AND THE PRIVATE SECTOR, SHALL FORMULATE THE SIPP TO BE SUBMITTED TO THE PRESIDENT FOR HIS APPROVAL NOT LATER THAN DECEMBER OF THE THIRD YEAR SET FOR PERIODIC REVIEW. THE PLAN SHALL BE VALID FOR A PERIOD OF THREE (3) YEARS SUBJECT TO REVIEW AND AMENDMENT, OR AS THE NEED ARISES. ALL SECTORS OR INDUSTRIES THAT MAY BE INCLUDED IN THE SIPP SHALL UNDERGO AN EVALUATION PROCESS TO DETERMINE THE SUITABILITY AND POTENTIAL OF THE INDUSTRY OR THE SECTOR IN PROMOTING LONG-TERM GROWTH AND DEVELOPMENT, AND THE NATIONAL INTEREST.

THE SIPP SHALL:

(A) INCLUDE ACTIVITIES THAT COMPLY WITH THE FOLLOWING:

1 (1) THE ACTIVITY SHALL BE COVERED BY THE
2 PHILIPPINE DEVELOPMENT PLAN OR ITS
3 EQUIVALENT AND OTHER GOVERNMENT
4 PROGRAMS;

5
6 (2) THE ACTIVITY SHALL TAKE INTO ACCOUNT ANY OF
7 THE FOLLOWING:

8
9 (A) SUBSTANTIAL AMOUNT OF INVESTMENTS;

10
11 (B) CONSIDERABLE GENERATION OF
12 EMPLOYMENT;

13
14 (C) ADOPT INCLUSIVE BUSINESS ACTIVITIES AND
15 VALUE ADDING PRODUCTION BY MSMEs;

16
17 (D) USE OF MODERN OR NEW TECHNOLOGY;

18
19 (E) ADOPTION OF ADEQUATE ENVIRONMENTAL
20 PROTECTION SYSTEMS;

21
22 (F) ADDRESS MISSING GAPS IN THE
23 SUPPLY/VALUE CHAIN OR MOVE UP THE
24 VALUE CHAIN OR PRODUCT LADDER; OR

25
26 (G) PROMOTION OF MARKET COMPETITIVENESS.

27
28
29 (B) IDENTIFY AGRIBUSINESS PROJECTS OR ACTIVITIES, AND PROJECTS AND
30 ACTIVITIES IN AREAS THAT ARE LESS DEVELOPED OR THOSE
31 RECOVERING FROM ARMED CONFLICT OR MAJOR DISASTER.

32
33 (C) DETERMINE SERVICES AND ACTIVITIES THAT CAN SPUR REGIONAL OR
34 GLOBAL OPERATIONS IN THE COUNTRY.

35
36 (D) INCLUDE EXISTING REGISTERED PROJECTS OR ACTIVITIES THAT SHALL
37 RELOCATE FROM METRO MANILA TO OTHER AREAS OF THE COUNTRY.

38
39 THE ACTIVITIES MUST COMPLY WITH THE SPECIFIC QUALIFICATION
40 REQUIREMENTS OR CONDITIONS FOR A PARTICULAR SECTOR OR

1 INDUSTRY AND OTHER LIMITATIONS AS SET AND DETERMINED BY THE
2 BOI.

3
4 THE THRESHOLD AMOUNT OF INVESTMENTS AND EMPLOYMENT
5 GENERATION REQUIRED FOR A SPECIFIC ACTIVITY SHALL BE SUBJECT TO A
6 PERIODIC REVIEW EVERY THREE (3) YEARS TAKING INTO CONSIDERATION
7 INTERNATIONAL STANDARDS AND OTHER INDICATORS.
8

9 SEC. 314. *POWER OF THE PRESIDENT TO GRANT INCENTIVES.* - THE
10 PRESIDENT MAY, IN THE INTEREST OF NATIONAL ECONOMIC DEVELOPMENT
11 AND UPON THE RECOMMENDATION OF THE BOARD OF INVESTMENTS AND THE
12 ECONOMIC MANAGERS, GRANT INCENTIVES IN ADDITION TO THOSE THAT ARE
13 PROVIDED UNDER THIS CODE, INCLUDING A LONGER PERIOD, TO HIGHLY
14 DESIRABLE PROJECTS: *PROVIDED*, THAT THE BENEFITS THAT THE GOVERNMENT
15 MAY DERIVE FROM SUCH INVESTMENT THERETO IS CLEAR AND CONVINCING
16 AND FAR OUTWEIGH THE COST OF INCENTIVES THAT WILL BE GRANTED.
17

18 SEC. 314-A. *CRITERIA FOR AVAILMENT.* THE BOARD OF INVESTMENTS
19 SHALL CONSIDER THE FOLLOWING CRITERIA IN DETERMINING THE TYPES OF
20 INCENTIVES AND THE DURATION THEREOF THAT MAY BE GRANTED:
21

22 (A) THE PROJECT HAS A COMPREHENSIVE SUSTAINABLE
23 DEVELOPMENT PLAN WITH CLEAR INCLUSIVE BUSINESS
24 APPROACHES AND INNOVATIONS; OR
25

26 (B) MINIMUM INVESTMENT OF FIVE HUNDRED MILLION US
27 DOLLARS (US\$500,000,000) OR A MINIMUM DIRECT EMPLOYMENT
28 GENERATION OF AT LEAST ONE THOUSAND FIVE HUNDRED (1,500)
29 WITHIN THREE YEARS FROM THE START OF COMMERCIAL
30 OPERATION.
31

32 THE THRESHOLD SHALL BE SUBJECT TO A PERIODIC REVIEW EVERY THREE (3)
33 YEARS TAKING INTO CONSIDERATION INTERNATIONAL STANDARDS AND OTHER
34 INDICATORS.
35

36 THE BOI MAY IMPOSE OTHER TERMS AND CONDITIONS TAKING INTO
37 CONSIDERATION THE AMOUNT OR KIND OF INCENTIVES THAT WILL BE
38 GRANTED TO SUCH INVESTMENTS.
39
40

1 **SEC. 314-B. *USE OF RESOURCES.*** - IN THE EXERCISE OF THE POWER OF THE
2 **PRESIDENT TO GRANT INCENTIVES, THE GOVERNMENT MAY UTILIZE ITS**
3 **RESOURCES SUCH AS LAND USE, WATER APPROPRIATION, POWER PROVISION,**
4 **AMONG OTHERS, AS MAY BE IDENTIFIED BY THE BOI.**

5
6 **SEC. 315. *AMENDMENTS.*** – SUBJECT TO PUBLICATION REQUIREMENTS
7 **AND THE CRITERIA FOR INVESTMENT PRIORITY DETERMINATION, THE BOI MAY,**
8 **AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE SIPP, ALTER ANY OF THE**
9 **TERMS OF THE DECLARATION OF AN INVESTMENT AREA, AND TEMPORARILY OR**
10 **PERMANENTLY SUSPEND ACTIVITIES ON THE SIPP IF IT CONSIDERS THAT SUCH**
11 **ACTIVITY IS NO LONGER A PRIORITY. IN NO CASE SHALL THE IPAS ACCEPT**
12 **APPLICATIONS UNLESS THE ACTIVITY IS LISTED IN THE SIPP.**

13
14 **SEC. 316. *PUBLICATION.*** – UPON APPROVAL OF THE PLAN, IN WHOLE OR
15 **IN PART, OR UPON APPROVAL OF AN AMENDMENT THEREOF, THE PLAN OR THE**
16 **AMENDMENT, SPECIFYING AND DECLARING THE AREAS OF INVESTMENTS SHALL**
17 **BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER OF GENERAL CIRCULATION OR**
18 **THE OFFICIAL GAZETTE AND ALL SUCH AREAS SHALL BE OPEN FOR APPLICATION**
19 **UNTIL PUBLICATION OF AN AMENDMENT OR DELETION THEREOF.**

20
21 **SEC. 317. *QUALIFICATIONS OF A REGISTERED ENTERPRISE FOR TAX***
22 ***INCENTIVES.*** – IN THE REVIEW AND GRANT OF TAX INCENTIVES, A REGISTERED
23 **ENTERPRISE MUST:**

24 **A. BE ENGAGED IN AN ACTIVITY INCLUDED IN THE SIPP;**

25
26 **B. INSTALL AN ADEQUATE ACCOUNTING SYSTEM THAT SHALL**
27 **IDENTIFY THE INVESTMENTS, REVENUES, COSTS AND PROFITS OR**
28 **LOSSES OF EACH REGISTERED PROJECT UNDERTAKEN BY THE**
29 **ENTERPRISE SEPARATELY FROM THE AGGREGATE INVESTMENTS,**
30 **REVENUES, COSTS AND PROFITS OR LOSSES OF THE WHOLE**
31 **ENTERPRISE; OR ESTABLISH A SEPARATE CORPORATION FOR EACH**
32 **REGISTERED PROJECT IF THE IPA SHOULD SO REQUIRE;**

33
34 **C. COMPLY WITH THE E-INVOICE AND E-SALES REQUIREMENT IN**
35 **ACCORDANCE WITH SECTION 237-A OF THIS CODE.**
36
37
38
39

40 **CHAPTER VIII**

1
2 **AVAILMENT OF TAX INCENTIVES**
3

4 **SEC. 318. INCOME TAX-BASED INCENTIVES. – ALL REGISTERED**
5 **ENTERPRISES ARE REQUIRED TO FILE ALL THEIR TAX RETURNS USING THE**
6 **ELECTRONIC FACILITIES OF THE BUREAU OF INTERNAL REVENUE (BIR). IN**
7 **AVAILING THE INCOME TAX-BASED INCENTIVES, THE REGISTERED ENTERPRISE**
8 **SHALL BE REQUIRED TO SECURE A CERTIFICATE OF ENTITLEMENT ISSUED BY THE**
9 **IPA AND ATTACH THE SAME TO ITS INCOME TAX RETURN (ITR) OR ANNUAL**
10 **INFORMATION RETURN (AIR), WHICHEVER IS APPLICABLE. THEREAFTER, THE**
11 **REGISTERED ENTERPRISE SHALL FILE ITS CLAIM WITH THE BIR FOR VALIDATION.**
12

13 **FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO THE ITR OR AIR,**
14 **AND/OR FILE THE INCENTIVE AVAILMENT APPLICATION SHALL CAUSE THE**
15 **FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE PERIOD.**
16

17 **SEC. 319. CUSTOMS DUTY EXEMPTION ON CAPITAL EQUIPMENT.**
18 **IMPORTATION OF CAPITAL EQUIPMENT, MACHINERY AND SPARE PARTS**
19 **EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY INCLUDING**
20 **CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES MAY BE EXEMPTED TO**
21 **THE EXTENT OF ONE HUNDRED PERCENT (100%) OF THE CUSTOMS DUTY:**
22 **PROVIDED, THAT THE FOLLOWING CONDITIONS ARE COMPLIED WITH:**
23

24 **(A) THE CAPITAL EQUIPMENT AND/OR SPARE PARTS ARE DIRECTLY**
25 **AND REASONABLY NEEDED AND WILL BE USED EXCLUSIVELY IN**
26 **AND AS PART OF THE DIRECT COST OF THE REGISTERED ACTIVITY**
27 **OF THE REGISTERED ENTERPRISE, AND ARE NOT MANUFACTURED**
28 **DOMESTICALLY IN SUFFICIENT QUANTITY, OF COMPARABLE**
29 **QUALITY AND AT REASONABLE PRICES. PRIOR APPROVAL OF THE**
30 **IPA MAY BE SECURED FOR THE PART TIME UTILIZATION OF SAID**
31 **EQUIPMENT IN A NON-REGISTERED ACTIVITY TO MAXIMIZE USAGE**
32 **THEREOF: PROVIDED, THAT THE PROPORTIONATE TAXES AND**
33 **DUTIES ARE PAID ON A SPECIFIC EQUIPMENT AND MACHINERY IN**
34 **PROPORTION TO ITS UTILIZATION FOR NON-REGISTERED**
35 **ACTIVITIES. IN THE EVENT THAT IT SHALL BE USED FOR A NON-**
36 **REGISTERED ACTIVITY OF THE REGISTERED ENTERPRISE AT**
37 **ANYTIME WITHIN THE FIRST FIVE (5) YEARS FROM DATE OF**
38 **IMPORTATION, THE REGISTERED ENTERPRISE SHALL FIRST SEEK**
39 **PRIOR APPROVAL OF THE AUTHORITY, AND PAY THE TAXES AND**

1 CUSTOMS DUTIES THAT WERE NOT PAID UPON ITS IMPORTATION;
2 AND
3

4 (B) THE APPROVAL OF THE IPA WAS OBTAINED BY THE REGISTERED
5 ENTERPRISE PRIOR TO THE IMPORTATION OF SUCH CAPITAL
6 EQUIPMENT AND/OR SPARE PARTS.
7

8 APPROVAL OF THE IPA MUST BE SECURED BEFORE THE SALE,
9 TRANSFER OR DISPOSITION OF THE CAPITAL EQUIPMENT AND/OR SPARE
10 PARTS WHICH WERE GRANTED TAX AND CUSTOMS DUTY EXEMPTION
11 HEREUNDER, AND SHALL BE ALLOWED ONLY UNDER THE FOLLOWING
12 CIRCUMSTANCES:
13

14 (1) IF MADE TO ANOTHER ENTERPRISE ENJOYING CUSTOMS
15 DUTY EXEMPTION ON IMPORTED CAPITAL EQUIPMENT
16 AND/OR SPARE PARTS;
17

18 (2) IF MADE TO ANOTHER ENTERPRISE NOT DUTY
19 EXEMPTION ON IMPORTED CAPITAL EQUIPMENT AND/OR
20 SPARE PARTS, UPON PAYMENT OF ANY TAXES AND DUTIES
21 DUE ON THE NET BOOK VALUE OF THE CAPITAL EQUIPMENT
22 AND/OR SPARE PARTS TO BE SOLD;
23

24 (3) EXPORTATION OF CAPITAL EQUIPMENT, MACHINERY,
25 SPARE PARTS OR SOURCE DOCUMENTS, OR THOSE REQUIRED
26 FOR POLLUTION ABATEMENT AND CONTROL; OR
27

28 (4) FOR REASONS OF PROVEN TECHNICAL OBSOLESCENCE.
29

30 **PROVIDED**, THAT IF THE REGISTERED ENTERPRISE SELLS, TRANSFERS OR
31 DISPOSES THE AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR
32 APPROVAL, THE REGISTERED ENTERPRISE AND THE VENDEE, TRANSFEREE, OR
33 ASSIGNEE SHALL BE SOLIDARILY LIABLE TO PAY TWICE THE AMOUNT OF THE
34 DUTY EXEMPTION THAT SHOULD HAVE BEEN PAID DURING ITS IMPORTATION:
35 **PROVIDED, FURTHER**, THAT EVEN IF THE SALE, TRANSFER OR DISPOSITION OF
36 THE CAPITAL EQUIPMENT WAS MADE AFTER FIVE (5) YEARS FROM DATE OF
37 IMPORTATION WITH THE APPROVAL OF THE IPA, THE REGISTERED ENTERPRISE
38 IS STILL LIABLE TO PAY THE DUTIES BASED ON THE NET BOOK VALUE OF THE
39 CAPITAL EQUIPMENT IF IT HAS VIOLATED ANY OF ITS REGISTRATION TERMS
40 AND CONDITIONS.

1
2
3 CHAPTER IX
4

5 MISCELLANEOUS PROVISIONS
6

7 SEC. 320. *SUBMISSION OF ANNUAL REPORT TO THE PRESIDENT AND*
8 *CONGRESS.* – A REPORT SHALL BE SUBMITTED ANNUALLY TO THE PRESIDENT OF
9 THE PHILIPPINES AND THE CONGRESS SUMMARIZING THE TAX SUBSIDIES AND
10 FISCAL INCENTIVES GRANTED BY THE FIRB, IPAS AND OGAS, AS WELL AS THE
11 RESULT OF THE MONITORING AND EVALUATION OF FISCAL INCENTIVES.
12

13
14 CHAPTER X
15

16 FINAL PROVISIONS
17

18 SEC. 321. *NO DOUBLE REGISTRATION OF ENTERPRISES.* — REGISTERED
19 ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE
20 THAN ONE (1) IPA.
21

22 SEC. 322. *GOVERNANCE RULES.* – THE DIFFERENT IPAS MAY REQUIRE
23 DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY
24 ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A PORTION OF THEIR
25 CAPITAL STOCK TO THE PUBLIC AND/OR THEIR EMPLOYEES WITHIN FIVE (5)
26 YEARS FROM DATE OF REGISTRATION.
27

28 SEC. 323. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.*
29 EXISTING REGISTERED ACTIVITIES GRANTED THE INCOME TAX HOLIDAY SHALL
30 BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF THE SAID INCENTIVE FOR
31 THE REMAINING PERIOD OF THE ITH OR FOR A PERIOD OF FIVE (5) YEARS ONLY,
32 WHICHEVER COMES FIRST: *PROVIDED*, THAT OTHER TAX INCENTIVES GRANTED
33 TO EXISTING REGISTERED ACTIVITIES, SUCH AS THE FIVE PERCENT (5%) TAX ON
34 GROSS INCOME EARNED IN LIEU OF ALL TAXES, BOTH NATIONAL AND LOCAL,
35 SHALL BE ALLOWED TO CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:
36

37 (A) TWO (2) YEARS FOR ACTIVITIES ENJOYING THE TAX INCENTIVE
38 FOR MORE THAN TEN (10) YEARS;
39

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

3
4 (C) FIVE (5) YEARS FOR ACTIVITIES ENJOYING THE TAX INCENTIVE
5 BELOW FIVE (5) YEARS.

6
7 *PROVIDED*, THAT THE FIVE PERCENT (5%) TAX ON GROSS INCOME EARNED
8 SHALL COMMENCE AFTER THE ITH PERIOD HAS LAPSED ONLY FOR THE
9 REMAINING YEARS WITHIN THE FIVE-YEAR PERIOD.

10
11 **SEC. 324. SUSPENSION AND FORFEITURE OF TAX INCENTIVES OF**
12 **REGISTERED ENTERPRISES, REFUND AND PENALTIES; WAIVER AND**
13 **CONDONATION. – THE IPA MAY IMPOSE FINES AND PENALTIES, SUSPEND**
14 **AND/OR FORFEIT THE INCENTIVES GRANTED TO THE REGISTERED ENTERPRISES**
15 **WHENEVER THERE ARE VIOLATIONS OF THE REGISTRATION TERMS AND**
16 **CONDITIONS BY THE LATTER, WITHOUT PREJUDICE TO THE CANCELLATION OF**
17 **THE REGISTRATION OF SAID ENTERPRISE.**

18
19 **WHEN THERE IS PROBABLE CAUSE TO BELIEVE THAT THE REGISTERED**
20 **ENTERPRISE HAS VIOLATED ITS REGISTRATION TERMS AND CONDITIONS, THE**
21 **IPA SHALL SUSPEND THE AVAILMENT OF INCENTIVES UNTIL PROVEN**
22 **OTHERWISE: *PROVIDED*, THAT FOR PROJECTS OR ACTIVITIES UNDER SECTION**
23 **302, THE CONCERNED IPA SHALL RECOMMEND TO THE FIRB THE SUSPENSION**
24 **OF ITS AVAILMENT OF INCENTIVES.**

25
26 **IN CASE OF CANCELLATION OF THE CERTIFICATE OF REGISTRATION, THE**
27 **CONCERNED IPA MAY, IN APPROPRIATE CASES, REQUIRE PAYMENT OF TAXES,**
28 **CUSTOMS DUTIES AND ANY APPLICABLE PENALTIES THEREON TO THE**
29 **APPROPRIATE AGENCY, AND IMPOSE ADDITIONAL FINES AND PENALTIES.**

30
31 **FOR THIS PURPOSE, THE IPAS SHALL PREPARE A SCHEDULE OF FEES, FINES**
32 **AND PENALTIES TO BE IMPOSED ON ERRING REGISTERED ENTERPRISES**
33 **DEPENDING ON THE GRAVITY OF THE VIOLATION INCURRED.**

34
35 **IN MERITORIOUS CASES, THE IPA MAY WAIVE, CONDONE OR REDUCE**
36 **FINES OR PENALTIES IMPOSED ON REGISTERED ENTERPRISES BY THE IPAS:**
37 ***PROVIDED*, THAT THE MINIMUM COMPROMISE RATE, IN CASE OF REDUCTION,**
38 **SHALL NOT BE LESS THAN FORTY PERCENT (40%) OF THE BASIC ASSESSED FINES**
39 **OR PENALTIES.**

1 **SEC. 325. *ENHANCED TAX EXPENDITURE FUND SYSTEM* - ALL INTERNAL**
2 **REVENUE TAX AND DUTY OBLIGATIONS OF GOVERNMENT-OWNED AND/OR**
3 **CONTROLLED CORPORATIONS SHALL BE CHARGEABLE TO THE TAX**
4 **EXPENDITURE FUND OF THE GOVERNMENT UPON THE ESTABLISHMENT AND**
5 **IMPLEMENTATION OF AN ENHANCED TAX EXPENDITURE FUND SYSTEM THAT**
6 **GRANTS TAX SUBSIDY WITHIN THIRTY (30) DAYS FROM THE FILING OF**
7 **APPLICATION WITH THE FIRB.**

8
9 **SEC. 326. THE NAME OF RECIPIENTS OF INCENTIVES AND THE AMOUNT OF**
10 **INCENTIVES AVAILABLE SHALL BE REPORTED BY THE INVESTMENT PROMOTION**
11 **AGENCIES ANNUALLY TO CONGRESS, THE REPORT SHALL BE MADE AVAILABLE**
12 **TO THE PUBLIC.**

13
14
15 SEC. 37. Title XIII of the National Internal Revenue Code of 1997, as amended, is
16 hereby retitled as Title XIV.

17
18 SEC. 38. Title XIV of the National Internal Revenue Code of 1997, as amended, is
19 hereby retitled as Title XV.

20
21 SEC. 39. *Amendatory Clause.* –

22
23 (A) To ensure that the DOF, NEDA and DTI are represented in the Governing
24 Boards of all IPAS, where the DOF shall automatically serve as Co-chair, and DTI
25 and NEDA as members, pursuant to Section 299 of this Act, the following
26 provisions, among others, are amended accordingly:

27
28 (1) Article 4 of Executive Order No. 226, as amended, entitled “The
29 Omnibus Investments Code of 1987;”

30
31 (2) Sections 9 and 13 (c) of Republic Act No. 7227, entitled “An Act
32 Accelerating the Conversion of Military Reservations into Other Productive
33 Uses, Creating the Bases Conversion and Development Authority for this
34 Purpose, Providing Funds therefor and for Other Purposes;”

35
36 (3) Section 3 of Executive Order No. 80, series of 1993, entitled
37 “Authorizing the Establishment of the Clark Development Corporation as the
38 Implementing Arm of the Bases Conversion and Development Authority for
39 the Clark Special Economic Zone, and Directing All Heads of Departments,

1 Bureaus, Offices, Agencies and Instrumentalities of Government to Support
2 the Program;”
3

4 (4) Section 6 of Executive Order No. 132, series of 2002, entitled
5 “Authorizing the Creation of the Poro Point Management Corporation as the
6 Implementing Arm of the Bases Conversion Development Authority over the
7 Poro Point Special Economic and Freeport Zone and Renaming the John Hay
8 Poro Point Development Corporation as the John Hay Management
9 Corporation;”
10

11 (5) Section 9 of Republic Act No. 7903, entitled “An Act Creating a
12 Special Economic Zone and Freeport in the City of Zamboanga Creating for
13 this Purpose the Zamboanga City Special Economic Zone Authority,
14 Appropriating Funds therefor, and for other Purposes;”
15

16 (6) Section 14 of Republic Act No. 9728, entitled “An Act Converting the
17 Bataan Economic Zone Located in the Municipality of Mariveles, Province of
18 Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the
19 Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds
20 therefor and for other Purposes;”
21

22
23 (7) Section 65 of Republic Act No. 9593, entitled “An Act Declaring a
24 National Policy for Tourism as an Engine of Investment, Employment, Growth
25 and National Development, and Strengthening the Department of Tourism
26 and its Attached Agencies to Effectively and Efficiently implement that Policy,
27 and Appropriating Funds therefor;”
28

29 (8) Section 15 of Republic Act No. 9490, entitled “An Act Establishing the
30 Aurora Special Economic Zone in the Province of Aurora, Creating for the
31 Purpose the Aurora Special Economic Zone Authority, Appropriating Funds
32 Therefor and for other Purposes,” as amended by Republic Act No. 10083;
33

34 (9) Section 7 of Republic Act No. 7922, entitled “An Act Establishing a
35 Special Economic Zone and Freeport in the Municipality of Santa Ana and the
36 Neighboring Islands in the Municipality of Aparri, Province of Cagayan
37 Providing Funds Therefor, and for other Purposes;
38

1 (10) Section 6 of Presidential Decree No. 538, entitled "Creating and
2 Establishing the PHIVIDEDEC Industrial Authority and Making It a Subsidiary
3 Agency of the Philippine Veterans Investment Development Corporation
4 Defining its Powers, Functions and Responsibilities, and for Other Purposes,"
5 as amended by Executive Order No. 1031, series of 1985;

6
7 (11) Section 11 of Republic Act No. 7916, entitled "An Act Providing for
8 the Legal Framework and Mechanisms for the Creation, Operation,
9 Administration, and Coordination of Special Economic Zones in the
10 Philippines, Creating For This Purpose, The Philippine Economic Zone
11 Authority (PEZA), and for Other Purposes."

12
13 (B) The following laws are hereby amended to mandate all internal revenue tax
14 and duty obligations of the relevant entities be chargeable to the Tax Expenditure
15 Fund (TEF) pursuant to Section 325 of this Act:

16
17 (1) Section 18 of Republic Act No. 7884, entitled "An Act Creating the
18 National Dairy Authority to Accelerate the Development of the Dairy
19 Industry in the Philippines, Providing for a Dairy Development Fund, and for
20 Other Purposes;"

21
22 (2) Section 8 of Republic Act No. 7903, entitled "An Act Creating Special
23 Economic Zone and Freeport in the City of Zamboanga for this Purpose the
24 Zamboanga City Special Economic Zone Authority, Appropriating Funds
25 Therefor, and for Other Purpose;"

26
27 (3) Section 12-a of Republic Act No. 10083, entitled "An Act Amending
28 Republic Act No. 9490, otherwise known as the Aurora Special Economic
29 Zone Act of 2007;"

30
31 (4) Sections 29, 57, 74, 95 (c) of Republic Act No. 9593, entitled "An Act
32 Declaring Tourism as Engine of Investment, Employment, Growth and
33 National Development and Strengthening the Department of Tourism or
34 Tourism Act of 2009;"

35
36 (5) Section 10 of Presidential Decree No. 538, entitled "Creating and
37 Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary
38 Agency of the Philippine Veterans Investment Development Corporation

1 Defining its Powers, Functions and Responsibilities, and for Other
2 Purposes;”
3

4 (6) Section 16 (a) (b) of Republic Act No. 9497, entitled “An Act Creating
5 the Civil Aviation Authority of the Philippines, Authorizing the
6 Appropriation of Funds Therefor, and for Other Purposes;”
7

8 (7) Section 8 of Republic Act No. 7278, entitled, “An Act Amending
9 Commonwealth Act 111, as amended by PD 460, entitled “An Act to Create a
10 Public Corporation known as the Boy Scouts of the Philippines and to define
11 its Powers and Purposes,” by strengthening the volunteer and democratic
12 character of the Boy Scouts of the Philippines and for other Purposes;”
13

14 (8) Section 11 (A), (B), (C), (D) of Republic Act No. 10073, entitled, “An
15 Act Instituting the New Girl Scouts of the Philippines Charter, Penalizing
16 Violations Therefor and for other Purposes;
17

18 (9) Section 14 of Republic Act No. 7354, entitled “An Act Creating the
19 Philippine Postal Corporation, Defining its Powers, Functions and
20 Responsibilities, Providing For Regulation of the Industry and for Other
21 Purposes Connected Therewith;”
22

23 (10) Section 8 and 14 of Presidential Decree No. 269, entitled “Creating
24 the National Electrification Administration as a Corporation, Prescribing its
25 Powers and Activities, Appropriating the Necessary Funds Therefore and
26 Declaring a National Policy Objective for the Total Electrification of the
27 Philippines on an Area Coverage Service Basis, the Organization, Promotion
28 and Development of Electric Cooperatives to Attain the Said Objective,
29 Prescribing Terms and Conditions for their Operations, the Repeal Of
30 Republic Act 6038, and for Other Purposes;”
31

32 (11) Section 2 and 19 of Republic Act No. 9679, entitled “An Act
33 Amending The Home Development Mutual Fund Otherwise Known as the
34 Pag-Ibig Fund;”
35

36 (12) Section 17 (c) under section 8 of Republic Act No. 9576, entitled “An
37 Act Increasing the Maximum Deposit Insurance Coverage, and in
38 connection therewith, to strengthen the regulatory and administrative

1 authority, and financial capability of the Philippine Deposit Insurance
2 Corporation (PDIC) amending for this purpose Republic Act Numbered
3 Three Thousand Five Hundred Ninety One, as amended otherwise known as
4 the PDIC Charter and for other purposes;”
5

6 (13) Section 13 of Republic Act No. 7820, entitled “An Act Creating the
7 Partido Development Administration, Defining its Powers and Functions,
8 Providing Funds Therefor, and for Other Purposes;”
9

10 (14) Section 5 (j) of Republic Act No. 9510, entitled “An Act Establishing
11 the Credit Information System and for Other Purposes;”
12

13 (15) Section 13 (e) of Presidential Decree No. 857, entitled “Providing for
14 the Reorganization of Port Administrative and Operation Functions in the
15 Philippines, Revising Presidential Decree No. 505 dated July 11, 1974,
16 Creating the Philippine Port Authority, by substitution, and for other
17 Purposes;”
18

19 (16) Section 19 of Republic Act No. 6847, entitled “An Act Creating and
20 Establishing the Philippine Sports Commission, Defining its Powers,
21 Functions, and Responsibilities, Appropriating Funds Therefor, and for
22 Other Purposes;”
23

24 (17) Section 8 (a) (b) and section 13 of Republic Act No. 6395, entitled “An
25 Act Revising the Charter of the National Power Corporation;”
26

27 (18) Section 1 of Republic Act No. 7291, entitled, “An Act Restoring the Tax
28 and Duty Incentives Previously Enjoyed by the Veterans Federation of the
29 Philippines Under Republic Act Numbered Twenty-Six Hundred and Forty;
30 and
31

32 (19) Section 21 of Republic Act No. 7306, entitled “An Act Providing for
33 the Establishment of the People’s Television Network, Inc., Defining its
34 Powers and Functions, Providing for its Sources of Funding and for Other
35 Purposes.”
36

37 *Sec. 40. Repealing Clauses. –*
38

1 (A) In consideration of the franchise and rights granted under applicable laws,
2 the grantee shall pay to the Philippine Government during the life of its franchise
3 all the applicable taxes and impositions levied under the National Internal
4 Revenue Code, as amended, and the Local Government Code, as amended, for
5 revenues earned from all activities: *Provided*, That the Secretary of Finance shall
6 be consulted on any changes in the tax and duty treatment of any grantee. For
7 this purpose, the following provisions of laws shall be amended or repealed in
8 conformity with this Section:

9
10
11 (1) Section 14 of Republic Act No. 7783 entitled "An Act Granting
12 The Major Telecoms, Inc., A Franchise To Establish, Install, Maintain,
13 Lease And Operate Wire And/Or Wireless Telecommunications
14 Systems, Lines, Circuits And Stations Throughout The Philippines For
15 Public Domestic And International Communications, And For Other
16 Purposes";

17
18 (2) Section 10 of Republic Act No 7939 entitled "An Act Granting
19 The Island Country Telecommunications, Inc., A Franchise To
20 Establish, Install, Maintain, Lease And Operate Were And/Or Wireless
21 Telecommunication System And Services, Lines, Circuits And Stations
22 Within And Without The Philippines, And For Other Purposes";

23
24 (3) Section 9 of Republic Act No. 7961 entitled "An Act Granting To
25 Cruz Telephone Company, Inc., (Cruztelco), A Franchise To Install,
26 Operate And Maintain A Telecommunications System Throughout
27 The Philippines";

28
29 (4) Section 8 of Republic Act No. 7962 entitled "An Act Granting
30 The Philippine Broadcasting Corporation A Franchise To Construct,
31 Install, Operate And Maintain Radio And Television Broadcasting
32 Stations Within The Philippines, And For Other Purposes";

33
34 (5) Section 8 of Republic Act No. 7963 entitled "An Act Granting
35 The Cebu Broadcasting Company A Franchise To Construct, Install,
36 Operate And Maintain Radio And Television Broadcasting Stations
37 Within The Philippines And For Other Purposes";
38

1 (6) Section 8 of Republic Act No. 7966 entitled "An Act Granting
2 The ABS-CBN Broadcasting Corporation A Franchise To Construct,
3 Install, Operate And Maintain Television And Radio Broadcasting
4 Stations In The Philippines And For Other Purposes";

5
6 (7) Section 8 of Republic Act No. 7967 entitled "An Act Granting
7 The Pacific Broadcasting System, Inc. A Franchise To Construct,
8 Install, Operate And Maintain Radio And Television Broadcasting
9 Stations Within The Philippines And For Other Purposes";

10
11 (8) Section 8 of Republic Act No. 7969 entitled "An Act Granting
12 The Central Catv, Inc. A Franchise To Establish, Maintain And Operate
13 For Commercial Purposes Cable/Community Antennae Television
14 Systems In The Philippines";

15
16 (9) Section 13 of Republic Act No. 8004 entitled "An Act Granting
17 To Millennia Telecommunications Corporation A Franchise To Install,
18 Operate And Maintain Telecommunication Services Within The
19 Philippines And International Points, And For Other Purposes";

20
21 (10) Section 9 of Republic Act No. 10900 entitled "An Act Extending
22 For Another Twenty-Five (25) Years The Franchise Granted To Bell
23 Telecommunication Philippines, Inc., Amending For The Purpose
24 Republic Act No. 7692, Entitled "An Act Granting Bell
25 Telecommunication Philippines, Inc., A Franchise To Install, Operate,
26 And Maintain Telecommunications Systems Throughout The
27 Philippines And For Other Purposes";

28
29 (11) Section 3 of Republic Act No. 7859 entitled "An Act Amending
30 Section One Of The Franchise Of Worldwide Communications, Inc.,
31 Granted Under Republic Act No. Five Thousand Three Hundred
32 Twenty-One And Extending It For Another Twenty-Five (25) Years,
33 And For Other Purposes";

34
35 (12) Section 8 of Republic Act No. 8060 entitled "An Act Granting
36 Palawan Broadcasting Corporation A Franchise To Install, Construct,
37 Operate And Maintain Commercial Radio And Television
38 Broadcasting Stations Throughout The Philippines";

1 (13) Section 8 of Republic Act No. 8063 entitled "An Act Granting
2 The Beacon Communications Systems, Inc., A Franchise To Construct,
3 Install, Establish, Operate And Maintain Commercial Radio Stations In
4 The Philippines";

5
6 (14) Section 9 of Republic Act No. 8065 entitled "An Act Granting
7 The Isla Cellular Communications, Inc., A Franchise To Construct,
8 Maintain, Establish, Operate Commercial Mobile And Fixed Wireless
9 Telecommunications System In The Philippines";

10
11 (15) Section 9 of Republic Act No. 8066 entitled "An Act Granting
12 The Isla Paging Company, A Franchise To Construct, Maintain,
13 Establish, And Operate Commercial Radio Paging Services In The
14 Philippines";

15
16 (16) Section 8 of Republic Act No. 8067 entitled "An Act Granting
17 The Radio Gubat Network, Inc., A Franchise To Construct, Install,
18 Operate And Maintain Radio Broadcasting Stations In The Bicol
19 Region";

20
21 (17) Section 8 of Republic Act No. 8068 entitled "An Act Granting A
22 Franchise To Agusan Communications Foundation, Inc., To Construct,
23 Operate And Maintain Stations For Radio And Television In The
24 Province Of Agusan Del Sur And For Other Purposes";

25
26 (18) Section 8 of Republic Act No. 8071 entitled "An Act Granting
27 Vismin Radio And Television Broadcasting Network, Incorporated A
28 Franchise To Construct, Install, Operate And Maintain For
29 Commercial Purposes Radio And Television Broadcasting Stations In
30 The Visayas And Mindanao, And For Other Purposes";

31
32 (19) Section 8 of Republic Act No. 8080 entitled "An Act Granting
33 The Asian-Pacific Broadcasting Company, Inc., A Franchise To
34 Construct, Install, Operate And Maintain Broadcasting Stations In The
35 Philippines";

36
37 (20) Section 8 of Republic Act No. 8094 entitled "An Act Granting
38 The Ipil Broadcasting News Network, Inc. A Franchise To Construct,

1 Install, Operate And Maintain Radio And Television Broadcasting
2 Stations In Zamboanga Del Sur And For Other Purposes”;

3
4 (21) Section 10 of Republic Act No. 8095 entitled “An Act Granting
5 The Islatel Corporation A Franchise To Construct, Maintain, Establish
6 And Operate Commercial Nationwide And Regional Transmission
7 Network And Other Telephone Services In The Philippines”;

8
9 (22) Section 8 of Republic Act No. 8096 entitled “An Act Granting
10 The Allied Broadcasting Center, Incorporated A Franchise To
11 Construct, Operate And Maintain Stations For Radio In Cebu City And
12 Other Areas In The Philippines Where Frequencies Are Still Available
13 For Radio Broadcasting For Educational And Cultural, As Well As For
14 Commercial Purposes”;

15
16 (23) Section 8 of Republic Act No. 8097 entitled “An Act Granting
17 The Partido Broadcasting Corporation A Franchise To Construct,
18 Install, Establish, Operate And Maintain Broadcast And Cable Radio
19 And Television Stations In The Bicol Region”;

20
21 (24) Section 8 of Republic Act No. 8098 entitled “An Act Granting
22 Broadcast Enterprises And Affiliated Media (Beam), Inc., A Franchise
23 To Establish, Construct, Operate And Maintain Commercial Radio
24 And Television Broadcast Stations Including Cable Television Systems
25 In The Philippines”;

26
27 (25) Section 8 of Republic Act No. 8099 entitled “An Act Granting A
28 Franchise To Sagay Broadcasting Corporation (Sbc) To Construct,
29 Operate And Maintain Stations For Radio And Television In The
30 Philippines And For Other Purposes”;

31
32 (26) Section 7 of Republic Act No. 8102 entitled “An Act Granting
33 The Ultimate Entertainment, Inc., A Franchise To Construct, Install,
34 Maintain And Operate Radio Broadcasting Stations Within The
35 Philippines”;

36
37 (27) Section 8 of Republic Act No. 8116 entitled, “An Act Granting
38 The Vimcontu Broadcasting Corporation A Franchise To Construct,

1 Install, Operate And Maintain Radio And Television Broadcasting
2 Stations, Within The Philippines And For Other Purposes”;

3
4 (28) Section 8 of Republic Act No. 8119 entitled “An Act Granting
5 The Good News Sorsogon Foundation, Inc., A Franchise To Construct,
6 Install, Operate And Maintain For Religious, Educational And
7 Commercial Purposes, Radio And Television Broadcasting Stations
8 Within The Philippines And For Other Purposes”;

9
10 (29) Section 5 of Republic Act No. 8120 entitled “An Act Granting
11 The Andres Bonifacio College Broadcasting System, Inc., A Franchise
12 To Construct, Maintain And Operate Radio Broadcasting Stations And
13 Stations For Television In The Island Of Mindanao For Educational,
14 Cultural, And Commercial Purposes”;

15
16 (30) Section 8 of Republic Act No. 8121 entitled “An Act Granting
17 The M.S. Network Management, Inc. A Franchise To Construct,
18 Install, Operate And Maintain For Commercial Purposes, Radio
19 Broadcasting Stations In The Philippines And For Other Purposes”;

20
21 (31) Section 7 of Republic Act No. 8123 entitled “An Act Granting
22 The Royal Broadcasting Corporation. A Franchise To Construct,
23 Operate And Maintain For Commercial Purposes, Radio And
24 Television Broadcasting Stations In The Philippines And For Other
25 Purposes”;

26
27 (32) Section 8 of Republic Act No. 8128 entitled “An Act Granting. A
28 Franchise To The Oriental Mindoro Management Resources
29 Corporation (Omarco) To Construct, Install, Establish, Operate,
30 Manage And Maintain A Network Of Radio And Television Stations
31 Anywhere In The Philippines, And For Other Purposes”;

32
33 (33) Section 8 of Republic Act No. 8132 entitled “An Act Granting
34 Jose M. Luison And Sons, Inc., A Franchise To Construct, Install,
35 Operate And Maintain For Commercial Purposes Radio And
36 Television Broadcasting Stations In The Philippines”;

1 (34) Section 7 of Republic Act No. 8144 entitled "An Act Granting
2 The Azimuth Broadcasting Corporation Of Franchise To Construct,
3 Operate And Maintain For Commercial Purposes Radio And
4 Television Broadcasting Stations In The Philippines";
5

6 (35) Section 8 of Republic Act No. 8145 entitled "An Act Granting
7 The Radyo Pilipino Corporation A Franchise To Construct, Install,
8 Operate And Maintain Commercial Radio And Television
9 Broadcasting Stations, Satellite And Cable Stations In The
10 Philippines";
11

12 (36) Section 14 of Republic Act No. 8147 entitled "An Act Granting
13 The Southern Broadcasting Network A Franchise To Construct,
14 Maintain, Establish And Operate Commercial Radio/Television
15 Broadcasting Stations, In The Philippines";
16

17 (37) Section 8 of Republic Act No. 8149 entitled "An Act Granting
18 The Tagbilaran Broadcasting System A Franchise To Construct, Install,
19 Operate And Maintain Radio And Television Broadcasting Stations, In
20 The Visayas Region, And For Other Purposes";
21

22 (38) Section 8 of Republic Act No. 8154 entitled "An Act Granting
23 Prime Broadcasting Network, Incorporated, A Franchise To Construct,
24 Operate And Maintain Stations For Radio And Television In The
25 Philippines";
26

27 (39) Section 4 of Republic Act No. 8158 entitled "An Act Extending
28 The Franchise Granted To Jorge D. Bayona Under Republic Act
29 Numbered Fifty-Seven Hundred Eighty-Nine, Assigning It In Favor Of
30 Pbn Broadcasting Network Inc., And Renewing The Term Thereof For
31 Another Twenty-Five (25) Years From The Date Of The Effectivity Of
32 This Act";
33

34 (40) Section 8 of Republic Act No. 8169 entitled "An Act Granting
35 GV Broadcasting System, Inc., A Franchise To Construct, Install,
36 Maintain And Operate For Commercial Purposes Radio Broadcasting
37 Stations In The Island Of Luzon And For Other Purposes";
38

1 (41) Section 5 of Republic Act No. 10926 entitled "An Act Extending
2 For Twenty-Five (25) Years The Franchise Granted To Smart
3 Communications, Inc., (Formerly Smart Information Technologies,
4 Inc.) Amending For The Purpose Republic Act No. 7294, Entitled, "An
5 Act Granting Smart Information Technologies Inc. (Smart) A Franchise
6 To Establish, Maintain, Lease And Operate Integrated
7 Telecommunications/Computer/Electronic Services, And Stations
8 Throughout The Philippines For Public Domestic And International
9 Telecommunications, And For Other Purposes";
10

11 (42) Section 9 of Republic Act No. 9511 entitled "An Act Granting
12 The National Grid Corporation Of The Philippines A Franchise To
13 Engage In The Business Of Conveying Or Transmitting Electricity
14 Through High Voltage Back-Bone Systems Of Interconnected
15 Transmission Lines, Substations And Related Facilities";
16

17 (43) Section 13 of Presidential Decree 1869 – Restored Per Office
18 Of The President Memorandum Dated August 24, 1995 Consolidating
19 And Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C,
20 1399 And 1632 Relative To The Franchise And Powers Of The
21 Philippine Amusement And Gaming Corporation (PAGCOR);
22

23 (44) Section 9 of Republic Act No. 7953 entitled "An Act Amending
24 Ra 6632 Entitled, "An Act Granting The Philippine Racing Act, Inc., A
25 Franchise To Operate And Maintain A Race Track For Horse Racing In
26 The Province Of Rizal, And Extending The Said Franchise By 25 Years
27 From The Expiration Of The Term Thereof";
28

29 (45) Section 12 of Republic Act No. 8407 entitled "An Act Amending
30 Ra 6631 Entitled, "An Act Granting Manila Jockey Club, Inc., A
31 Franchise To Construct, Operate And Maintain A Race Track For
32 Horse Racing In The City Of Manila Or Any Place Within The Provinces
33 Of Bulacan, Cavite Or Rizal And Extending The Said Franchise By 25
34 Years From The Expiration Of The Term Thereof";
35

36 (46) Section 9 of Republic Act No. 8298 entitled "An Act Amending
37 Republic Act Numbered Seventy-Nine Hundred Seventy-Eight,
38 Entitled, "An Act Granting The Metro Manila Turf Club, Inc., A

1 Franchise To Construct, Operate And Maintain A Racetrack For Horse
2 Racing In The City Of Kalookan”;

3
4 (47) Section 12 of Republic Act No. 8446 entitled “An Act Granting
5 The Fil-Asia Racing Club A Franchise To Construct, Operate And
6 Maintain A Racetrack For Horse Racing In Rizal Or Tarlac, Or
7 Pampanga Or Batangas Or Quezon City”;

8
9 (48) Section 3, paragraph 2 of Republic Act No. 4540 entitled, “An
10 Act Amending Certain Sections of Republic Act Numbered Four
11 Hundred and Two, As Amended”;

12
13 (49) Section 11 of Republic Act No. 7633 entitled “An Act Amending
14 Certain Sections Of Republic Act No. 3259, As Amended, Entitled "An
15 Act Granting The International Communications Corporation A
16 Franchise To Establish Radio Stations, For Domestic
17 Telecommunications, Radiophone," Extending The Term Of The
18 Franchise By Twenty-Five (25) Years From August 9, 1996 As Provided
19 In Republic Act No. 4905, And For Other Purposes”;

20
21 (50) Section 8 of Republic Act No. 8153 entitled “An Act Granting
22 The Rex Electronics Communications System, Inc., A Franchise To
23 Construct, Operate And Maintain Public Radiotelephone And
24 Radiotelegraph Stations For The Reception And Transmission Of
25 Radiotelephone And Radiotelegraph Communications Within The
26 Philippines”;

27
28 (51) Section 10 of Republic Act No. 10972 entitled “An Act
29 Renewing For Another Twenty-Five (25) Years The Franchise Granted
30 To Infocom Communications Network, Inc. (Presently Known As Now
31 Telecom Company, Inc.) Under Republic Act No. 7301, Entitled “ An
32 Act Granting Infocom Communications Network, Inc. (Icni), A
33 Franchise To Construct, Establish, Operate And Maintain Mobile
34 Radio Systems Such As Radio, Paging Systems, Cellular Phone
35 Systems, Personal Communication Network (Pcn), And Trunked Radio
36 Systems Within And Without The Philippines For A Period Of Twenty-
37 Five (25) Years, And For Other Purposes”, As Amended By The
38 Republic Act No. 7940”;

1 (52) Section 8 of Republic Act No. 7816 entitled "An Act Granting
2 The Manila Broadcasting Company A Franchise To Construct, Install,
3 Operate And Maintain Radio And Television Broadcasting Stations
4 Within The Philippines, And For Other Purposes";
5

6 (53) Section 8 of Republic Act No. 8027 entitled "An Act Granting A
7 Franchise To The Kaissar Broadcasting Network, Inc. (Kbni), To
8 Construct, Install, Establish, Operate, Manage And Maintain A
9 Network Of Radio And Television Stations Anywhere In The
10 Philippines, And For Other Purposes";
11

12 (54) Section 8 of Republic Act No. 8032 entitled "An Act Granting
13 The Philippine Radio Corporation A Franchise To Construct, Install,
14 Establish, Operate And Maintain Commercial Radio Stations In The
15 Philippines"; And
16

17 (55) Section 8 of Republic Act No. 8122 entitled "An Act Granting
18 The Swara Sug Media Corporation Of The Philippines A Franchise To
19 Construct, Install, Operate And Maintain For Commercial Purposes
20 Radio And Television Broadcasting Stations In The Philippines And For
21 Other Purposes"
22

23 (56) Section 10 of Republic Act No. 11089, entitled "An Act
24 Granting the Streamtech Systems Technologies Inc. A Franchise to
25 Construct, Install, Establish, Operate and Maintain
26 Telecommunications Systems Throughout the Philippines
27

28 (57) Section 1, paragraph 17 of Republic Act No. 11151 entitled,
29 "An Act Renewing for Another Twenty-Five (25) Years the Franchise
30 Granted to Isla Communications Company, Inc., Presently Known as
31 Innove Communications, Inc., Amending for the Purpose Republic Act
32 No. 7372, entitled, "An Act Granting the Isla Communications Co. a
33 Franchise to Install, Operate and Maintain Telecommunications
34 Services within the Territory of the Republic of the Philippines and
35 International Points and for Other Purposes"
36
37

38 (B) The provisions of the following laws, including the tax incentives, that are
39 inconsistent with this Act are hereby amended or repealed:

- (1) Section 5 of Republic Act No. (R.A.) 9379, or "An Act Defining Handline Fishing, Providing Effective Regulations Therefor And For Other Purposes";
- (2) Section 16, The Last Sentence Thereof, of R.A. 10601, or "An Act Promoting Agricultural And Fisheries Mechanization Development In The Country";
- (3) Section 32 of R.A. 10654, or "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";
- (4) Section 14 (B) of R.A. 7308, or "The Seed Industry Development Act Of 1992";
- (5) Section 18, 2nd and 3rd Paragraph Thereof, of R.A. 7884, or "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";
- (6) Section 9 (E), (F), (I), and (J) of R.A. 7900, or "An Act To Promote The Production, Processing, Marketing, And Distribution Of High Value Crops, Providing Funds Therefor, And For Other Purposes";
- (7) Chapter II, Article II, Sec. 35 (B), (C) and (D) of R.A. 8550, or "The Philippine Fisheries Code Of 1998";
- (8) Section 24 (A) and (F) of R.A. 10068, or "An Act Providing For The Development And Promotion Of Organic Agriculture In The Philippines And For Other Purposes";
- (9) Section 37 of R.A. 6848, or "The Charter Of The Al-Amanah Islamic Investment Bank Of The Philippines";
- (10) 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;"

1 (11) Section 15 of R.A. 7353, or The "Rural Bank Act Of 1992";

2
3 (12) Book I, Title III, Article 39 (A), (B), (C), (D), (E), (G), (I), (J), (K),
4 (M) And (N); Title IV, Article 40, Book III Article 59, 60, 61, 63, 64, 65,
5 66; Book IV Article 69, Book VI, Articles 77, 78, And 81 of Executive
6 Order No. 226, Series of 1987, or "The Omnibus Investments Code Of
7 1987";

8
9 (13) Section 1 of R.A. 7918, "An Act Amending Article 39, Title III
10 The Omnibus Investments Code of 1987, As Amended";

11
12 (14) Articles 62, 63, 64, 65, 66, 67 And 69 of R.A. 8756, or "An Act
13 Providing for the Terms, Conditions And Licensing Requirements Of
14 Regional Or Area Headquarters, Regional Operating Headquarters,
15 Regional Warehouses Of Multinational Companies Amending For The
16 Purpose Certain Provisions Of The Omnibus Investment Code Of
17 1987";

18
19 (15) Executive Order No. 22, s. of 2017 Amending E.O. 70, s. of
20 2012, E.O. 528, s. of 2006 and E.O. 313, s. of 2004, Entitled "Reducing
21 The Rates Of Duty On Capital Equipment, Spare Parts And
22 Accessories Imported By BOI-Registered New And Expanding
23 Enterprises";

24
25 (16) Section 12 of R.A. 8047, or "An Act Providing For The
26 Development Of The Book Publishing Industry Through The
27 Formulation And Implementation Of A National Book Policy And A
28 National Book Development Plan";

29
30 (17) Section 17, In So Far As Tax Exemption and/or VAT Zero Rating
31 On Domestic Merchandise Is Concerned, and Section 18 (A), (B), (C)
32 and (F) of Presidential Decree No. 66, Entitled "Creating The Export
33 Processing Zone Authority And Revising Republic Act No. 5490";

34
35 (18) Section 4 (E) and (F), In So Far As Tax Exemption and/or VAT
36 Zero Rating On Domestic Merchandise Is Concerned, of R.A. 7903, or
37 The "Zamboanga City Special Economic Zone Act Of 1995";

38
39 (19) Section 4 (B) (C), In So Far As Tax Exemption and/or VAT Zero
40 Rating On Domestic Merchandise Is Concerned, of R.A. 7922, or "An

1 Act Establishing A Special Economic Zone And Free Port In The
2 Municipality Of Santa Ana And The Neighboring Islands In The
3 Municipality Of Aparri, Province Of Cagayan Providing Funds
4 Therefor, And For Other Purposes”;

5
6 (20) Section 4 of R.A. 8748, or “An Act Amending Republic Act No.
7 7916, Otherwise Known As The Special Economic Zone Act Of 1995”;

8
9 (21) Sections 23 and 24 of R.A. 7916, or “The Special Economic
10 Zone Act Of 1995”;

11
12 (22) Sections 12 (B) and (C) and Section 15, second, third, and last
13 paragraph of R.A. 7227, or “An Act Accelerating The Conversion Of
14 Military Reservations Into Other Productive Uses, Creating The Bases
15 Conversion And Development Authority For This Purpose, Providing
16 Funds Therefor And For Other Purposes,” as amended by R.A. 9400;

17
18 (23) Section 1 of E.O. 619, s. of 2017 Entitled “Creating And
19 Designating Special Economic Zones Pursuant To Republic Act No.
20 7916, As Amended By Republic Act No. 8784, In Relation To Republic
21 Act No. 7227, As Amended By Republic Act No. 9400, Inside The Clark
22 Freeport Zone”;

23
24 (24) Sections 5, 6, 7, 8 And 9 of R.A 9490, or “An Act Establishing
25 The Aurora Special Economic Zone In The Province Of Aurora,
26 Creating For The Purpose The Aurora Special Economic Zone
27 Authority, Appropriating Funds Therefor And For Other Purposes”;

28
29 (25) Sections 3 (E) (F) (H) and 4 of R.A. No. 10083, or “An Act
30 Amending Republic Act No. 9490”;

31
32 (26) Section 4 (F), in so far as tax exemption and/or VAT zero rating
33 on domestic merchandise and capital equipment are concerned, and
34 Sections 5, 6 and 10 of R.A. 9728, or The “Freeport Area Of Bataan
35 (FAB) Act Of 2009”;

36
37 (27) Sections 12, 21, and 22 of P.D. 87 (Restored By FIRB Resolution
38 19-87), or The “Oil Exploration And Development Act”;

1 (28) P.D. 529 (Restored By FIRB Resolution 19-87), Entitled
2 "Granting To Petroleum Exploration Concessionaires Under The
3 Petroleum Act Of 1949 Exemption From Customs Duty And
4 Compensating Tax On Importations Of Machinery And Equipment,
5 Spare Parts And Materials Required For Their Exploration
6 Operations";

7
8 (29) Section 16 (A), (B), and (C) and Section 17 (A) to (E) of P.D. 972,
9 or "The Coal Development Act Of 1976";

10
11 (30) Section 4 (A) of P.D. 1442 (Restored By FIRB Resolution 19-87),
12 or "An Act To Promote The Exploration And Development Of
13 Geothermal Resources";

14
15 (31) Section 10 (1) to (6) of R.A. 7156, or The "Mini-Hydroelectric
16 Incentive Act";

17
18 (32) Section 9 of R.A. 8479, or The "Downstream Oil Industry
19 Deregulation Act Of 1998";

20
21 (33) Section 6, Fifth Paragraph of R.A. 9136, or the "Electric Power
22 Industry Reform Act Of 2001";

23
24 (34) Chapter VII, Section 15 Except (H), Sections 19, 21 (A) to (D),
25 and 23 of R.A. 9513, or "An Act Promoting The Development,
26 Utilization And Commercialization Of Renewable Energy Resources
27 And For Other Purposes";

28
29 (35) Section 6 (A) (B) of R.A. 9367, or "An Act To Direct The Use Of
30 Biofuels, Establishing For This Purpose The Biofuel Program,
31 Appropriating Funds Therefore, And For Other Purposes";

32
33 (36) Sections 36 (E) and (F) of P.D. 705 Entitled, "Revising P.D. 389,
34 Or The 'Revised Forestry Code Of The Philippines'";

35
36 (37) Section 45 (b) (1) (c) of R.A. 9003, Entitled "An Act Providing
37 For An Ecological Solid Waste Management Program, Creating The
38 Necessary Institutional Mechanisms And Incentives, Declaring
39 Certain Acts Prohibited And Providing Penalties, Appropriating Funds
40 Therefor And For Other Purposes";

1
2 (38) Section 26 A (1) to (3) of R.A. 9275, or The "Philippine Clean
3 Water Act Of 2004";
4

5 (39) Sections 16 and 17 of R.A. 7844, or The "Export Development
6 Act Of 1994";
7

8 (40) Section 13 of R.A. 10817, or "An Act Instituting The Philippine
9 Halal Export Development And Promotion Program, Creating For The
10 Purpose The Philippine Halal Export Development And Promotion
11 Board, And For Other Purposes";
12

13 (41) Section 14 of R.A. 8423, or "An Act Creating The Philippine
14 Institute Of Traditional And Alternative Health Care (PITAHC) To
15 Accelerate The Development Of Traditional And Alternative Health
16 Care In The Philippines, Providing For A Traditional And Alternative
17 Health Care Development Fund And For Other Purposes";
18

19 (42) Section 20 (D) (1) to (5) of R.A. 10884, or "An Act
20 Strengthening The Balanced Housing Development Program,
21 Amending For The Purpose Republic Act No. 7279, Or 'The Urban
22 Development And Housing Act Of 1992'";
23

24 (43) Section 10 of R.A. 7718, or "An Act Amending Certain Sections
25 Of R.A. 6957, Entitled 'An Act Authorizing The Financing,
26 Construction, Operation And Maintenance Of Infrastructure Projects
27 By The Private Sector, And For Other Purposes'";
28

29 (44) Section 6 (C) (D) (F) and Sections 7 and 8 of R.A. 7103, or "An
30 Act To Strengthen The Iron And Steel Industry And Promote
31 Philippine Industrialization And For Other Purposes";
32

33 (45) Section 3 (A) to (D) and (H) of R.A. 8502, or "The Jewelry
34 Industry Development Act Of 1998";
35

36 (46) Section 5 (A) (B) of R.A. 10771, or "An Act Promoting The
37 Creation Of Green Jobs, Granting Incentives And Appropriating Funds
38 Therefor";
39

1 (47) Section 7-B (h) (10) of R.A. 6977 or the "Magna Carta for
2 Micro, Small and Medium Enterprises (MSMEs)," as amended by R.A.
3 9501;

4
5 (48) Section 7 of R.A. 9178, or "An Act To Promote The
6 Establishment Of Barangay Micro Business Enterprises (BMBES),
7 Providing Incentives And Benefits Therefor, And For Other Purposes";
8

9 (49) Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92, 93 of
10 R.A. 7942, or The "Philippine Mining Act Of 1995";
11

12 (50) Chapter II, Section 4 and Chapter VIII, Section 19 of R.A. 9295,
13 or The "Domestic Shipping Development Act Of 2004";
14

15 (51) Section 6 of R.A. 7471, As Amended, or The "Philippine
16 Overseas Shipping Development Act";
17

18 (52) Subchapter V-A, Sections 86, 88, And 95 (A) and (B) of R.A.
19 9593, or The "Tourism Act of 2009", as amended by Republic Act No.
20 11262;
21

22 (53) Section 8, Second and Third Paragraphs Thereof, of R.A. 10816,
23 or "An Act Providing For The Development And Promotion Of Farm
24 Tourism In The Philippines";
25

26 (54) Sections 8 and 9, In So Far As Tax Exemption and VAT Zero
27 Rating of Domestic Merchandise, of P.D. 538 Entitled, "Creating And
28 Establishing The Phividec Industrial Authority And Making It A
29 Subsidiary Agency Of The Philippine Veterans Development
30 Corporation, Defining Its Powers, Functions And Responsibilities, And
31 For Other Purposes", as amended by P.D. No. 1491;
32

33 (55) Section 1 (1.1) of E.O. 97-A s. of 1993 Entitled, "Further
34 Clarifying The Tax And Duty-Free Privilege Within The Subic Special
35 Economic And Free Port Zone";
36

37 (56) Section 4(F) and Section 5(C)(K), In So Far As Tax Exemption
38 and/or VAT Zero Rating on Domestic Merchandise Is Concerned, and
39 Section 12-B of Republic Act No. 10083 Entitled, "An Act Amending

1 Republic Act No. 9490, Or 'The Aurora Special Economic Zone Act Of
2 2007";

3
4 (57) Section 5 (5.1) and (5.2) of E.O. 290 Entitled, "Implementing
5 The Natural Gas Vehicle Program For Public Transport";
6

7 (58) Sections 18 and 20 of R.A. 6847 Entitled, "An Act Creating
8 And Establishing The Philippine Sports Commission, Defining Its
9 Powers, Functions, And Responsibilities, Appropriating Funds
10 Therefor, And For Other Purposes";
11

12 (59) Section 10 of P.D. 1174, Amending P.D. 972, or The "Coal
13 Development Act of 1976";
14

15 (60) Section 23 of R.A. 7925, or "An Act To Promote And Govern
16 The Development Of Philippine Telecommunications And Delivery Of
17 Public Telecommunications Services";
18

19 (61) Section 8 (b) and (c) and Section 42 (C) of R.A. 7277, or "An Act
20 Providing For The Rehabilitation, Self-Development And Self-Reliance
21 Of Disabled Persons And Their Integration Into The Mainstream
22 Society And For Other Purposes";
23

24 (62) Section (32) (a) (1-8) and Section 33 (a) of Republic Act No.
25 10754 Entitled, "An Act Expanding the Benefits and Privileges of
26 Persons with Disability (PWDs);
27

28 (63) Section 12 (a), (b), and (d) of Republic Act No. 11321 Entitled,
29 "An Act Instituting The Farmers And Fisherfolk Enterprise
30 Development Program Of The Department Of Agriculture"
31

32 (64) Section 25 of Republic Act No. 11285 Entitled, "An Act
33 Institutionalizing Energy Efficiency And Conservation, Enhancing The
34 Efficient Use Of Energy, And Granting Incentives To Energy And
35 Conservation Projects"
36
37

1 (C) The provisions on Investment Priority Plan (IPP) under Chapter I, Article 26 and
2 Chapter II of EO 226 s. of 1987, or the "Omnibus Investments Code of 1987", are
3 hereby repealed.

4
5 (D) To expand the power of FIRB to include approval or disapproval of the grant of
6 fiscal incentives of special projects/activities as defined in this Act, as well as to
7 reconstitute the composition of the FIRB, the following provisions or laws are
8 hereby amended, accordingly.

9
10 (1) Sections 1 (6) and 2 of Presidential Decree No. 776, entitled "Repealing
11 All Laws, Acts, Decrees, Orders and Ordinances Granting Exemptions
12 from Taxes, Duties, Fees, Imposts and Other Charges under Certain
13 Exceptions and Creating a Fiscal Incentives Board"

14
15 (2) Section 1 (c) and (d); Section 2 of Executive Order No. 93, series of
16 1986, entitled "Withdrawing All Tax and Duty Incentives, Subject to
17 Certain Exceptions, Expanding the Powers of the Fiscal Incentives
18 Review Board and for other Purposes"

19
20 (3) Memorandum Order No. 23, s. 1986, entitled "Expanding the
21 Membership of the Fiscal Incentives Review Board"

22
23 (E) To transfer to the FIRB the power of the IPA Board to review, approve or
24 disapprove fiscal incentives of special projects/activities as defined in this Act, and
25 to mandate the IPA Board to recommend to the FIRB after a thorough review of
26 the application, the approval or disapproval of the same, the following provisions
27 are hereby amended, accordingly.

28
29 (1) Article 7 of Executive Order No. 226, series of 1987, entitled "the
30 Omnibus Investments Code of 1987", as amended by RA 7918, entitled
31 "An Act Amending Article 39, Title III of Executive Order No. 226, series
32 of 1987, entitled, 'the Omnibus Investment Code of 1987, as Amended,
33 and for Other Purposes'";

34
35 (2) Section 7 of RA 7903, entitled "An Act Creating a Special Economic Zone
36 and Freeport in the City of Zamboanga City Special Economic Zone
37 Authority, Appropriating Funds Therefor, and for Other Purposes";
38

- 1 (3) Section 1 of Executive Order No. 458, entitled "Devolving the Powers
2 and Functions of the Board of Investments Over Investments Within the
3 Autonomous Region in Muslim Mindanao to the Autonomous Regional
4 Government and for Other Purposes";
5
- 6 (4) Section 13 of RA 9728, entitled "An Act Converting the Bataan Economic
7 Zone located in the Municipality of Mariveles, Province of Bataan, into
8 the Freeport Area of Bataan, Creating for this Purpose the Authority of
9 the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and
10 for Other Purposes";
11
- 12 (5) Section 13 (b) of RA 7227, as amended by RA 9400 entitled "An Act
13 Accelerating the Conversion of Military Reservations into Other
14 Productive Uses, Creating the Bases Conversion and Development
15 Authority for the Purpose, Providing Funds Therefore and for Other
16 Purposes";
17
- 18 (6) Section 8 of RA 9400, entitled "An Act Amending Republic Act No. 7227,
19 as amended, Otherwise Known as the Bases Conversion and
20 Development Act of 1992, and for Other Purposes";
21
- 22 (7) Section 69 (n) of Subchapter IV-B of RA 9593, entitled "An Act Declaring
23 a National Policy for Tourism as an Engine of Investment, Employment,
24 Growth and National Development and Strengthening the Department
25 of Tourism and its Attached Agencies to Effectively Implement that
26 Policy, and Appropriating Funds Therefor";
27
- 28 (8) Sections 7 and 12 of RA 9490, entitled "An Act Establishing the Aurora
29 Special Economic Zone in the Province of Aurora, Creating for the
30 Purpose the Aurora Special Economic Zone Authority, Appropriating
31 Funds Therefor and for Other Purposes", as amended by RA 10083,
32 entitled "An Act Amending Republic Act No. 9490, Otherwise Known as
33 the "Aurora Special Economic Zone Act Of 2007";
34
- 35 (9) Section 6 of RA 7922, entitled "An Act Establishing a Special Economic
36 Zone and Free Port in the Municipality of Santa Ana and the Neighboring
37 Islands of Cagayan, Providing Funds Therefor, and for Other Purposes";
38

1 (10) Section 4, of PD No. 538, entitled "Creating and Establishing the
2 PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the
3 Philippines Veterans Investment Development Corporation, Defining its
4 Powers, Functions and Responsibilities, and for Other Purposes";
5

6 (11) Sections 13 and 21 of RA 7916, as amended by RA 8748 entitled "An
7 Act Providing for the Legal Framework and Mechanisms for the
8 Creation, Operation, Administration and Coordination of Special
9 Economic Zones in the Philippines, Creating for this Purpose, the
10 Philippine Economic Zone Authority and for Other Purposes;
11

12 (F) Sections 4, 5, 6, and 7 of RA 10708, entitled "An Act Enhancing Transparency in
13 the Management and Accounting of Tax Incentives Administered by Investment
14 Promotion Agencies"
15

16 (G) *In general.* – All other laws, decrees, Executive Orders, rules and
17 regulations, or parts thereof which are contrary to or inconsistent with this Code
18 are hereby repealed, amended or modified accordingly.
19

20 SEC. 41. *Implementing Rules and Regulations.* – Within thirty (30) days
21 from the effectivity of this Act, the Secretaries of Finance, and Trade and Industry,
22 shall, upon consultations with the Bureau of Internal Revenue and Board of
23 Investments and other Investment Promotion Agencies, promulgate the
24 necessary rules and regulations for its effective implementation.
25

26 SEC. 42. *Separability Clause.* – If any clause, sentence, paragraph, or part
27 of this Code shall be adjudged by any Court of competent jurisdiction to be
28 invalid, such judgment shall not affect, impair, or invalidate the remainder of said
29 Code, but shall be confined in its operation to the clause, sentence, paragraph, or
30 part thereof directly involved in the controversy.
31

32 SEC. 43. *Effectivity.* This Act shall take effect on January 1, 2020 following
33 its complete publication in the *Official Gazette* or in a newspaper of general
34 circulation.
35

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37 Approved,
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