

1
2 Republic of the Philippines
3 **House of Representatives**
4 Quezon City
5

6 **18TH CONGRESS**
7 First Regular Session
8 **2956**
9 **HOUSE BILL NO. _____**
10



11
12 **Introduced by Representative Michael L. Romero**
13
14
15

16 **EXPLANATORY NOTE**
17

18 This bill covers the second package of the Duterte Administration's
19 comprehensive tax reform program. It complements the recently-passed Tax
20 Reform for Acceleration and Inclusion (TRAIN) Act (RA 10963) by lowering the
21 corporate income tax rate, reforming the corporate income tax system, and
22 broadening the tax base by modernizing investment tax incentives to enhance
23 fairness, improve competitiveness, plug tax leakages, and achieve fiscal
24 sustainability.
25

26 Specifically, this bill endeavors to address the following major policy issues:
27

- 28 1. The Philippines' corporate income tax system is characterized by a high
29 rate and a narrow base. Despite having the highest corporate income tax
30 rate in the ASEAN region at 30%, its collection efficiency is one of the
31 lowest. This is because of very generous tax incentives that are given in
32 perpetuity and in lieu of other taxes, and thus seriously erode the tax base.
33 2. The country's investment tax incentive system is very complex. It has 14
34 investment promotion agencies and more than 300 laws that grant various
35 types of investment and non-investment incentives with little regard to
36 cost-efficiency and effectiveness. All these result in a tax incentive system
37 that is less transparent, less targeted, not time-bound, and not
38 performance based.
39 3. The outdated tax code lacks adequate provisions to address transfer
40 pricing and other anti-avoidance practices.
41 4. Ironically, the DOF, which is the steward of the government's fiscal health
42 and mandated to formulate sound fiscal policy, has very little involvement

1 in the formulation and grant of tax incentives to the registered business
2 enterprises. This is contrary to international best practice where the
3 finance minister holds a significant role in the decision making process
4 regarding the design and grant of tax incentives.
5

6 The cost to the country of this defective system is significant. In 2015, the
7 Department of Finance estimates that the investment tax incentive system costs
8 the government some P301 billion in forgone income tax, VAT (gross of refund),
9 and customs duty. This estimate does not yet include forgone local taxes and
10 leakages that arise from tax avoidance and tax evasion due to the complicated
11 system. While the country benefits from these incentives in terms of investment,
12 jobs, exports, and country-side development, the staggering cost at more than
13 2% of GDP warrants the government to review its incentives system by making
14 them time-bound, performance-based, transparent, and targeted to ensure that
15 redundant incentives are removed, the benefits fully outweigh the cost, and fiscal
16 prudence is maintained at all times.
17

18 Specifically, despite being the most generous provider of incentives in the region,
19 the Philippines' investment tax incentives have not translated into much higher
20 investment and export performance. The Philippines has one of the lowest export
21 share to GDP among the ASEAN5, while the share of foreign direct investment
22 to GDP, while increasing in recent years, remains lackluster relative to its
23 neighbors. The answer to this conundrum lies in the fact that investment and
24 exports are mainly influenced by a country's ability to provide efficient
25 infrastructure, modern logistics, effective governance, low cost of doing business,
26 and a productive work force. In general, while some tax incentives can help the
27 country improve its competitiveness, they are not the real solution and they often
28 serve as band-aid solution to the ills of the country's inability to provide
29 infrastructure and basic services. In this regard, the Duterte Administrations
30 seeks to reform the tax system so that it can generate more tax revenues fairly
31 to fund the priority programs that will make the country attractive to investors
32 without giving away redundant and costly tax incentives.
33

34 With tax incentives modernized and the tax base expanded, the corporate income
35 tax rate can be reduced to correct the current inequitable and unjust system
36 that benefits a few industries while negatively impacting the rest of the business
37 community, which pay the regular corporate income tax rate. The reduction of
38 the corporate income tax rate would be a very much welcome relief that will
39 benefit all corporate taxpayers, whether large or small, and whether domestic or
40 foreign, and will enhance the competitiveness of our investment climate. In the
41 end, this bill aims to benefit not just the government, but more importantly, the
42 Filipino taxpayers who have been diligently complying with their tax obligations
43 by making the tax system more progressive, efficient, and simpler.
44

45 In view of the foregoing, urgent approval of this bill is earnestly sought.
46

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MICHAEL L. ROMERO Ph.D.

Republic of The Philippines
HOUSE OF REPRESENTATIVES
Quezon City

18TH CONGRESS
First Regular Session

HOUSE Bill No. 2956

Introduced by Representative Michael L. Romero

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
2 and 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 Code
9 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**

1 **THE EXCLUSIVE AND ORIGINAL JURISDICTION OF THE**
2 **SECRETARY OF 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**
32 **REQUESTED ARE NOT FURNISHED WITHIN THE PERIOD**
33 **PRESCRIBED IN THE WRITTEN NOTICE, OR WHEN THE**
34 **INFORMATION OR RECORDS SUBMITTED ARE INCOMPLETE,**
35 **THE COMMISSIONER OR HIS DULY AUTHORIZED**
36 **REPRESENTATIVE, SHALL ISSUE A SUBPOENA DUCES TECUM**
37 **STATING THEREIN THE RELEVANT FACTS, SPECIFYING THE**
38 **PARTICULAR DOCUMENTS OR RECORDS NOT MADE**
39 **AVAILABLE AND THE TAXPAYER LIABLE OR THE THIRD**
40 **PARTY/OFFICE CONCERNED: PROVIDED, THAT INFORMATION**
41 **OR RECORDS DULY RECEIVED OR ALREADY WITHIN THE**
42 **CUSTODY OF THE BUREAU, AS THEREAFTER DECLARED BY**
43 **THE PERSON SUBJECT OF THE SUBPOENA DUCES TECUM,**
44 **SHALL BE REMOVED THEREFROM.**
45
46

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

6
7 **THE SUBPOENA DUCES TECUM SHALL BE SERVED**
8 **PERSONALLY OR BY MAIL, OR IF NOT PRACTICABLE, IT SHALL**
9 **BE SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH**
10 **THE RULES OF THE COURT.**

11
12 **A CRIMINAL ACTION SHALL BE INSTITUTED FOR**
13 **FAILURE TO OBEY THE SUBPOENA DUCES TECUM.**

14
15 **BOOKS, RECORDS, AND DOCUMENTS SUBMITTED AS A**
16 **RESULT OF A SUBPOENA DUCES TECUM SHALL BE UNDER THE**
17 **CUSTODIANSHIP OF THE RECEIVING OFFICER WHO SHALL BE**
18 **RESPONSIBLE FOR ITS SAFEKEEPING AND PRESERVATION,**
19 **SUBJECT TO APPLICABLE RULES.**

20
21 SEC. 4. A new section shall be inserted as Section 6-A of the National
22 Internal Revenue Code of 1997, as amended, to read as follows:

23
24 **"SEC. 6-A. - SERVICE OF LETTER OF AUTHORITY, AUDIT AND**
25 **ASSESSMENT NOTICES ISSUED BY THE BUREAU. - THE**
26 **NOTICE TO THE TAXPAYER HEREIN REQUIRED MAY BE**
27 **SERVED BY THE COMMISSIONER OR HIS DULY AUTHORIZED**
28 **REPRESENTATIVE THROUGH PERSONAL SERVICE AT HIS**
29 **REGISTERED ADDRESS. IN CASE PERSONAL SERVICE IS NOT**
30 **PRACTICABLE, THE NOTICE SHALL BE SERVED BY**
31 **SUBSTITUTED SERVICE IN ACCORDANCE WITH THE RULES OF**
32 **THE COURT.**

33
34
35 SEC. 5. Section 20 of the National Internal Revenue Code of 1997, as
36 amended, is hereby further amended to read as follows:

37
38 *"SEC. 20. Submission of Report and Pertinent Information by the*
39 *Commissioner. -*

40
41 **(A) xxx**

42
43 **(B) SUBMISSION OF TAX-RELATED INFORMATION TO THE**
44 **DEPARTMENT OF FINANCE. - THE COMMISSIONER SHALL,**
45 **UPON THE REQUEST OF THE SECRETARY OF FINANCE**
46 **SPECIFICALLY IDENTIFYING THE NEEDED INFORMATION AND**

1 JUSTIFICATION FOR SUCH REQUEST, FURNISH THE
2 SECRETARY PERTINENT TAXPAYER INFORMATION:
3 PROVIDED, HOWEVER, THAT THE SECRETARY AND THE
4 RELEVANT OFFICERS HANDLING SUCH SPECIFIC
5 INFORMATION SHALL BE COVERED BY THE PROVISIONS OF
6 SECTION 270, UNLESS TAXPAYER CONSENTS IN WRITING TO
7 SUCH DISCLOSURE.

8
9 [(B)] (C) **Report to Oversight Committee.** - The
10 Commissioner shall, with reference to Section 204 of this Code,
11 submit to the Oversight Committee referred to in Section 290 hereof,
12 through the Chairmen of the Committee on Ways and Means of the
13 Senate and House of Representatives, a report on the exercise of his
14 powers pursuant to the said Section, every six (6) months of each
15 calendar year.”
16

17 SEC. 6. Section 22 of the National Internal Revenue Code of 1997, as
18 amended, is hereby further amended to read as follows:
19

20 SEC. 22. Definitions. - xxx

21
22 “(A) xxx

23
24 (B) xxx

25
26 (C) xxx

27
28 (D) xxx

29
30 (E) The term ‘*nonresident citizen*’ means;

31
32 (1) A citizen of the Philippines who establishes to the
33 satisfaction of the Commissioner the fact of his physical presence
34 abroad with a definite intention to reside therein.
35

36 (2) A citizen of the Philippines who leaves the Philippines
37 during the taxable year to reside abroad, either as an immigrant or
38 for employment on a permanent basis.
39

40 (3) A citizen of the Philippines who works and derives income
41 from abroad and whose employment thereat requires him to be
42 physically present abroad [most of the time] **FOR 183 DAYS OR**
43 **MORE** during the taxable year.
44

45 (4) A citizen who has been previously considered as
46 nonresident citizen and who arrives in the Philippines at any time

1 during the taxable year to reside permanently in the Philippines
2 shall likewise be treated as a nonresident citizen for the taxable year
3 in which he arrives in the Philippines with respect to his income
4 derived from sources abroad until the date of his arrival in the
5 Philippines.
6

7 (5) The taxpayer shall submit proof to the Commissioner to
8 show his intention of leaving the Philippines to reside permanently
9 abroad or to return to and reside in the Philippines as the case may
10 be for purpose of this Section.
11

12 xxx.”
13

14 SEC. 7. Section 25 (A) (1) of the National Internal Revenue Code of 1997,
15 as amended, is hereby further amended to read as follows:
16

17 “SEC. 25. Tax on Nonresident Alien Individual. -
18

19 (A) *Non-resident Alien Engaged in trade or Business Within the Philippines.*
20 -
21

22 (1) *In General.* - A nonresident alien individual engaged in trade
23 or business in the Philippines shall be subject to an income
24 tax in the same manner as an individual citizen and a resident
25 alien individual, on taxable income received from all sources
26 within the Philippines. A nonresident alien individual who
27 shall come to the Philippines and stay therein for an aggregate
28 period of more than one hundred eighty **THREE** [(180)] **(183)**
29 days **OR MORE** during any calendar year shall be deemed a
30 ‘nonresident alien doing business in the Philippines.’ Section
31 22 (G) of this Code notwithstanding.
32

33 SEC. 8. Section 27 of the National Internal Revenue Code of 1997, as
34 amended, is hereby further amended to read as follows:
35

36 “SEC. 27. *Rates of Income tax on Domestic Corporations.* -
37

38 (A) *In General.* - Except as otherwise provided in this Code, **AN**
39 **INCOME TAX RATE OF PERCENT (30%)**, is hereby imposed upon
40 the taxable income derived during each taxable year from all sources
41 within and without the Philippines by every corporation, as defined
42 in Section 22(B) of this Code and taxable under this Title as a
43 corporation, organized in, or existing under the laws of the
44 Philippines: [*Provided*, that effective January 1, 2009, the rate of
45 income tax shall be thirty percent (30%).] **PROVIDED, THAT THE**

1 **RATE OF CORPORATE INCOME TAX SHALL BE TWENTY EIGHT**
2 **PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY SIX**
3 **PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY FOUR**
4 **PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY TWO**
5 **PERCENT (22%) BEGINNING JANUARY 1, 2027; AND TWENTY**
6 **PERCENT (20%) BEGINNING JANUARY 1, 2029. PROVIDED**
7 **FURTHER, THAT THE SCHEDULED DECREASE IN THE RATE**
8 **MAY BE SUSPENDED BY THE PRESIDENT UPON**
9 **RECOMMENDATION OF THE SECRETARY OF FINANCE IF THE**
10 **PROJECTED DEFICIT TARGET AS A PERCENT OF GDP**
11 **EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY**
12 **THE DEVELOPMENT BUDGET COORDINATION COMMITTEE**
13 **(DBCC), IN THE PRECEEDING YEAR PRIOR TO THE**
14 **SCHEDULED REDUCTION IN THE CIT RATE, BASED ON THE**
15 **ANNUAL REVIEW OF THE MEDIUM TERM FISCAL PROGRAM.**
16

17 In the case of corporations adopting the fiscal-year accounting
18 period, the taxable income shall be computed without regard to the
19 specific date when specific sales, purchases and other transactions
20 occur. Their income and expenses for the fiscal year shall be deemed
21 to have been earned and spent equally for each month of the period.
22

23 The corporate income tax rate shall be applied on the amount
24 computed by multiplying the number of months covered by the new
25 rate within the fiscal year by the taxable income of the corporation
26 for the period, divided by twelve.
27

28 [*Provided, further,* That the President, upon the
29 recommendation of the Secretary of Finance, may effective January
30 1, 2000, allow corporations the option to be taxed at fifteen percent
31 (15%) of gross income as defined hereinafter the following conditions
32 have been satisfied:
33

- 34
- 35 (1) A tax effort ratio of twenty percent (20%) of Gross
36 National Product (GNP);
37
- 38 (2) A ratio of forty percent (40%) of income tax
39 collection to total tax revenues;
40
- 41 (3) A VAT tax effort of four percent (4%) of GNP; and
42
- 43 (4) A 0.9 percent (0.9%) ratio of the Consolidated Public
44 Sector Financial Position (CPSFP) to GNP.]
45

1
2
3 (B) xxx

4
5 (C) xxx

6
7 (D) xxx

8
9 (E) xxx

10
11 SEC. 9. Section 28 of the National Internal Revenue Code of 1997, as
12 amended, is hereby further amended to read as follows:

13
14 “SEC. 28. *Rates of Income Tax on Foreign Corporations.* -

15
16 (A) *Tax on Resident Foreign Corporations.* -

17
18 (1) *In General.* - Except as otherwise provided in this Code, a
19 corporation organized, authorized, or existing under the laws of any
20 foreign country, engaged in trade or business within the Philippines,
21 shall be subject to an income tax equivalent to **THIRTY PERCENT**
22 **(30%)** [thirty-five percent (35%)] of the taxable income derived in
23 the preceding taxable year from all sources within the Philippines: [*Provided*, That effective January 1, 2009, the rate of income tax shall
24 be thirty percent (30%).] **PROVIDED, THAT THE RATE OF**
25 **CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT**
26 **(28%) BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT**
27 **(26%) BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT**
28 **(24%) BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT**
29 **(22%) BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT**
30 **(20%) BEGINNING JANUARY 1, 2029. PROVIDED FURTHER,**
31 **THAT THE SCHEDULED DECREASE IN THE RATE MAY BE**
32 **SUSPENDED BY THE PRESIDENT UPON RECOMMENDATION OF**
33 **THE SECRETARY OF FINANCE IF THE PROJECTED DEFICIT**
34 **TARGET AS A PERCENT OF GDP EXCEEDS THE PROGRAMMED**
35 **DEFICIT, AS DETERMINED BY THE DBCC, IN THE PRECEEDING**
36 **YEAR PRIOR TO THE SCHEDULED REDUCTION IN THE CIT**
37 **RATE, BASED ON THE ANNUAL REVIEW OF THE MEDIUM TERM**
38 **FISCAL PROGRAM.**
39

40
41 In the case of corporations adopting the fiscal-year accounting
42 period, the taxable income shall be computed without regard to the
43 specific date when sales, purchases and other transactions occur.
44 Their income and expenses for the fiscal year shall be deemed to
45 have been earned and spent equally for each month of the period.
46

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

10 (2) xxx

11
12 (3) xxx
13

14 [(4) *Offshore Banking Units.* - The provisions of any law to the
15 contrary notwithstanding, income derived by offshore banking units
16 authorized by the Bangko Sentral ng Pilipinas (BSP), from foreign
17 currency transactions with nonresidents, other offshore banking
18 units, local commercial banks, including branches of foreign banks
19 that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to
20 transact business with offshore banking units shall be exempt from
21 all taxes except net income from such transactions as may be
22 specified by the Secretary of Finance, upon recommendation of the
23 Monetary Board which shall be subject to the regular income tax
24 payable by banks: *Provided, however,* That any interest income
25 derived from foreign currency loans granted to residents other than
26 offshore banking units or local commercial banks, including local,
27 branches of foreign banks that may be authorized by the BSP to
28 transact business with offshore banking units, shall be subject only
29 to a final tax at the rate of ten percent (10%).
30

31 Any income of nonresidents, whether individuals or
32 corporations, from transactions with said offshore banking units
33 shall be exempt from income tax.]
34

35 [(5)] (4) *Tax on Branch Profits Remittances.* - Any profit
36 remitted by a branch to its head office shall be subject to a tax of
37 fifteen percent (15%) which shall be based on the total profits
38 applied or earmarked for remittance without any deduction for the
39 tax component thereof [(except those activities which are registered
40 with the Philippine Economic Zone Authority)]. Xxx
41

42 [(6) *Regional or Area Headquarters and Regional Operating*
43 *Headquarters of Multinational Companies.* -
44

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

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

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

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

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

xxx

(c) Capital Gains from Sale of Shares of Stock Not Traded in the Stock Exchange. - A final tax at the rate [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%]

(d) Intercorporate Dividends.- xxx

(B) Tax on Nonresident Foreign Corporation. -

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

1 interests, dividends, rents, royalties, salaries, premiums (except
2 reinsurance premiums), annuities, emoluments or other fixed or
3 determinable annual, periodic or casual gains, profits and income,
4 and capital gains, except capital gains subject to tax under
5 subparagraph 5 (c): *[Provided, That effective January 1, 2009, the*
6 *rate of income tax shall be thirty percent (30%).] PROVIDED, THAT*
7 **THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY**
8 **EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY**
9 **SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY**
10 **FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY**
11 **TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; AND**
12 **TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029.**
13 **PROVIDED FURTHER, THAT THE SCHEDULED DECREASE IN**
14 **THE RATE MAY BE SUSPENDED BY THE PRESIDENT UPON**
15 **RECOMMENDATION OF THE SECRETARY OF FINANCE IF THE**
16 **PROJECTED DEFICIT TARGET AS A PERCENT OF GDP**
17 **EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY**
18 **THE DBCC, IN THE PRECEEDING YEAR PRIOR TO THE**
19 **SCHEDULED REDUCTION IN THE CIT RATE, BASED ON THE**
20 **ANNUAL REVIEW OF 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) *Intercompany 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
41 condition that the country in which the nonresident foreign
42 corporation is domiciled, shall allow a credit against the tax
43 due from the nonresident foreign corporation taxes deemed to
44 have been paid in the Philippines equivalent to [twenty
45 percent (20%)] **FIFTEEN PERCENT (15%)** which represents

1 the difference between the regular income tax [of thirty-five
2 percent (35%)] and the fifteen percent (15%) tax on dividends
3 as provided in this subparagraph: *Provided*, that **EFFECTIVE**
4 **JANUARY 1, 2021**, [effective January 1, 2009], the credit
5 against the tax due shall be equivalent to [fifteen percent
6 (15%), which represents] the difference between the regular
7 income tax **RATE** [of thirty percent (30%)] and the fifteen
8 percent (15%) tax on dividends.
9

10 (c) *Capital Gains from Sale of Shares of Stock not*
11 *Traded in the Stock Exchange.* - A final tax at the rate[s
12 prescribed below] **OF FIFTEEN PERCENT (15%)** is hereby
13 imposed upon the net capital gains realized during the taxable
14 year from the sale, barter, exchange or other disposition of
15 shares of stock in a domestic corporation, except shares sold,
16 or disposed of through the stock exchange.[:
17

18	Not over	P100,000	5%
19	On any amount in excess of	P100,000	10%]"

20

21 SEC. 10. Section 34 of the National Internal Revenue Code of 1997, as
22 amended, is hereby further amended to read as follows:
23

24 "SEC. 34. *Deductions from Gross Income.* - Except for taxpayers
25 earning compensation income arising from personal services
26 rendered under an employer-employee relationship where no
27 deductions shall be allowed under this Section, in computing
28 taxable income subject to income tax under Sections 24 (A); 25 (A);
29 26; 27 (A), (B) and (C); and 28 (A) (1), there shall be allowed the
30 following deductions from gross income;
31

32 (A) *Expenses.* -
33

34 (1) *Ordinary and Necessary Trade, Business or Professional*
35 *Expenses.* -
36

37 x xx
38

39 (2) xxx
40

41 (B) *Interest.* -
42

43 (1) *In General.* - The amount of interest paid or incurred
44 within a taxable year on indebtedness in connection with the
45 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

(C) *Taxes. - xxx*

(D) *Losses. - xxx*

(E) *Bad Debts. - xxx*

(F) *Depreciation. - xxx*

(G) *Depletion of Oil and Gas Wells and Mines. - xxx*

(H) *Charitable and Other Contributions. - xxx*

1 (I) *Research and Development.* - xxx

2
3 (J) *Pension Trusts.* - xxx

4
5 (K) *Additional Requirements for Deductibility of Certain Payments.* -
6 xxx

7
8 (L) *Optional Standard Deduction (OSD).* - In lieu of the
9 deductions allowed under the preceding Subsections, an
10 individual subject to tax under Section 24, other than a
11 nonresident alien, [may elect a standard deduction in an
12 amount not exceeding forty percent (40%) of his gross sales or
13 gross receipts, as the case maybe. In the case of a] **AND A**
14 **CORPORATION CLASSIFIED AS MICRO, SMALL OR MEDIUM-**
15 **SIZED ENTERPRISE (MSME) AS DETERMINED BY THE**
16 **DEPARTMENT OF TRADE AND INDUSTRY AND** subject to
17 tax under Sections 27(A) and 28 (A)(1), [it] may elect a
18 standard deduction in an amount not exceeding forty percent
19 (40%) of its gross income as defined in Section 32 of this Code:
20 Unless the taxpayer signifies in his return his intention to
21 elect the optional standard deduction, he shall be considered
22 as having availed himself of the deductions allowed in the
23 preceding Subsections. Such election when made in the
24 return shall be irrevocable for the taxable year for which the
25 return is made: *Provided*, That an individual who is entitled to
26 and claimed for the optional standard deduction shall not be
27 required to submit with his tax return such financial
28 statements otherwise required under this Code: *Provided*,
29 *further*, That except when the Commissioner otherwise
30 permits, the said individual shall keep such records
31 pertaining to his gross sales or gross receipts, or the said
32 corporation shall keep such records pertaining to his gross
33 income as defined in Section 32 of this Code during the
34 taxable year, as may be required by the rules and regulations
35 promulgated by the Secretary of Finance, upon,
36 recommendation of the Commissioner.

37
38 Notwithstanding the provision of the preceding Subsections,
39 the Secretary of Finance, upon recommendation of the
40 Commissioner, after a public hearing shall have been held for this
41 purpose, may prescribe by rules and regulations, limitations or
42 ceilings for any of the itemized deductions under Subsections (A) to
43 (J) of this Section: *Provided*, That for purposes of determining such
44 ceilings or limitations, the Secretary of Finance shall consider the
45 following factors: (1) adequacy of the prescribed limits on the actual

1 expenditure requirements of each particular industry; and (2) effects
2 of inflation on expenditure levels: *Provided, further,* That no ceilings
3 shall further be imposed on items of expense already subject to
4 ceilings under present law.”
5

6 SEC. 11. Section 40(C)(2) of the National Internal Revenue Code of 1997,
7 as amended, is hereby further amended to read as follows:
8

9 “SEC. 40: *Determination of Amount and Recognition of Gain or Loss.*
10

11 (A) x xx
12

13 (B) x xx
14

15 (C) *Exchange of Property.* –
16

17 (1) xxx
18

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

27 (a) A corporation, which is a party to a
28 merger or consolidation, exchanges property
29 solely for stock in a corporation, which is a party
30 to the merger or consolidation; or
31

32 (b) [A shareholder exchanges stock in a
33 corporation, which is a party to the merger or
34 consolidation, solely for the stock of another
35 corporation also a party to the merger or
36 consolidation; or] **THE ACQUISITION BY ONE**
37 **CORPORATION, IN EXCHANGE SOLELY FOR**
38 **ALL OR A PART OF ITS VOTING STOCK, OR IN**
39 **EXCHANGE SOLELY FOR ALL OR A PART OF**
40 **THE VOTING STOCK OF A CORPORATION**
41 **WHICH IS IN CONTROL OF THE ACQUIRING**
42 **CORPORATION, OF STOCK OF ANOTHER**
43 **CORPORATION IF, IMMEDIATELY AFTER THE**
44 **ACQUISITION, THE ACQUIRING**
45 **CORPORATION HAS CONTROL OF SUCH**
46 **OTHER CORPORATION WHETHER OR NOT**

1 **SUCH ACQUIRING CORPORATION HAD**
2 **CONTROL IMMEDIATELY BEFORE THE**
3 **ACQUISITION;**
4

5 (c) [A security holder of a corporation,
6 which is a party to the merger or consolidation,
7 exchanges his securities in such corporation,
8 solely for stock or securities in such corporation,
9 a party to the merger or consolidation.] **THE**
10 **ACQUISITION BY ONE CORPORATION, IN**
11 **EXCHANGE SOLELY FOR ALL OR A PART OF**
12 **ITS VOTING STOCK OR IN EXCHANGE**
13 **SOLELY FOR ALL OR A PART OF THE VOTING**
14 **STOCK OF A CORPORATION WHICH IS IN**
15 **CONTROL OF THE ACQUIRING**
16 **CORPORATION, OR SUBSTANTIALLY ALL OF**
17 **THE PROPERTIES OF ANOTHER**
18 **CORPORATION, BUT IN DETERMINING**
19 **WHETHER THE EXCHANGE IS SOLELY**
20 **FOR STOCK THE ASSUMPTION BY THE**
21 **ACQUIRING CORPORATION OF A LIABILITY**
22 **OF THE OTHER SHALL BE DISREGARDED;**
23

24 **(D) A RECAPITALIZATION; OR**
25

26 **(E) A REINCORPORATION**
27

28 No gain or loss shall also be recognized if property is
29 transferred to a corporation by a person in exchange for stock or
30 unit of participation in such a corporation of which as a result of
31 such exchange said person, alone or together with others, not
32 exceeding four (4) persons, [gains control of said corporation] **AND,**
33 **IMMEDIATELY AFTER, SUCH PERSON OR PERSONS ARE IN**
34 **CONTROL OF SAID CORPORATION:** *Provided*, that stocks issued
35 for services shall not be considered as issued in return for property.
36

37 **IN ALL OF THE ABOVE INSTANCES, THE TRANSACTION**
38 **OR ARRANGEMENT MUST BE UNDERTAKEN FOR A**
39 **LEGITIMATE OR BONA FIDE BUSINESS PURPOSE AND NOT**
40 **SOLELY FOR THE PURPOSE OF AVOIDING OR ESCAPING THE**
41 **BURDEN OF TAXATION.**
42

43 **THE PROVISION OF SECTION 50 OF THIS CODE SHALL**
44 **BE APPLIED AND ENFORCED IN CASES WHERE THE**
45 **TRANSACTION OR ARRANGEMENT ENTERED INTO IS FOUND**

1 TO BE NOT FOR LEGITIMATE OR BONA FIDE BUSINESS
2 PURPOSE.

3
4 SALE OR EXCHANGES OF PROPERTY USED FOR
5 BUSINESS FOR SHARES OF STOCK COVERED UNDER THIS
6 SUBSECTION SHALL NOT BE SUBJECT TO VALUE ADDED TAX
7 (VAT).

8
9 xxx”

10
11 SEC. 12. Section 50 of the National Internal Revenue Code of 1997, as
12 amended, is hereby further amended to read as follows:

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

38
39 IN CASES WHERE THE TRANSACTION OR
40 ARRANGEMENT IS MOTIVATED BY OBTAINING TAX BENEFIT
41 OR ADVANTAGE WITH NO COMMERCIAL REALITY OR
42 ECONOMIC EFFECT, SUCH AS (A) DIRECTLY OR INDIRECTLY
43 ALTERING THE INCIDENCE OF ANY INCOME TAX; (B)
44 DIRECTLY OR INDIRECTLY RELIEVING A PERSON FROM
45 LIABILITY TO PAY INCOME TAX OR FROM A POTENTIAL OR
46 PROSPECTIVE LIABILITY TO FUTURE INCOME TAX; OR (C)

1 DIRECTLY OR INDIRECTLY AVOIDING, POSTPONING, OR
2 REDUCING ANY LIABILITY TO INCOME TAX, OR ANY
3 POTENTIAL OR PROSPECTIVE LIABILITY TO FUTURE INCOME
4 TAX, THEN THE COMMISSIONER IS AUTHORIZED TO
5 DISREGARD AND CONSIDER SUCH TRANSACTION OR
6 ARRANGEMENT AS VOID FOR INCOME TAX PURPOSES, AND
7 MAY ADJUST THE TAXABLE INCOME OF A PERSON AFFECTED
8 BY THE ARRANGEMENT IN A WAY THE COMMISSIONER DEEMS
9 APPROPRIATE, IN ORDER TO COUNTERACT A TAX
10 ADVANTAGE OBTAINED BY THE PERSON FROM OR UNDER
11 THE ARRANGEMENT.
12
13

14 SEC. 13. Sec. 73 of the National Internal Revenue Code of 1997, as
15 amended, is hereby amended to read as follows:
16

17 ***"SEC. 73. Distribution of Dividends or Assets by Corporations.***
18
19

20 (A) *Definition of Dividends.* - The term '*dividends*' when used in
21 this Title means any distribution made by a corporation to its
22 shareholders out of its earnings or profits and payable to its
23 shareholders, whether in money or in other property.
24

25 [Where a corporation distributes all of its assets in complete
26 liquidation or dissolution, the gain realized or loss sustained by the
27 stockholder, whether individual or corporate, is a taxable income or
28 a deductible loss, as the case may be.]
29

30 (B) *Stock Dividend.* - A stock dividend representing the transfer
31 of surplus to capital account shall not be subject to tax. However, if
32 a corporation cancels or redeems stock issued as a dividend at such
33 time and in such manner as to make the distribution and
34 cancellation or redemption, in whole or in part, essentially
35 equivalent to the distribution of a taxable dividend, the amount so
36 distributed in redemption or cancellation of the stock shall be
37 considered as taxable income to the extent that it represents a
38 distribution of earnings or profits.
39

40 (C) **LIQUIDATING DIVIDENDS. - LIQUIDATING DIVIDENDS**
41 **ARE DIVIDENDS REPRESENTING THE REMAINING GAINS**
42 **REALIZED OR LOSS SUSTAINED BY THE STOCKHOLDER IN A**
43 **COMPLETE LIQUIDATION OR DISSOLUTION BY A**
44 **CORPORATION AND SHALL BE CONSIDERED AS TAXABLE**
45 **INCOME OR A DEDUCTIBLE LOSS, AS THE CASE MAY BE.**
46

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

7
8 [(D)] **(E)** *Net Income of a Partnership Deemed Constructively*
9 *Received by Partners.* - The taxable income declared by a partnership
10 for a taxable year which is subject to tax under Section 27 (A) of this
11 Code, after deducting the corporate income tax imposed therein,
12 shall be deemed to have been actually or constructively received by
13 the partners in the same taxable year and shall be taxed to them in
14 their individual capacity, whether actually distributed or not.”

15
16 SEC. 14. Sec. 112 (A) (B) of the National Internal Revenue Code of 1997,
17 as amended, is hereby further amended to read as follows:

18
19 “SEC. 112. Refunds [or Tax Credits] of Input Tax. -

20
21 “(A) Zero-rated or Effectively Zero-rated Sales. - Any VAT-
22 registered person, whose sales are zero-rated or effectively zero-
23 rated may, within two (2) years after the close of the taxable quarter
24 when the sales were made, apply for [the issuance of a tax credit
25 certificate or] refund of creditable input tax due or paid attributable
26 to such sales, except transitional input tax, to the extent that such
27 input tax has not been applied against output tax: Provided,
28 however, That in the case of zero-rated sales under Section
29 106(A)(2)(a)(1) ,(2) and [(b)] and Section 108 (B)(1) and (2), the
30 acceptable foreign currency exchange proceeds thereof had been
31 duly accounted for in accordance with the rules and regulations of
32 the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where
33 the taxpayer is engaged in zero-rated or effectively zero-rated sale
34 and also in taxable or exempt sale of goods or properties or services,
35 and the amount of creditable input tax due or paid cannot be directly
36 and entirely attributed to any one of the transactions, it shall be
37 allocated proportionately on the basis of the volume of sales.
38 Provided, finally, that for a person making sales that are zero-rated
39 under Section 108(B)(6), the input taxes shall be allocated ratably
40 between his zero-rated and non-zero-rated sales.

41
42 “(B) Cancellation of VAT Registration. - A person whose
43 registration has been cancelled due to retirement from or cessation
44 of business, or due to changes in or cessation of status under
45 Section 106(C) of this Code may, within two (2) years from the date
46 of cancellation, apply for **REFUND.** [the issuance of a tax credit

1 certificate for any unused input tax. which may be used in payment
2 of his other internal revenue taxes]

3
4 SEC. 15. SEC. 117 of the National Internal Revenue code of 1997, as
5 amended, is hereby amended to read as follows:
6

7 *"SEC 117. Percentage Tax on Domestic Carriers and Keepers of*
8 *Garages. -Cars for rent or hire driven by the lessee; transportation*
9 *contractors, including persons who transport passengers for hire,*
10 *and other domestic carriers by land for the transport of passengers*
11 *(except **OWNERS/OPERATORS OF TRICYCLES OPERATING NOT***
12 ***MORE THAN TWO (2) UNITS**, owners of bancas, and owners of*
13 *animal-drawn two-wheeled vehicle), and keepers of garages shall*
14 *pay a tax equivalent to three percent (3%) of their quarterly gross*
15 *receipts.*
16

17 xxx"

18
19 SEC. 16. Sec. 119 of the National Internal Revenue Code of 1997, as
20 amended, is hereby amended to read as follows:
21

22 *"SEC. 119. Tax on Franchises. - Any provision of general or special*
23 *law to the contrary notwithstanding, there shall be levied, assessed*
24 *and collected in respect to all **EXISTING** franchise agreement or law*
25 *pertaining **TO** franchises on radio and/or television broadcasting*
26 *companies [whose annual gross receipts of the preceding year do not*
27 *exceed Ten million pesos (P10,000,000.00)], subject to Section 236*
28 *of this Code, a **FRANCHISE** tax of three percent (3%) and on gas*
29 *and water utilities, a **FRANCHISE** tax of two percent (2%) on the*
30 *gross receipts derived from the business covered by the law granting*
31 *the franchise: Provided, however, That radio and/**OR** television*
32 *broadcasting companies referred to in this Section shall [have an*
33 *option to] be registered as a value-added taxpayer and pay the tax*
34 *due thereon [: Provided, further, That once the option is exercised,*
35 *said option shall not be irrevocable].*
36

37 xxx"

38 SEC. 17. Sec. 203 of the National Internal Revenue Code of 1997, as
39 amended, is hereby amended to read as follows:
40

41 *"SEC. 203. Period of Limitation Upon Assessment and Collection. -*
42 *Except as provided in Section 222, internal revenue taxes "Except*
43 *as provided in Section 222, internal revenue taxes shall be assessed*
44 *within [three (3)] **FIVE (5)** years after the last day prescribed by law*
45 *of the filing of the return, and no proceeding in court without*
46 *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
2 is 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
5 prescribed by law for the filing thereof shall be considered filed on
6 such last 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
23 the 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
34 subject to the approval of the Evaluation Board which shall be
35 composed of the Commissioner and the four (4) Deputy
36 Commissioners.
37

38 xxx”
39

40 SEC. 19. Sec. 222 of the National Internal Revenue Code of 1997, as
41 amended, is hereby amended to read as follows:
42

43 “SEC. 222. *Exceptions as to Period of Limitation of Assessment and*
44 *Collection of Taxes.* -
45

46 (a) xxx

1
2 (b) If before the expiration of the time prescribed in Section
3 203 for the assessment of the tax, [both the Commissioner
4 and] the taxpayer [have agreed] **APPLIES WITH THE**
5 **COMMISSIONER** in writing to its assessment after such time,
6 the tax may be assessed within the period
7 [agreed upon] **SPECIFIED IN THE APPLICATION WHICH**
8 **SHALL NOT EXCEED SIX (6) MONTHS AT ANY ONE TIME.**
9 The **FOREGOING** period [so agreed upon] may be extended
10 by subsequent written [agreement] **APPLICATION** made
11 before the expiration of the period previously [agreed upon
12 **APPLIED FOR.**

13
14 xxx”

15
16 SEC. 20. Sec. 237 of the National Internal Revenue Code of 1997, as
17 amended, is hereby amended to read as follows:

18
19 “SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* –

20
21 (A) *Issuance.* – xxx

22
23 “Within five (5) years from the effectivity of this Act and upon the
24 establishment of a system capable of storing and processing the
25 required date, the Bureau shall require taxpayers engaged in the
26 export of goods and service, taxpayers engaged in e-commerce, and
27 taxpayers under the jurisdiction of the Large Taxpayers Service to
28 issue **AND TRANSMIT** electronic receipts or sales or commercial
29 invoices [in lieu of manual receipts or sales or commercial invoices
30 **THRU DESIGNATED ELECTRONIC CHANNELS WITH A PUBLIC**
31 **CERTIFICATION SYSTEM ACCREDITED BY THE BUREAU,**
32 subject to the rules and regulations to be issued by the Secretary of
33 Finance upon recommendation of the Commissioner [and after a]
34 following a public hearing [shall have been] held for this purpose:
35 Provided, That taxpayers not covered by the mandate of this
36 provision may issue electronic receipts of sales or commercial
37 invoices in lieu of manual receipts or sales or commercial invoices.
38 **PROVIDED FURTHER, SUBJECT TO THE RULES AND**
39 **REGULATIONS TO BE ISSUED BY THE SECRETARY OF**
40 **FINANCE, THE COMMISSIONER MAY REQUIRE ANY TAXPAYER**
41 **TO COMPLY WITH THE PROVISIONS OF THIS SECTION.**

42
43 The original of each receipt or invoice shall be issued to the
44 purchaser, customer, or client at the time the transaction is effected,
45 who, if engaged in the business or in the exercise of profession, shall
46 keep and preserve the same in his place of business for a period of

1 [three (3)] **FIVE (5)** years from the close of the taxable year in which
2 such invoice or receipt was issued, while the duplicate shall be kept
3 and preserved by the issuer, also in his place of business, for a like
4 period: *Provided*, that in case of electronic receipts or sales or
5 commercial invoices, digital record of the same [shall be kept by the
6 purchaser, customer or client and the issuer for the same period
7 above stated] **BEARING THE APPROVED ELECTRONIC TAX**
8 **TRANSACTION NUMBER SHALL BE SUFFICIENT COMPLIANCE.**
9

10 The Commissioner may, in meritorious cases, exempt any person
11 subject to internal revenue tax from compliance with the provision
12 of this Section.”
13

14 SEC. 21. Sec. 237-A of the National Internal Revenue Code of 1997, as
15 amended, is hereby amended to read as follows:
16

17 **“SEC. 237-A. Electronic Sales Reporting System.** – Within five (5)
18 years from the effectivity of this Act and upon the establishment of
19 a system capable of storing and processing the required data, the
20 Bureau shall require taxpayers engaged in the export of goods and
21 services, taxpayers engaged in e-commerce, and taxpayers under
22 the jurisdiction of the Large Taxpayers Service to **USE A SYSTEM**
23 **CAPABLE OF ISSUING ELECTRONIC RECEIPTS OR SALES OR**
24 **COMMERCIAL INVOICES, COLLECT TRANSACTION RECORDS,**
25 **AND TRANSMIT THE SAME THROUGH THE DESIGNATED**
26 **ELECTRONIC CHANNELS OF THE BUREAU IN THE FORMAT**
27 **REQUIRED**[electronically report their sales data to the Bureau of
28 through the use of electronic point of sales systems,] subject to the
29 rules and regulations to be issued by the Secretary of Finance upon
30 recommendation of the Commissioner of Internal Revenue:
31 *Provided*, That the **POINT OF SALE (POS) machines, VALUE**
32 **ADDED NETWORK (VAN) TERMINALS,** fiscal devices, and fiscal
33 memory devices **WITH CAPACITY TO MAKE SUCH**
34 **TRANSMISSION** shall be at the expense of the taxpayers:
35 **PROVIDED, FURTHER, SUBJECT TO THE RULES AND**
36 **REGULATIONS TO BE ISSUED BY THE SECRETARY OF**
37 **FINANCE, THE COMMISSIONER MAY REQUIRE ANY TAXPAYER**
38 **TO COMPLY WITH THE PROVISIONS OF THIS SECTION.**
39

40 **IN YEAR ONE TO YEAR FOUR OF THE IMPLEMENTATION**
41 **PERIOD, A TAXPAYER WHO ADOPTS THE REQUIRED SYSTEM**
42 **SHALL BE GRANTED A TAX CREDIT OF 0.1% OF THE**
43 **PURCHASE VALUE, NET OF VALUE ADDED TAX, FOR EVERY**
44 **ELECTRONIC RECEIPT OR SALE OR COMMERCIAL INVOICE**
45 **TRANSMITTED THROUGH THE DESIGNATED ELECTRONIC**

1 **CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC TAX**
2 **TRANSACTION NUMBER.**

3
4 **IN SUPPORT OF THE ELECTRONIC SALES REPORTING**
5 **SYSTEM, THE BUREAU OF INTERNAL REVENUE MAY GRANT**
6 **TAX INCENTIVES FOR ELECTRONICALLY TRACEABLE**
7 **PAYMENTS (ETP) IN THE FORM OF ALLOWABLE DEDUCTIBLE**
8 **EXPENSE OF UP TO 10% OF THE ETP MADE BY THE**
9 **TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ETP**
10 **DEDUCTIBLE EXPENSE PER TAXPAYER MAYBE SET BY THE**
11 **COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF**
12 **FINANCE.**

13
14 **ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT**
15 **CARD, DEBIT CARD, OR OTHER METHODS OF PAYMENT WITH**
16 **A SYSTEM TO VERIFY OR LINK THE PAYMENT TO THE**
17 **IDENTITY OF PAYOR.**

18
19 **THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND**
20 **INVOICE LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR**
21 **SALES OR COMMERCIAL INVOICES TRANSMITTED THROUGH**
22 **THE DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU**
23 **AND ISSUED AN ELECTRONIC TAX TRANSACTION NUMBER.**

24
25 The data processing of sales and purchase data shall comply with
26 the provisions of Republic Act No. 10173, otherwise known as the
27 "Data Privacy Act" and Section 270 of the NIRC, as amended, on
28 unlawful divulgence of taxpayer information and such other laws
29 relating to the confidentiality of information.

30
31 The Bureau shall also establish policies, risk management
32 approaches, actions, training, and technologies to protect the cyber
33 environment, organization, and data in compliance with Republic
34 Act No. 10175 or the "Cybercrime Prevention Act of 2012."

35
36 SEC. 22. Sec. 255 of the National Internal Revenue Code of 1997, as
37 amended, is hereby amended to read as follows:

38
39 *"SEC. 255. Failure to File Return, Supply Correct and Accurate*
40 *Information, Pay Tax Withhold and Remit Tax and Refund Excess*
41 *Taxes Withheld on Compensation. - Any person required under this*
42 *Code or by rules and regulations promulgated thereunder to pay any*
43 *tax make a return, keep any record, or supply correct the accurate*
44 *information, who willfully fails to pay such tax, make such return,*
45 *keep such record, or supply correct and accurate information, or*
46 *withhold or remit taxes withheld, or refund excess taxes withheld on*

1 compensation, at the time or times required by law or rules and
2 regulations shall, in addition to other penalties provided by law,
3 upon conviction thereof, be punished by a fine of not less than [Ten
4 thousand pesos (P10,000)] **ONE HUNDRED THOUSAND**
5 **(P100,000) BUT NOT MORE THAN ONE MILLION TWO HUNDRED**
6 **THOUSAND PESOS (P1,200,000)** and suffer imprisonment of not
7 less than one (1) year but not more than ten (10) years.
8

9 Any person who attempts to make it appear for any reason that he
10 or another has in fact filed a return or statement, or actually files a
11 return or statement and subsequently withdraws the same return
12 or statement after securing the official receiving seal or stamp of
13 receipt of internal revenue office wherein the same was actually filed
14 shall, upon conviction therefore, be punished by a fine of not less
15 than [Ten thousand pesos (P10,000) but not more than Twenty
16 thousand pesos (P20,000)] **ONE HUNDRED THOUSAND PESOS**
17 **(P100,000) BUT NOT MORE THAN ONE MILLION TWO HUNDRED**
18 **THOUSAND PESOS (P1,200,000)** and suffer imprisonment of not
19 less than one (1) year but not more than three (3) years.”
20

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

24 “SEC. 256. *Penal Liability of Corporations.* - Any corporation,
25 association or general co-partnership liable for any of the acts or
26 omissions penalized under this Code, in addition to the penalties
27 imposed herein upon the responsible corporate officers, partners,
28 or employees shall, upon conviction for each act or omission, be
29 punished by a fine of not less than [Fifty thousand pesos (P50,000)
30 but not more than One hundred thousand pesos (P100,000)] **TWO**
31 **HUNDRED THOUSAND PESOS (P200,000) BUT NOT MORE THAN**
32 **TWO MILLION FOUR HUNDRED THOUSAND PESOS**
33 **(P2,400,000).”**
34

35 SEC. 24. Sec. 257 of the National Internal Revenue Code of 1997, as
36 amended, is hereby amended to read as follows:
37

38 “SEC. 257. *Penal Liability for Making False Entries, Records or*
39 *Reports, or Using Falsified or Fake Accountable Forms.* -
40

41 (A) Any financial officer or independent Certified Public Accountant
42 engaged to examine and audit books of accounts of taxpayers under
43 Section 232 (A) and any person under his direction who:
44

45 (1) Willfully falsifies any report or statement bearing on any
46 examination or audit, or renders a report, including exhibits,

1 statements, schedules or other forms of accountancy work
2 which has not been verified by him personally or under his
3 supervision or by a member of his firm or by a member of his
4 staff in accordance with sound auditing practices; or
5

6 (2) Certifies financial statements of a business enterprise
7 containing an essential misstatement of facts or omission in
8 respect of the transactions, taxable income, deduction and
9 exemption of his client; or
10

11 (B) Any person who:
12

13 (1) Not being an independent Certified Public Accountant
14 according to Section 232(B) or a financial officer, examines
15 and audits books of accounts of taxpayers; or
16

17 (2) Offers to sign and certify financial statements without
18 audit; or
19

20 (3) Offers any taxpayer the use of accounting bookkeeping
21 records for internal revenue purposes not in conformity with
22 the requirements prescribed in this Code or rules and
23 regulations promulgated thereunder; or
24

25 (4) Knowingly makes any false entry or enters any false or
26 fictitious name in the books of accounts or record mentioned
27 in the preceding paragraphs; or
28

29 (5) Keeps two (2) or more sets of such records or books of
30 accounts; or
31

32 (6) In any way commits an act or omission, in violation of the
33 provisions of this Section; or
34

35 (7) Fails to keep the books of accounts or records mentioned
36 in Section 232 in a native language, English or Spanish, or to
37 make a true and complete translation as required in Section
38 234 of this Code, or whose books of accounts or records kept
39 in a native language, English or Spanish, and found to be at
40 material variance with books or records kept by him in
41 another language; or
42

43 (8) Willfully attempts in any manner to evade or defeat any tax
44 imposed under this Code, or knowingly uses fake or falsified
45 revenue official receipts, Letters of Authority, certificates
46 authorizing registration, Tax Credit Certificates, Tax Debit

1 Memoranda and other accountable forms shall, upon
2 conviction for each act or omission, be punished by a fine not
3 less than [Fifty thousand pesos (P50,000) but not more than
4 One hundred thousand pesos (P100,000)] **THREE HUNDRED**
5 **THOUSAND PESOS (P300,000) BUT NOT MORE THAN ONE**
6 **MILLION TWO HUNDRED THOUSAND PESOS (P1,200,000)**
7 and suffer imprisonment of not less than two (2) years but
8 not more than six (6) years.
9

10 If the offender is a Certified Public Accountant, his certificate as a
11 Certified Public Accountant shall be automatically revoked or
12 cancelled upon conviction.
13

14 In the case of foreigners, conviction under this Code shall result in
15 [his] **THEIR** immediate deportation after serving sentence, without
16 further proceedings for deportation.”
17

18 SEC. 25. Sec. 258 of the National Internal Revenue Code of 1997, as
19 amended, is hereby amended to read as follows:
20

21 “SEC. 258. *Unlawful Pursuit of Business.* - Any person who carries
22 on any business for which an annual registration fee is imposed
23 without paying the tax as required by law shall, upon conviction for
24 each act or omission, be punished by a fine of not less than [
25 Five thousand pesos (P5,000) but not more than Twenty thousand
26 pesos (P20,000)] **FIFTY THOUSAND PESOS (P50,000) BUT NOT**
27 **MORE THAN THREE HUNDRED THOUSAND PESOS (P300,000)**
28 and suffer imprisonment of not less than six (6) months but not
29 more than two (2) years: *Provided*, That in the case of a person
30 engaged in the business of distilling, rectifying, repacking,
31 compounding or manufacturing any article subject to excise tax, he
32 shall, upon conviction for each act or omission, be punished by a
33 fine of not less than [Thirty thousand pesos (P30,000) but not more
34 than Fifty thousand pesos (P50,000)] **THREE HUNDRED**
35 **THOUSAND PESOS (P300,000) BUT NOT MORE THAN SEVEN**
36 **HUNDRED THOUSAND PESOS (P700,000)** and suffer
37 imprisonment of not less than two (2) years but not more than four
38 (4) years.”
39

40 SEC. 26. Sec. 260 of the National Internal Revenue Code of 1997, as
41 amended, is hereby amended to read as follows:
42

43 “SEC. 260. *Unlawful Possession of Cigarette Paper in Bobbins or*
44 *Rolls, Etc.* - It shall be unlawful for any person to have in his
45 possession cigarette paper in bobbins or rolls, cigarette tipping
46 paper or cigarette filter tips, without the corresponding authority

1 therefor issued by the Commissioner. Any person, importer,
2 manufacturer of cigar and cigarettes, who has been found guilty
3 under this Section, shall, upon conviction for each act or omission,
4 be punished by a fine of not less than than[Twenty thousand pesos
5 (P20,000) but not more than One hundred thousand pesos
6 (P100,000)] **ONE MILLION FIVE HUNDRED THOUSAND PESOS**
7 **(P1,500,000) BUT NOT MORE THAN FIFTEEN MILLION PESOS**
8 **(P15,000,000)** and suffer imprisonment for a term of not less than
9 six (6) years and one (1) day but not more than twelve (12) years.”

10
11 SEC. 27. Sec. 261 of the National Internal Revenue Code of 1997, as
12 amended, is hereby amended to read as follows:

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

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

37
38 SEC. 28. Sec. 262 of the National Internal Revenue Code of 1997, as
39 amended, is hereby amended to read as follows:

40
41 “SEC. 262. *Shipment or Removal of Liquor or Tobacco Products under*
42 *False Name or Brand or as an Imitation of any Existing or Otherwise*
43 *Known Product Name or Brand.* - Any person who ships, transports
44 or removes spirituous, compounded or fermented liquors, wines or
45 any manufactured products of tobacco under any other than the
46 proper name or brand known to the trade as designating the kind

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

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

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

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

35 (b) A fine of not less than [Ten thousand pesos (P10,000)]
36 **SEVENTY FIVE THOUSAND PESOS (P75,000)** but not more than [
37 Twenty thousand pesos (P20,000)] **ONE HUNDRED FIFTY**
38 **THOUSAND PESOS (P150,000)** and suffer imprisonment of not
39 less than [two (2) years but not more than four (4) years] **SIX (6)**
40 **MONTHS AND ONE (1) DAY BUT NOT MORE THAN ONE (1) YEAR**
41 if the appraised value, to be determined in the manner prescribed in
42 the [Tariff and Customs Code] **CUSTOMS MODERNIZATION AND**
43 **TARIFF ACT**, including duties and taxes, of the articles exceeds [
44 One thousand pesos (P1,000)] **TWO HUNDRED FIFTY THOUSAND**
45 **PESOS (P250,000)** but does not exceed [Fifty thousand pesos
46 (P50,000)] **FIVE HUNDRED THOUSAND PESOS (P500,000);**

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

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

30 **(E) A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED**
31 **THOUSAND PESOS (P 1,500,000.00) BUT NOT MORE THAN**
32 **FIFTEEN MILLION PESOS (P15,000,000.00), AND SUFFER**
33 **IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS AND ONE**
34 **(1) DAY BUT NOT MORE THAN TWELVE (12) YEARS, IF THE**
35 **APPRAISED VALUE, TO BE DETERMINED IN THE MANNER**
36 **PRESCRIBED IN THE CUSTOMS MODERNIZATION AND TARIFF**
37 **ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES IS**
38 **MORE THAN FIVE MILLION PESOS (P5,000,000) BUT NOT**
39 **MORE THAN FIFTY MILLION PESOS (P50,000,000);**
40

41 **(F) A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS (P**
42 **15,000,000.00) BUT NOT MORE THAN FIFTY MILLION PESOS**
43 **(P50,000,000), AND SUFFER IMPRISONMENT OF NOT LESS**
44 **THAN TWELVE (12) YEARS AND ONE (1) DAY BUT NOT MORE**
45 **THAN TWENTY (20) YEARS, IF THE APPRAISED VALUE, TO BE**
46 **DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS**

1 **MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES AND**
2 **TAXES, OF THE ARTICLES IS MORE THAN FIFTY MILLION**
3 **PESOS (P50,000,000.00) BUT NOT MORE THAN TWO HUNDRED**
4 **MILLION PESOS (P200,000,000); OR**
5

6 **(G) IF THE APPRAISED VALUE OF THE GOODS UNLAWFULLY**
7 **IMPORTED TO BE DETERMINED IN THE MANNER PRESCRIBED**
8 **UNDER IN THE CUSTOMS MODERNIZATION AND TARIFF ACT,**
9 **INCLUDING DUTIES AND TAXES, EXCEEDS TWO HUNDRED**
10 **MILLION PESOS (P200,000,000) OR IF THE AGGREGATE**
11 **AMOUNT OF THE APPRAISED VALUE OF THE GOODS WHICH**
12 **ARE THE SUBJECT OF UNLAWFUL IMPORTATION COMMITTED**
13 **IN MORE THAN ONE INSTANCE, INCLUDING DUTIES AND**
14 **TAXES, EXCEEDS TWO HUNDRED MILLION PESOS**
15 **(P200,000,000), THE SAME SHALL BE PUNISHABLE WITH A**
16 **PENALTY OF TWENTY YEARS ONE DAY BUT NOT MORE THAN**
17 **THIRTY YEARS AND A FINE OF NOT LESS THAN FIFTY MILLION**
18 **PESOS (P50,000,000.00).**
19

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

31 Any manufacturer, owner or person in charge of any article
32 subject to excise tax who removes or allows or causes the unlawful
33 removal of any such articles from the place of production or bonded
34 warehouse, upon which the excise tax has not been paid at the time
35 and in the manner required, and any person who knowingly aids or
36 abets in the removal of such articles as aforesaid, or conceals the
37 same after illegal removal shall, for the first offense, be punished
38 with a fine of not less than ten (10) times the amount of excise tax
39 due on the articles but not less than [One thousand pesos (P1,000)
40 **]TWENTY FIVE THOUSAND (P25,000)** and suffer imprisonment of
41 not less than [one (1) year but not more than two (2) years] **TWO**
42 **(2) YEARS BUT NOT MORE THAN FOUR (4) YEARS.**
43

44 The mere unexplained possession of articles subject to excise
45 tax, the tax on which has not been paid in accordance with law,
46 shall be punishable under this Section."

1
2 SEC. 30. Sec. 264 of the National Internal Revenue Code of 1997, as
3 amended, is hereby amended to read as follows:
4

5 "SEC. 264. *Failure or refusal to Issue Receipts or Sales or Commercial*
6 *Invoices, Violations related to the Printing of such Receipts or Invoices*
7 *and Other Violations.* -
8

9 (a) Any person who, being required under Section 237
10 to issue receipts or sales or commercial invoices, fails
11 or refuses to issue such receipts or invoices, issues
12 receipts or invoices that do not truly reflect and/or
13 contain all the information required to be shown
14 therein, or uses multiple or double receipts or invoices,
15 shall, upon conviction for each act or omission, be
16 punished by a fine of not less than [One thousand
17 pesos (P1,000) but not more than Fifty thousand pesos
18 (P50,000)] **ONE HUNDRED THOUSAND PESOS**
19 **(P100,000) BUT NOT MORE THAN FIVE HUNDRED**
20 **THOUSAND PESOS (P500,000)** and suffer
21 imprisonment of not less than [two (2) years but not
22 more than four (4) years] **FOUR (4) YEARS BUT NOT**
23 **MORE THAN EIGHT (8) YEARS.**
24

25 (b) Any person who commits any of the acts enumerated
26 hereunder shall be penalized in the same manner and
27 to the same extent as provided for in this Section:
28

29 (1) Printing of receipts or sales or commercial invoices
30 without authority from the Bureau of Internal Revenue;
31 or
32

33 (2) Printing of double or multiple sets of invoices or
34 receipts; or
35

36 (3) Printing of unnumbered receipts or sales or
37 commercial invoices, not bearing the name, business
38 style, Taxpayer Identification Number, and business
39 address of the person or entity."
40

41 SEC. 31. Sec. 265 of the National Internal Revenue Code of 1997, as
42 amended, is hereby amended to read as follows:
43

44 "SEC. 265. *Offenses Relating to Stamps.* - Any person who commits
45 any of the acts enumerated hereunder shall, upon conviction
46 thereof, be punished by a fine of not less than [Twenty thousand

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

9
10 SEC. 34. A new section is hereby inserted after Section 282 of the National
11 Internal Revenue Code of 1997, as amended, to read as follows:
12

13 **"SEC. 282-A. VIOLATION OF THE PROVISIONS OF THIS CODE**
14 **AMOUNTING TO ECONOMIC SABOTAGE. - ANY VIOLATION OF**
15 **SECTION 254 OF THIS CODE THAT UNDERMINES, WEAKENS**
16 **OR RENDERS INTO DISREPUTE THE ECONOMIC SYSTEM OR**
17 **VIABILITY OF THE COUNTRY OR TENDS TO BRING OUT SUCH**
18 **EFFECTS, IN LIEU OF THE PENALTY SET IN THE PRECEDING**
19 **PROVISIONS, SHALL CONSTITUTE ECONOMIC SABOTAGE,**
20 **AND, UPON CONVICTION FOR EACH ACT OR OMISSION, BE**
21 **PUNISHED BY A FINE OF NOT LESS THAN FIFTY MILHION**
22 **(P50,000,000) AND RECLUSION TEMPORAL.**
23

24
25 SEC. 35. Sec. 290 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:
27

28 "SEC. 290. Congressional Oversight Committee. -
29

30 xxx
31

32 The Committee shall, among others, in aid of legislation:
33

- 34 (1) xxx;
35 (2) xxx;
36 (3) xxx; [and]
37 (4) xxx[.];
38

39 **(5) REVIEW THE PERFORMANCE OF FUNCTIONS OF THE**
40 **INVESTMENT PROMOTION AGENCIES AND THE FISCAL**
41 **INCENTIVES REVIEW BOARD, PARTICULARLY IN THE GRANT**
42 **OF INCENTIVES TO REGISTERED ENTERPRISES AND IN THE**
43 **REVIEW AND EVALUATION OF GRANTED INCENTIVES,**
44 **RESPECTIVELY, AS WELL AS IN THE FORMULATION OF THE**
45 **STRATEGIC INVESTMENTS PRIORITY PLAN; AND**
46

1 xxx”

2
3 SEC. 36. A new title is hereby inserted beginning Section 291, Title XIII of
4 the National Internal Revenue Code of 1997, as amended, to read as follows:

5
6 **“TITLE XIII**

7
8 **CHAPTER I**

9
10 **GENERAL PROVISIONS ON TAX INCENTIVES**

11
12 **SEC 291. SCOPE AND COVERAGE. - THIS TITLE SHALL COVER**
13 **ALL EXISTING INVESTMENT PROMOTION AGENCIES (IPAS) AS**
14 **DEFINED IN THIS CODE OR RELATED LAWS, AND ALL OTHER IPAS**
15 **AND OTHER SIMILAR AUTHORITIES THAT MAY BE CREATED BY**
16 **LAW.**

17
18 **THE IPAS SHALL MAINTAIN THEIR FUNCTIONS AND POWERS**
19 **AS PROVIDED UNDER THE SPECIAL LAWS GOVERNING THEM**
20 **EXCEPT ON THE EXTENT MODIFIED BY THE PROVISIONS OF THIS**
21 **CODE.**

22
23 **SEC. 292. GOVERNING PROVISION FOR IPAS. - ALL IPAS**
24 **VESTED WITH THE POWER TO CONFER AND ADMINISTER**
25 **INCENTIVES SHALL GRANT TAX INCENTIVES PROVIDED IN THIS**
26 **TITLE TO REGISTERED ENTERPRISES ONLY TO THE EXTENT OF**
27 **THEIR APPROVED REGISTERED PROJECTS OR ACTIVITIES UNDER**
28 **THE STRATEGIC INVESTMENT PRIORITY PLAN (SIPP). THE PERIOD**
29 **OF AVAILMENT OF INCENTIVES SHALL BE RECKONED FROM THE**
30 **START OF COMMERCIAL OPERATION.**

31
32 **INCOME OR SALES DERIVED FROM NON-REGISTERED**
33 **ACTIVITY OR PROJECT SHALL BE SUBJECT TO APPROPRIATE**
34 **TAXES UNDER THIS CODE.**

35
36 **UNLESS OTHERWISE PROVIDED IN THIS CODE, VALUE-ADDED**
37 **TAX SHALL FOLLOW THE DESTINATION PRINCIPLE WHERE**
38 **EXPORTS ARE ZERO-RATED AND DOMESTIC SALES ARE SUBJECT**
39 **TO THE REGULAR VALUE-ADDED TAX RATE.**

40
41 **SEC. 293. DEFINITIONS - WHEN USED IN THIS TITLE TO AVAIL**
42 **OF INCENTIVES:**

43
44 **(A) THE TERM ‘ANNUAL FISCAL INCENTIVES REPORT’ REFERS**
45 **TO THE DETAILED REPORT ON FISCAL INCENTIVES AVAILED IN A**
46 **TAXABLE YEAR AND BENEFITS CORRESPONDING THERETO. THE**

1 REPORT SHALL CONTAIN FIRM- OR ENTITY-LEVEL DATA SUCH AS
2 BUT NOT LIMITED TO THE ACTUAL AMOUNT OF INVESTMENTS,
3 TAXES WITHHELD AND FOREGONE, EMPLOYMENT IMPACT, AND
4 EXPORTS, IMPORTS AND DOMESTIC INPUTS.
5

6 (B) THE TERM 'CAPITAL EQUIPMENT' REFERS TO MACHINERY,
7 EQUIPMENT, MAJOR COMPONENTS THEREOF, FITTINGS AND
8 ACCOMPANIMENTS WHICH ARE DIRECTLY AND REASONABLY
9 NEEDED IN THE REGISTERED ACTIVITY OF THE REGISTERED
10 ENTERPRISE.
11

12 (C) THE TERM 'FISCAL INCENTIVES' SHALL MEAN TAX
13 INCENTIVES SUCH AS INCOME TAX HOLIDAY, REDUCED INCOME
14 TAX RATE, ADDITIONAL INCOME TAX DEDUCTIONS, CUSTOMS
15 DUTY EXEMPTION, VAT EXEMPTION AND ZERO-RATING, LOCAL TAX
16 EXEMPTIO, AND OTHER EXEMPTIONS AND SPECIAL RATE AS MAY
17 BE PROVIDED BY LAW TO REGISTERED BUSINESS ENTERPRISES
18 AND OTHER REGISTERED ENTITIES.
19

20 (D) THE TERM 'INVESTMENT PROMOTION AGENCIES (IPAS)'
21 SHALL REFER TO GOVERNMENT ENTITIES CREATED BY LAW,
22 EXECUTIVE ORDER, DECREE OR OTHER ISSUANCE, IN CHARGE OF
23 PROMOTING INVESTMENTS, ADMINISTERING TAX AND NON-TAX
24 INCENTIVES, AND/OR OVERSEEING THE OPERATIONS FOR THE
25 DIFFERENT ECONOMIC ZONES AND FREEPORTS IN ACCORDANCE
26 WITH THEIR RESPECTIVE CHARTERS. THESE INCLUDE THE BOARD
27 OF INVESTMENTS (BOI), REGIONAL BOARD OF INVESTMENTS
28 AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),
29 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES
30 CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC BAY
31 METROPOLITAN AUTHORITY (SBMA), CLARK DEVELOPMENT
32 CORPORATION (CDC), JOHN HAY MANAGEMENT CORPORATION
33 (JHMC), PORO POINT MANAGEMENT CORPORATION (PPMC),
34 CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA), ZAMBOANGA CITY
35 SPECIAL ECONOMIC ZONE AUTHORITY (ZCSEZA), PHIVIDEC
36 INDUSTRIAL AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE
37 AND FREEPORT AUTHORITY (APECO), AUTHORITY OF THE
38 FREEPORT AREA OF BATAAN (AFAB), TOURISM INFRASTRUCTURE
39 AND ENTERPRISE ZONE AUTHORITY (TIEZA), AND ALL OTHER
40 SIMILAR AUTHORITIES EXISTING OR THAT MAY BE CREATED BY
41 LAW.
42

43 (E) THE TERM 'OTHER GOVERNMENT AGENCIES
44 ADMINISTERING FISCAL INCENTIVES (OGA)' SHALL REFER TO
45 GOVERNMENT AGENCIES OTHER THAN IPAS WHICH REGISTER OR
46 ADMINISTER FISCAL INCENTIVES OF ANY KIND TO ANY SPECIFIC

ENTITIES AND/OR CLASS OF PERSONS PURSUANT TO ANY LAW. THESE SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA), DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD), COMMISSION ON HIGHER EDUCATION (CHED), BUREAU OF INTERNAL REVENUE (BIR), DEPARTMENT OF AGRARIAN REFORM (DAR), DEPARTMENT OF AGRICULTURE (DA), DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS (DOTC), CIVIL AVIATION AUTHORITY OF THE PHILIPPINES (CAAP), DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH), REGIONAL GOVERNMENT-AUTONOMOUS REGION IN MUSLIM MINDANAO, REGIONAL GOVERNMENT-CORDILLERA ADMINISTRATIVE REGION, DEPARTMENT OF TOURISM (DOT), BANGKO SENTRAL NG PILIPINAS (BSP), NATIONAL BOOK DEVELOPMENT BOARD (NBDB), BOY SCOUT OF THE PHILIPPINES, GIRL SCOUT OF THE PHILIPPINES, DEPARTMENT OF FINANCE (DOF), BUREAU OF CUSTOMS (BOC), NATIONAL TELECOMMUNICATIONS COMMISSION (NTC), PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE (PCOO), NATIONAL COUNCIL FOR CHILDREN'S TELEVISION (NCCT), NATIONAL COMMISSION FOR CULTURE AND THE ARTS (NCCA), NATIONAL HISTORICAL COMMISSION OF THE PHILIPPINES (NHCP), FILM DEVELOPMENT COUNCIL, NATIONAL COUNCIL FOR DISABILITY AFFAIRS, SECURITIES AND EXCHANGE COMMISSION (SEC), COMMISSION ON HIGHER EDUCATION (CHED), DEPARTMENT OF EDUCATION (DEPED), DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA), COMMISSION ON ELECTIONS (COMELEC), NATIONAL ELECTRIFICATION ADMINISTRATION (NEA), NATIONAL POWER CORPORATION (NPC), DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR), NATIONAL DISASTER AND RISK REDUCTION MANAGEMENT COUNCIL (NDRRMC), DEPARTMENT OF FOREIGN AFFAIRS (DFA), DEPARTMENT OF HEALTH (DOH), PHILIPPINE RED CROSS, HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL (HUDCC), NATIONAL GOVERNMENT CENTER ADMINISTRATION COMMITTEE, HOUSING AND LAND USE REGULATORY BOARD (HLURB), NATIONAL COMMISSION ON INDIGENOUS PEOPLE (NCIP), QUEZON CITY DEVELOPMENT AUTHORITY, SOCIAL SECURITY SYSTEM (SSS), GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC), SUPREME COURT (SC), DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), OVERSEAS WORKERS WELFARE ADMINISTRATION (OWWA), PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA), DEPARTMENT OF JUSTICE (DOJ), DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT (DILG), NATIONAL ANTI-POVERTY COMMISSION (NAPC), PARTIDO DEVELOPMENT ADMINISTRATION,

1 PHILIPPINE VETERANS AFFAIRS OFFICE (PVAO), DEPARTMENT OF
2 NATIONAL DEFENSE (DND), PHILIPPINE PORTS AUTHORITY (PPA),
3 PHILIPPINE SPORTS COMMISSION (PSC), NATIONAL YOUTH
4 COMMISSION, AND HUMAN RIGHTS VIOLATIONS VICTIM'S
5 MEMORIAL COMMISSION, AMONG OTHERS.
6

7 (F) THE TERM 'OTHER REGISTERED ENTITIES (OREs)' REFER
8 TO ANY INDIVIDUAL, PARTNERSHIP, ORGANIZATION,
9 CORPORATION, PHILIPPINE BRANCH OF A FOREIGN
10 CORPORATION, OR OTHER ENTITY INCORPORATED AND/OR
11 ORGANIZED AND EXISTING UNDER PHILIPPINE LAWS, AND
12 REGISTERED WITH OTHER OGAS ADMINISTERING FISCAL
13 INCENTIVES.
14

15 (G) THE TERM 'REGISTERED BUSINESS ENTERPRISE (RBE)'
16 SHALL MEAN INDIVIDUAL, PARTNERSHIP, CORPORATION,
17 PHILIPPINE BRANCH OF A FOREIGN CORPORATION, OR OTHER
18 ENTITY ORGANIZED AND EXISTING UNDER PHILIPPINE LAWS AND
19 REGISTERED WITH AN IPA AS DEFINED UNDER REPUBLIC ACT (RA)
20 NO. 10708, OR THE TIMTA LAW: PROVIDED, HOWEVER, THAT THE
21 TERM "REGISTERED ENTERPRISE" SHALL NOT INCLUDE ANY OF
22 THE FOLLOWING SERVICE ENTERPRISES SUCH AS, BUT NOT
23 LIMITED TO, THOSE ENGAGED IN CUSTOMS BROKERAGE,
24 TRUCKING OR FORWARDING SERVICES, JANITORIAL SERVICES,
25 SECURITY SERVICES, INSURANCE, BANKING, AND OTHER
26 FINANCIAL SERVICES, CONSUMERS' COOPERATIVES, CREDIT
27 UNIONS, CONSULTANCY SERVICES, RETAIL BUSINESS,
28 RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS MAY BE
29 DETERMINED BY THE FISCAL INCENTIVES REVIEW BOARD (FIRB)
30 OR IPA BOARD, IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR
31 OUTSIDE THE ECOZONES, DULY ACCREDITED AND/OR LICENSED
32 BY ANY OF THE IPAS AND WHOSE INCOME DELIVERED WITHIN THE
33 ECONOMIC ZONES SHALL BE SUBJECT TO TAXES UNDER THE
34 NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AS AMENDED.
35

36 (H) THE TERM 'SPECIAL ECONOMIC ZONE' OR 'ECOZONE'
37 SHALL REFER TO A SELECTED AREA, WHICH SHALL BE OPERATED
38 AND MANAGED AS A SEPARATE CUSTOMS TERRITORY THAT IS
39 HIGHLY DEVELOPED OR HAS THE POTENTIAL TO BE DEVELOPED
40 INTO AN AGRO-INDUSTRIAL, INDUSTRIAL, INFORMATION
41 TECHNOLOGY, OR TOURIST/RECREATIONAL, WHOSE METES AND
42 BOUNDS ARE FIXED OR DELIMITED BY PRESIDENTIAL
43 PROCLAMATIONS AND WITHIN A SPECIFIC GEOGRAPHICAL AREA.
44 AN ECOZONE MAY CONTAIN ANY OR ALL OF THE FOLLOWING:
45 INDUSTRIAL ESTATES (IES), EXPORT PROCESSING ZONES (EPZS),
46 ICT PARKS AND CENTERS, AND FREE TRADE ZONES: PROVIDED,

1 **HOWEVER, THAT AREAS WHERE MINING EXTRACTIONS ARE**
2 **UNDERTAKEN SHALL NOT BE DECLARED AS ECOZONES: PROVIDED,**
3 **FURTHER, THAT VERTICAL ECONOMIC ZONES, SUCH AS BUT NOT**
4 **LIMITED TO BUILDINGS, SELECTED FLOORS WITHIN BUILDINGS,**
5 **AND SELECTED AREAS ON A FLOOR, SHOULD COMPLY WITH THE**
6 **MINIMUM CONTIGUOUS LAND AREA AS DETERMINED BY THE FIRB.**
7

8 **(I) THE TERM 'SPECIAL PROJECTS/ACTIVITIES' SHALL REFER**
9 **TO PROJECTS/ACTIVITIES DEFINED AS FOLLOWS:**
10

11 **(1) REGISTERED PROJECTS WITH INVESTMENT AMOUNT**
12 **OF FIFTY MILLION PESOS (PHP 50,000,000) AND ABOVE,**
13 **AS MAY BE ADJUSTED IN THE IMPLEMENTING RULES**
14 **AND REGULATIONS;**
15

16 **(2) REGISTERED PROJECTS OR ACTIVITIES THAT ARE:**
17

18 **(2.1) "ENVIRONMENTALLY RISKY PROJECTS" SUCH AS**
19 **BUT NOT LIMITED TO:**
20

21 **(a) THOSE FALLING WITHIN THE SCOPE OF THE**
22 **ENVIRONMENTAL IMPACT STATEMENT (EIS)**
23 **SYSTEM ESTABLISHED UNDER PD NO. 1586 AND**
24 **PROCLAIMED PURSUANT TO PRESIDENTIAL**
25 **PROCLAMATION (PP) NO. 2146, AS AMENDED BY**
26 **PP NO. 803, OR AS MAY BE AMENDED IN THE**
27 **FUTURE:**
28

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

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

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

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

18 (b) PROJECTS AND ACTIVITIES THAT REQUIRE THE
19 IMPORTATION, MANUFACTURE, PROCESSING,
20 SALE, DISTRIBUTION, USE AND DISPOSAL OF
21 CHEMICAL SUBSTANCES AND MIXTURES THAT
22 PRESENT UNREASONABLE RISK AND/OR
23 INJURY TO HEALTH AND/OR ENVIRONMENT
24 UNDER RA 6969, OTHERWISE KNOWN AS THE
25 "TOXIC SUBSTANCES AND HAZARDOUS AND
26 NUCLEAR WASTES CONTROL 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
31 RA 9275, OTHERWISE KNOWN AS THE
32 "PHILIPPINE CLEAN WATER ACT OF 2004";
33

34 (2.2) "HEALTH RISKY PROJECTS" OR THOSE FALLING
35 UNDER THE SCOPE OF THE PHILIPPINE NATIONAL
36 FRAMEWORK AND GUIDELINES FOR
37 ENVIRONMENTAL HEALTH IMPACT ASSESSMENT
38 SUCH AS PROJECTS THAT HAVE HEALTH-
39 SENSITIVE COMPONENTS AND THOSE LOCATED IN
40 HEALTH-SENSITIVE PROJECT LOCATIONS AS
41 DETERMINED BY THE DEPARTMENT OF HEALTH
42 (DOH), OTHER GOVERNMENT AGENCIES AND
43 RELEVANT ENTITIES, WITHOUT PREJUDICE TO
44 THE ESTABLISHMENT OF A HEALTH IMPACT
45 ASSESSMENT (HIA) SYSTEM IN THE FUTURE, AND

1 **ISSUANCE OF A PRESIDENTIAL PROCLAMATION ON**
2 **THE MATTER.**

3
4 **(2.3) "ECONOMICALLY RISKY PROJECTS" OR PROJECTS**
5 **THAT POSE RISKS TO ECONOMIC STABILITY**
6 **WHICH INCLUDE THOSE THAT HAVE HIGH**
7 **RELIANCE ON IMPORTS, LIMIT COMPETITION, AND**
8 **ARE POTENTIALLY SPECULATIVE IN NATURE.**
9

10 **(3) REGISTERED PROJECTS OR ACTIVITIES WHOSE**
11 **APPROVAL IN THE IPA BOARD LEVEL DOES NOT MEET**
12 **THE MINIMUM REQUIRED VOTES OF AT LEAST TWO-**
13 **THIRDS.**
14

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

24 **CHAPTER II**

25 **TAX AND DUTY INCENTIVES**

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

30 **(A) INCOME TAX INCENTIVES**

31
32 **(1) INCOME TAX HOLIDAY (ITH). - THE ITH SHALL BE GRANTED**
33 **FOR A PERIOD NOT EXCEEDING THREE (3) YEARS: PROVIDED,**
34 **THAT AFTER THE EXPIRATION OF THE ITH, THE FOLLOWING**
35 **INCENTIVES MAY BE APPLIED FOR A PERIOD NOT EXCEEDING**
36 **FIVE (5) YEARS, WHICH INCLUDES THE PERIOD OF ITH**
37 **AVAILMENT, EXCEPT THOSE PROVIDED UNDER SECTIONS 294**
38 **(7) and (9), 295, 296, AND 297.**
39

40 **(2) REDUCED CORPORATE INCOME TAX. - A REDUCED TAX**
41 **RATE OF EIGHTEEN PERCENT (18%) OF THE TAXABLE**
42 **INCOME AS DEFINED UNDER SECTION 31 OF THIS CODE.**
43 **PROVIDED, THAT IN THE CASE OF REGISTERED ENTERPRISES**
44
45

1 **WITHIN ECONOMIC ZONES AND FREEPORTS, THAT TAX SHALL**
2 **BE PAID AS FOLLOWS:**

3
4 **FIFTEEN PERCENT (15%) TO THE NATIONAL**
5 **GOVERNMENT;**
6

7 **ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY**
8 **REMITTED TO THE TREASURER'S OFFICE OF THE**
9 **PROVINCE WHERE THE ENTERPRISE IS LOCATED,**
10 **IN LIEU OF THE LOCAL BUSINESS TAX;**
11

12 **ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY**
13 **REMITTED TO THE TREASURER'S OFFICE OF THE**
14 **MUNICIPALITY OR COMPONENT CITY WHERE THE**
15 **ENTERPRISE IS LOCATED, IN LIEU OF THE LOCAL**
16 **BUSINESS TAX;**
17

18 **PROVIDED, THAT IF THE ENTERPRISE IS UNDER**
19 **THE JURISDICTION OF A HIGHLY URBANIZED CITY**
20 **(HUC), THE 3% SHARE OF THE LGU SHALL BE**
21 **DIRECTLY REMITTED TO THE TREASURER'S**
22 **OFFICE OF THE HUC.**
23

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

40 **(4) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON**
41 **THE INCREMENT OF LABOR EXPENSE: PROVIDED, THAT THIS**
42 **DOES NOT INCLUDE INDIRECT LABOR, SALARIES AND WAGES,**
43 **AND OTHER PERSONNEL COSTS INCURRED FOR**
44 **ADMINISTRATIVE AND OTHER SUPPORT SERVICES.**
45

1 (5) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL
2 DEDUCTION ON THE INCREMENT OF RESEARCH AND
3 DEVELOPMENT INCURRED IN THE TAXABLE YEAR: *PROVIDED*,
4 THAT IT IS DIRECTLY RELATED TO THE REGISTERED
5 ACTIVITY/IES OF THE ENTITY, AND
6

7 (6) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL
8 DEDUCTION ON THE INCREMENT OF TRAINING INCURRED IN
9 THE TAXABLE YEAR: *PROVIDED*, THAT IT IS GIVEN TO THE
10 EMPLOYEES ENGAGED DIRECTLY IN THE ENTITY'S
11 PRODUCTION OF GOODS AND SERVICES: *PROVIDED*,
12 *FURTHER*, THAT THE CONCERNED IPA HAS ISSUED A
13 CORRESPONDING CERTIFICATE OF ENTITLEMENT UPON
14 APPLICATION, AND A CERTIFICATE OF APPROVAL AFTER A
15 REVIEW OF DOCUMENTATION OF TRAININGS SUBMITTED BY
16 THE ENTERPRISE AT THE END OF THE TAXABLE YEAR,
17 OTHERWISE, THIS INCENTIVE SHALL BE DEEMED WAIVED.
18

19 (7) UP TO ONE HUNDRED PERCENT (100%) DEDUCTION ON
20 *INFRASTRUCTURE DEVELOPMENT*. - REGISTERED
21 ENTERPRISES ESTABLISHING THEIR ACTIVITY IN AN AREA
22 THAT THE STRATEGIC INVESTMENT PRIORITY PLAN (SIPP)
23 DESIGNATES AS NECESSARY FOR COUNTRY-WIDE
24 DEVELOPMENT OR IN AN AREA FOUND TO BE DEFICIENT IN
25 INFRASTRUCTURE, PUBLIC UTILITIES, AND OTHER
26 FACILITIES, SUCH AS IRRIGATION, DRAINAGE, OR OTHER
27 SIMILAR WATERWORKS INFRASTRUCTURE, MAY DEDUCT
28 FROM THE GROSS INCOME AN AMOUNT EQUIVALENT TO UP
29 TO ONE HUNDRED PERCENT (100%) OF NECESSARY AND
30 MAJOR INFRASTRUCTURE WORKS IT MAY HAVE
31 UNDERTAKEN WITH THE PRIOR APPROVAL AND
32 RECOMMENDATION OF THE IPA CONCERNED: *PROVIDED*,
33 THAT THE TITLE TO ALL SUCH INFRASTRUCTURE WORKS
34 SHALL UPON COMPLETION, BE TRANSFERRED TO THE
35 PHILIPPINE GOVERNMENT: *PROVIDED FURTHER*, THAT ANY
36 AMOUNT NOT DEDUCTED FOR A PARTICULAR YEAR MAY BE
37 CARRIED OVER FOR DEDUCTION FOR SUBSEQUENT YEARS
38 NOT EXCEEDING FIVE (5) YEARS FROM COMMERCIAL
39 OPERATION.
40

41 (8) *DEDUCTION FOR REINVESTMENT ALLOWANCE TO*
42 *MANUFACTURING INDUSTRY*. - WHEN A MANUFACTURING
43 REGISTERED ENTERPRISE REINVESTS ITS UNDISTRIBUTED
44 PROFIT OR SURPLUS IN ANY OF THE ACTIVITIES LISTED IN
45 THE SIPP, THE AMOUNT SO REINVESTED TO A MAXIMUM OF

1 FIFTY PERCENT (50%) SHALL BE ALLOWED AS A DEDUCTION
2 FROM ITS TAXABLE INCOME WITHIN A PERIOD OF FIVE (5)
3 YEARS FROM THE TIME OF SUCH REINVESTMENT: PROVIDED,
4 THAT PRIOR APPROVAL AND RECOMMENDATION BY THE IPA
5 CONCERNED OF SUCH REINVESTMENT WAS OBTAINED BY
6 THE REGISTERED ENTERPRISE PLANNING SUCH
7 REINVESTMENT.
8

9 (9) ENHANCED NET OPERATING LOSS CARRY-OVER
10 (NOLCO). - THE NET OPERATING LOSS OF THE REGISTERED
11 ACTIVITY DURING THE FIRST THREE (3) YEARS FROM THE
12 START OF COMMERCIAL OPERATION WHICH HAD NOT BEEN
13 PREVIOUSLY OFFSET AS DEDUCTION FROM GROSS INCOME
14 MAY BE CARRIED OVER AS DEDUCTION FROM GROSS INCOME
15 WITHIN THE NEXT FIVE (5) CONSECUTIVE TAXABLE YEARS
16 IMMEDIATELY FOLLOWING THE YEAR OF SUCH LOSS.
17

18 (10) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION
19 ON THE INCREMENT OF DOMESTIC INPUT EXPENSE
20 INCURRED IN THE TAXABLE YEAR: PROVIDED, THAT IT IS
21 DIRECTLY RELATED TO AND ACTUALLY USED IN THE
22 REGISTERED EXPORT ACTIVITY OF THE REGISTERED
23 ENTITY.”
24

25 PROVIDED, THAT IN LIEU OF THE ITH UNDER SECTION 294 (A) (1)
26 OR THE REDUCED TAX RATE OF EIGHTEEN PERCENT (18%) UNDER
27 SECTION 294 (A) (2), THE TAX INCENTIVES UNDER SECTION 294 (A)
28 (3), (4), (5), (6), (7), (8), (9), AND (10) MAY BE GRANTED ON AN
29 INDUSTRY-SPECIFIC BASIS AS DETERMINED BY THE BOI IN THE
30 STRATEGIC INVESTMENT PRIORITY PLAN. THE BOI SHALL
31 PRESCRIBE THE LEVEL OF ADDITIONAL DEDUCTION FOR
32 SELECTED INDUSTRIES.
33

34 PROVIDED, FURTHER, THAT IN NO SUCH CASE SHALL AN INCOME
35 TAX INCENTIVE BE EXTENDED BEYOND THE INITIAL GRANT OF
36 FIVE (5) YEARS, EXCEPT THOSE PROVIDED UNDER SECTION 294
37 (A)(7) AND (9), SECTIONS 295, 296, AND 297.
38

39 (B) EXEMPTION FROM CUSTOMS DUTY ON IMPORTATION OF
40 CAPITAL EQUIPMENT AND RAW MATERIALS DIRECTLY AND
41 EXCLUSIVELY USED IN THE REGISTERED ACTIVITY FOR A PERIOD
42 NOT EXCEEDING FIVE (5) YEARS BY REGISTERED ENTERPRISES:
43 PROVIDED, THAT THE FIVE YEARS LIMIT IN THIS SUBSECTION
44 SHALL NOT APPLY TO SPECIAL ECONOMIC ZONES AS DEFINED
45 UNDER THIS TITLE.
46

1 **PROVIDED, FURTHER, THAT EXPANSION OF REGISTERED**
2 **ACTIVITIES MAY BE GRANTED DUTY EXEMPTION ON CAPITAL**
3 **EQUIPMENT ONLY, SUBJECT TO THE FOLLOWING CONDITIONS:**
4

5 (1) **THE ACTIVITY IS STILL COVERED BY THE**
6 **STRATEGIC INVESTMENTS PRIORITY PLAN (SIPP) OR IS**
7 **AN INNOVATION PROJECT AS DEFINED IN THE**
8 **STRATEGIC INVESTMENT PRIORITY PLAN;**
9

10 (2) **CUSTOMS DUTY EXEMPTION WILL ONLY APPLY ON**
11 **THE INCREMENTAL PORTION OF THE ACTIVITY; AND**
12

13 (3) **THE CUSTOMS DUTY EXEMPTION EXTENSION SHALL**
14 **NOT EXCEED FIVE (5) YEARS.**
15

16
17 **SEC. 295. INCENTIVES FOR AGRIBUSINESS. AGRIBUSINESS**
18 **PROJECTS OR ACTIVITIES OF REGISTERED ENTERPRISES**
19 **LOCATED OUTSIDE METRO MANILA AND OTHER URBAN AREAS AS**
20 **IDENTIFIED IN THE STRATEGIC INVESTMENT PRIORITY PLAN**
21 **SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE**
22 **UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE AN**
23 **ADDITIONAL YEAR OF INCOME TAX HOLIDAY.**
24

25 **SEC. 296. PROJECTS LOCATED IN LESS DEVELOPED AREAS OR**
26 **THOSE RECOVERING FROM ARMED CONFLICT OR A MAJOR**
27 **DISASTER. PROJECTS OR ACTIVITIES OF REGISTERED**
28 **ENTERPRISES LOCATING IN LESS DEVELOPED AREAS AS**
29 **IDENTIFIED IN THE STRATEGIC INVESTMENT PRIORITY PLAN, OR**
30 **THOSE RECOVERING FROM ARMED CONFLICT AND/OR A MAJOR**
31 **DISASTER AS DETERMINED BY THE OFFICE OF THE PRESIDENT**
32 **SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE**
33 **UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE AN**
34 **ADDITIONAL YEAR OF INCOME TAX HOLIDAY.**
35

36 **SEC. 297. RELOCATION PROJECTS OR ACTIVITIES.**
37 **REGISTERED PROJECTS OR ACTIVITIES PRIOR TO THE**
38 **EFFECTIVITY OF THIS ACT RELOCATING FROM METRO MANILA AND**
39 **SELECTED AREAS OF REGIONS III AND IV-A TO OTHER AREAS OF**
40 **THE COUNTRY SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS**
41 **OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY**
42 **BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.**
43

44
45 **CHAPTER III**
46

1 **GOVERNANCE OF FISCAL INCENTIVES**

2
3 **SEC. 298. COMPOSITION OF THE FIRB - FOR PURPOSES OF THIS ACT,**
4 **THE FISCAL INCENTIVES REVIEW BOARD OR FIRB CREATED UNDER**
5 **PRESIDENTIAL DECREE (PD) NO. 776, AS AMENDED BY PD 1931 AND PD**
6 **1955, OFFICE OF THE PRESIDENT MEMORANDUM ORDER NO. 23, SERIES**
7 **OF 1986 AND EXECUTIVE ORDER 93, SERIES OF 1986, SHALL BE**
8 **RECONSTITUTED AS FOLLOWS:**

- 9
10 **(A) BOARD. - THE BOARD SHALL BE COMPOSED OF THE**
11 **SECRETARY OF FINANCE AS CHAIRPERSON, AND FOUR (4)**
12 **MEMBERS CONSISTING OF: (1) THE EXECUTIVE SECRETARY OF**
13 **THE OFFICE OF THE PRESIDENT; (2) THE SECRETARY OF**
14 **TRADE AND INDUSTRY; (3) THE DIRECTOR-GENERAL OF THE**
15 **NATIONAL ECONOMIC DEVELOPMENT AUTHORITY; AND (4) THE**
16 **SECRETARY OF BUDGET AND MANAGEMENT;**
17
18 **(B) TECHNICAL COMMITTEE. - THE TECHNICAL COMMITTEE**
19 **SHALL BE COMPOSED OF AN UNDERSECRETARY OF FINANCE**
20 **DESIGNATED BY THE SECRETARY OF FINANCE AS**
21 **CHAIRPERSON AND SIX (6) MEMBERS CONSISTING OF: (1) A**
22 **DEPUTY OR ASSISTANT DEPUTY EXECUTIVE SECRETARY OF**
23 **THE OFFICE OF THE PRESIDENT; (2) AN UNDERSECRETARY OR**
24 **ASSISTANT SECRETARY OF TRADE AND INDUSTRY; (3) A**
25 **DEPUTY OR ASSISTANT DIRECTOR GENERAL OF NATIONAL**
26 **ECONOMIC DEVELOPMENT AUTHORITY; (4) AN**
27 **UNDERSECRETARY OR ASSISTANT SECRETARY OF BUDGET**
28 **AND MANAGEMENT; (5) THE COMMISSIONER OR DEPUTY**
29 **COMMISSIONER OF INTERNAL REVENUE; AND (6) THE**
30 **COMMISSIONER OR DEPUTY COMMISSIONER OF CUSTOMS.**
31
32 **(C) SECRETARIAT. - THE NATIONAL TAX RESEARCH CENTER**
33 **(NTRC) SHALL BE THE SECRETARIAT OF THE FIRB. THE**
34 **EXECUTIVE DIRECTOR OF NTRC SHALL ACT AS HEAD OF THE**
35 **SECRETARIAT.**

36
37 **SEC. 299. EXPANDED FUNCTIONS OF THE FIRB. - THE POWERS**
38 **AND FUNCTIONS OF THE FIRB WHICH SHALL BE VESTED IN AND**
39 **EXERCISED BY THE BOARD SHALL BE EXPANDED AS FOLLOWS:**

- 40
41 **(A) TO EXERCISE OVERSIGHT FUNCTIONS OVER THE IPAS. FOR**
42 **THIS PURPOSE, THE FIRB SHALL:**

- 43
44 **(1) SET AND REVIEW THE GENERAL POLICY WITH REGARD**
45 **TO THE GRANT OF FISCAL INCENTIVES;**

1
2 (2) REVIEW AND AUDIT THE COMPLIANCE OF IPAS AND
3 OGAS TO THE GENERAL POLICY ON INCENTIVES SET BY
4 THE FIRB AS MANDATED IN THIS ACT, THE STRATEGIC
5 INVESTMENT PRIORITY PLAN, AND THE RESPECTIVE
6 CHARTERS OF THE IPAS AND OGAS; AND IMPOSE
7 SANCTIONS ON VIOLATION OR NON-COMPLIANCE OF
8 IPAS AND OGAS SUCH AS BUT NOT LIMITED TO
9 SUSPENSION OR CANCELATION OF THEIR POWER TO
10 GRANT FISCAL INCENTIVES;
11

12 (3) CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF
13 FISCAL INCENTIVES OF CONCERNED RBES AND ORES,
14 AND ENDORSE THE SAME TO THE CONCERNED
15 REVENUE AGENCIES FOR ASSESSMENT AND
16 COLLECTION OF TAXES AND DUTIES DUE, INCLUDING
17 FINES OR PENALTIES, IF WARRANTED, FOR THE
18 FOLLOWING REASONS: (A) FAILURE TO MAINTAIN THE
19 QUALIFICATIONS REQUIRED BY THE CONCERNED IPA
20 OR BY THE FIRB FOR AVAILMENT OF INCENTIVES; AND
21 (B) VIOLATION OF ANY PROVISIONS OF THIS ACT, RULES
22 AND REGULATIONS ISSUED UNDER THE RESPECTIVE
23 CHARTERS OF THE IPAS, OR OF THE TERMS AND
24 CONDITIONS OF REGISTRATION;
25

26 (4) REQUIRE IPAS AND OGAS TO SUBMIT, REGULARLY OR
27 WHEN NECESSARY, SUMMARIES OF APPROVED
28 INVESTMENT AND INCENTIVES GRANTED, AND FIRM- OR
29 ENTITY-LEVEL FISCAL INCENTIVES AND BENEFITS DATA
30 AS INPUT TO THE FIRB'S REVIEW AND AUDIT FUNCTION
31 AND EVALUATION OF PERFORMANCE OF RECIPIENTS OF
32 FISCAL INCENTIVES;
33

34 (5) PUBLISH THE NAMES OF THE RBES AND ORES WITH
35 DETAILED ESTIMATED AMOUNT OF FISCAL INCENTIVES,
36 TAX PAYMENTS, AND OTHER RELATED INFORMATION,
37 INCLUDING BENEFITS DATA; AND
38

39 (6) IN THE CASE OF VERTICAL ZONES, DETERMINE THE
40 MINIMUM CONTIGUOUS FLOOR AREA THAT ECONOMIC
41 ZONES SHOULD COMPLY WITH, SUCH AS BUT NOT
42 LIMITED TO BUILDINGS, SELECTED FLOORS WITHIN
43 BUILDINGS, AND SELECTED AREAS ON A FLOOR.
44

- 1 (B) TO APPROVE OR DISAPPROVE THE GRANT OF FISCAL
2 INCENTIVES TO SPECIAL PROJECTS/ACTIVITIES AS DEFINED
3 IN THIS ACT UPON THE RECOMMENDATION OF THE IPA BOARD:
4 PROVIDED, THAT FOR THESE SPECIAL PROJECTS/ACTIVITIES,
5 THE IPA BOARD SHALL RECOMMEND TO THE FIRB THE
6 APPROVAL OF SUCH GRANT OF FISCAL INCENTIVES ONLY
7 AFTER A THOROUGH REVIEW OF THE APPLICATION;
8
- 9 (C) TO APPROVE APPLICATIONS FOR TAX SUBSIDIES TO GOCCS,
10 GOVERNMENT INSTRUMENTALITIES (GIS), GOVERNMENT
11 COMMISSARIES, AND STATE UNIVERSITIES AND COLLEGES
12 (SUCS);
13
- 14 (D) TO CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF
15 TAX SUBSIDY OF CONCERNED GOCCS, GIS, GOVERNMENT
16 COMMISSARIES, AND SUCS AND ENDORSE THE SAME TO THE
17 CONCERNED REVENUE AGENCIES FOR ASSESSMENT AND
18 COLLECTION OF TAXES AND DUTIES DUE, INCLUDING FINES OR
19 PENALTIES, IF WARRANTED, FOR VIOLATIONS OF ANY OF THE
20 CONDITIONS IMPOSED IN THE GRANT OF TAX SUBSIDY, OR
21 PROVISIONS OF THIS ACT, OR APPLICABLE RULES AND
22 REGULATIONS;
23
- 24 (E) TO CONDUCT REGULAR MONITORING AND EVALUATION OF
25 INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES IN
26 ACCORDANCE WITH SECTION 306 OF THIS ACT, SUCH AS USING
27 COST-BENEFIT ANALYSIS (CBA), TO DETERMINE THEIR IMPACT
28 ON THE ECONOMY AND WHETHER AGREED PERFORMANCE
29 TARGETS ARE MET;
30
- 31 (F) TO CHECK AND VERIFY REGULARLY THE COMPLIANCE OF
32 RBES WITH SPECIAL PROJECTS/ACTIVITIES GRANTED FISCAL
33 INCENTIVES BY THE FIRB WITH THE TERMS AND CONDITIONS
34 OF THEIR AVAILMENT, THE RELEVANT PROVISIONS AND RULES
35 AND REGULATIONS OF THIS ACT, AND OTHER RELEVANT LAWS
36 OR ISSUANCES;
37
- 38 (G) TO DECIDE ON ISSUES, AFTER DUE HEARING, CONCERNING
39 THE APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION,
40 WITHDRAWAL OR FORFEITURE OF FISCAL INCENTIVES OR TAX
41 SUBSIDY IN ACCORDANCE WITH THIS ACT;
42
- 43 (H) TO REQUIRE THE SUBMISSION AND PRODUCTION OF
44 DOCUMENTS, RECORDS, BOOKS, OR OTHER DATA RELEVANT
45 OR MATERIAL TO THE EVALUATION OF APPLICATION FOR

1 FISCAL INCENTIVES AND TAX SUBSIDIES, FROM IPAS, OGAS,
2 RBES, ORES, GOCCS, GIS, GOVERNMENT COMMISSARIES, AND
3 SUCS, LOCAL GOVERNMENT UNITS (LGUS), AMONG OTHERS.
4

- 5 (I) TO OBTAIN INFORMATION, SUMMON, EXAMINE, INQUIRE AND
6 RECEIVE FROM IPAS, OGAS, RBES, ORES, GOCCS, GIS,
7 GOVERNMENT COMMISSARIES, SUCS, AND LGUS, DOCUMENTS,
8 RECORDS, BOOKS, OR OTHER DATA RELEVANT OR MATERIAL
9 TO THE RESOLUTION OF ISSUES ARISING FROM THE
10 APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION,
11 WITHDRAWAL OR FORFEITURE OF FISCAL INCENTIVES OR TAX
12 SUBSIDY, OR IN IMPOSING PENALTIES FOR VIOLATIONS OF THE
13 TERMS AND CONDITIONS ON THE AVAILMENT OF FISCAL
14 INCENTIVES AND TAX SUBSIDY, OR ANY OF THE PROVISIONS
15 OF THIS ACT;
16
- 17 (J) TO SUBMIT ANNUAL REPORTS TO THE OFFICE OF THE
18 PRESIDENT, AS PART OF THE BUDGET PROCESS COVERING ITS
19 POLICY AND ACTIVITIES IN THE ADMINISTRATION OF THIS
20 ACT, INCLUDING RECOMMENDATIONS ON FISCAL INCENTIVE
21 POLICIES AND APPROVAL OF FISCAL INCENTIVES;
22
- 23 (K) TO FIX AND IMPOSE REASONABLE FEES AND CHARGES FOR
24 THE PROCESSING OF APPLICATIONS FOR FISCAL INCENTIVES
25 OR TAX SUBSIDIES: *PROVIDED, THAT THE PROCEEDS THEREOF*
26 *SHALL ACCRUE DIRECTLY AND AUTOMATICALLY TO THE FIRB.*
27
- 28 (L) TO EXERCISE ALL OTHER POWERS NECESSARY OR
29 INCIDENTAL TO ATTAIN THE PURPOSES OF THIS ACT AND
30 OTHER LAWS VESTING ADDITIONAL FUNCTIONS ON THE FIRB;
31 AND
32
- 33 (M) TO PROMULGATE SUCH RULES AND REGULATIONS AS MAY BE
34 NECESSARY TO IMPLEMENT THE INTENT AND PROVISIONS OF
35 THIS ACT.
36

37 *PROVIDED, THAT, AS CHAIR OF THE FIRB AND AS THE CUSTODIAN*
38 *OF FISCAL PRUDENCE AND RESPONSIBILITY, THE SECRETARY OF*
39 *FINANCE SHALL EXERCISE OVERSIGHT FUNCTIONS AND SHALL*
40 *HAVE VETO POWER OVER THE APPROVAL AND CANCELLATION OF*
41 *TAX INCENTIVES UNDER SEC. 302 HEREOF.*
42

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

1
2 **PROVIDED, FINALLY, THAT THE NATIONAL ECONOMIC AND**
3 **DEVELOPMENT AUTHORITY (NEDA) AND THE DEPARTMENT OF**
4 **TRADE AND INDUSTRY (DTI) SHALL BE MEMBERS OF ALL THE**
5 **EXISTING AND FUTURE IPAS.**
6

7 **SEC. 300. ROLES AND RESPONSIBILITIES OF THE TECHNICAL**
8 **COMMITTEE. - THE TECHNICAL COMMITTEE SHALL HAVE THE**
9 **FOLLOWING ROLES AND RESPONSIBILITIES:**
10

- 11 (A) **TO EVALUATE APPLICATIONS FOR FISCAL INCENTIVES AND**
12 **TAX SUBSIDIES FORWARDED BY THE SECRETARIAT;**
13
14 (B) **TO RECOMMEND TO THE BOARD THE APPROVAL,**
15 **DISAPPROVAL, SUSPENSION, OR WITHDRAWAL OF FISCAL**
16 **INCENTIVES AND TAX SUBSIDIES AND PERTINENT MATTERS**
17 **RELATIVE THERETO;**
18
19 (C) **TO ASSIST THE BOARD IN THE EFFECTIVE DISCHARGE OF ITS**
20 **FUNCTIONS AND RECOMMEND OTHER POLICIES AND**
21 **MEASURES DEEMED NECESSARY TO CARRY OUT THE**
22 **OBJECTIVES OF THIS ACT; AND**
23
24 (D) **TO PERFORM OTHER FUNCTIONS AS MAY BE DIRECTED BY THE**
25 **BOARD.**
26

27 **SEC. 301. ROLES AND RESPONSIBILITIES OF THE SECRETARIAT. -**
28 **THE SECRETARIAT SHALL HAVE THE FOLLOWING ROLES AND**
29 **RESPONSIBILITIES:**
30

- 31 (A) **TO RECEIVE, REVIEW, AND PROCESS APPLICATIONS ON FISCAL**
32 **INCENTIVES COVERING SPECIAL PROJECTS/ACTIVITIES OF**
33 **REGISTERED BUSINESS ENTERPRISES, SUBSIDIES OF GOCCS,**
34 **GIS, GOVERNMENT COMMISSARIES AND SUCS, AND OTHER**
35 **MATTERS REGARDING FISCAL INCENTIVES AND TAX**
36 **SUBSIDIES, AND RECOMMEND TO THE TECHNICAL COMMITTEE**
37 **THE APPROVAL, DISAPPROVAL, SUSPENSION, OR WITHDRAWAL**
38 **OF FISCAL INCENTIVES AND TAX SUBSIDIES AND OTHER**
39 **PERTINENT MATTERS RELATIVE THERETO;**
40
41 (B) **TO ASSIST THE BOARD IN THE MONITORING AND EVALUATION**
42 **OF INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES**
43 **AND TAX SUBSIDIES IN ACCORDANCE WITH SECTION 306 OF**
44 **THIS ACT;**
45

- 1 (C) TO MAINTAIN, ORGANIZE, AND SECURE DATA RECEIVED FROM
2 OTHER ENTITIES, SUCH AS BUT NOT LIMITED TO IPAS, OGAS,
3 RBES, AND ORES;
4
- 5 (D) TO PREPARE THE AGENDA, MINUTES, TRANSCRIPTIONS OF
6 THE MEETINGS, AND SUCH OTHER DOCUMENTS AS MAY BE
7 REQUIRED BY THE BOARD OR THE TECHNICAL COMMITTEE;
8
- 9 (E) TO ACT AS THE CUSTODIAN OF ALL FIRB RECORDS AND
10 DOCUMENTS;
11
- 12 (F) TO COLLECT AND RECEIVE REASONABLE FEES AND CHARGES
13 FOR THE PROCESSING OF APPLICATIONS FOR FISCAL
14 INCENTIVES OR SUBSIDIES; AND
15
- 16 (G) TO PERFORM SUCH OTHER DUTIES AS MAY BE ASSIGNED BY
17 THE TECHNICAL COMMITTEE AND THE BOARD.
18

19 **SEC. 302. COVERAGE AND SCOPE OF THE POWER OF THE FIRB TO**
20 **GRANT FISCAL INCENTIVES. - THE FIRB HAS THE POWER TO GRANT**
21 **FISCAL INCENTIVES TO THE FOLLOWING SPECIAL**
22 **PROJECTS/ACTIVITIES AS DEFINED UNDER SEC. 293(I) OF THIS ACT.**
23

- 24 (A) REGISTERED PROJECTS WITH INVESTMENT AMOUNT OF FIFTY
25 MILLION PESOS (PHP 50,000,000) AND ABOVE;
26
- 27 (B) REGISTERED PROJECTS OR ACTIVITIES THAT POSE RISK TO
28 THE ENVIRONMENT, HEALTH AND ECONOMIC STABILITY. THE
29 FIRB JOINTLY WITH THE IPAS AND IN CONSULTATION WITH
30 THE DOH, DENR, NEDA, AND OTHER CONCERNED AGENCIES
31 SHALL DETERMINE WHICH PROJECTS AND ACTIVITIES FALL
32 UNDER THIS CATEGORY AS MAY PROVIDED IN THE
33 IMPLEMENTING RULES AND REGULATIONS OF THIS ACT; AND
34
- 35 (C) REGISTERED PROJECTS OR ACTIVITIES WHOSE APPROVAL IN
36 THE IPA BOARD LEVEL DOES NOT MEET THE MINIMUM
37 REQUIRED VOTES OF AT LEAST TWO-THIRDS. FOR THIS
38 PURPOSE, THE IPA BOARD SHALL ELEVATE TO THE FIRB
39 THESE TYPES OF PROJECTS OR ACTIVITIES TOGETHER WITH
40 THE ENTIRE DOCKET, FOR APPROPRIATE ACTION.
41

42 **SEC. 303. REVIEW OF APPLICATIONS FOR FISCAL INCENTIVES ON**
43 **SPECIAL PROJECTS AND ACTIVITIES. - AFTER A DETERMINATION THAT**
44 **THE APPLICATION FALLS UNDER THE SPECIAL PROJECTS/ACTIVITIES**

1 ENUMERATED IN THE PREVIOUS SECTION, THE IPA CONCERNED SHALL
2 FORWARD THE ENTIRE APPLICATION DOCKET TO THE FIRB FOR ITS
3 REVIEW AND APPROVAL.

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

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

21 22 CHAPTER IV

23 24 FISCAL INCENTIVES MANAGEMENT AND TRANSPARENCY

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

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

1 COPY OF THE REPORT SHALL BE SIMULTANEOUSLY SUBMITTED TO THE
2 FIRB IN ELECTRONIC FORM.

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

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

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

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

28
29 THE DOF SHALL MAINTAIN A SINGLE DATABASE FOR MONITORING AND
30 ANALYSIS OF FISCAL INCENTIVES GRANTED.

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

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

12
13 THE AFORESAID DATA SHALL BE REFLECTED BY THE DBM IN THE
14 ANNUAL BUDGET OF EXPENDITURES AND SOURCES OF FINANCING
15 (BESF), WHICH SHALL BE KNOWN AS THE FISCAL INCENTIVES
16 INFORMATION (FII) SECTION: PROVIDED, THAT THE FII SHALL BE
17 LIMITED TO THE AGGREGATE DATA RELATED TO INCENTIVES AVAILED
18 OF BY RBES AND ORES BASED ON THE SUBMISSIONS OF THE DOF AND
19 THE CONCERNED IPAS AND OGAS, CATEGORIZED BY SECTOR, BY IPA OR
20 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
24 OGAS MAY GRANT PURSUANT TO THEIR CHARTERS AND EXISTING LAWS;
25 OR TO PREVENT, DETER, OR DELAY THE PROMOTION AND REGULATION
26 OF INVESTMENTS, PROCESSING OF APPLICATIONS FOR REGISTRATIONS,
27 AND 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**
31 **COMPLY WITH FILING AND REPORTORIAL REQUIREMENTS WITH THE**
32 **APPROPRIATE IPAS OR OGAS AND/OR WHICH FAILS TO SHOW PROOF OF**
33 **FILING OF TAX RETURNS USING THE ELECTRONIC SYSTEM FOR FILING**
34 **AND PAYMENT OF TAXES OF THE BIR UNDER SECTION 305 HEREOF,**
35 **SHALL BE IMPOSED THE FOLLOWING PENALTIES BY THE APPROPRIATE**
36 **IPA OR OGA:**

- 37
38 (A) FIRST VIOLATION – PAYMENT OF A FINE AMOUNTING TO ONE
39 HUNDRED THOUSAND PESOS (P100,000.00);
40 (B) SECOND VIOLATION – PAYMENT OF A FINE AMOUNTING TO FIVE
41 HUNDRED THOUSAND PESOS (P500,000.00); AND
42 (C) THIRD VIOLATION – CANCELLATION OF THE REGISTRATION OF
43 THE REGISTERED BUSINESS ENTERPRISE OR REGISTERED
44 ENTITY WITH THE IPA OR OGA.
45

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

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

16 17 18 **CHAPTER V**

19 20 **SUSPENSION AND FORFEITURE OF FISCAL INCENTIVES**

21
22 **SEC. 308. SUSPENSION OF INCENTIVES. - THE FIRB MAY SUSPEND**
23 **AND/OR FORFEIT THE INCENTIVES GRANTED TO THE RBES OR ORES**
24 **WHENEVER THERE ARE VIOLATIONS OF THE TERMS AND CONDITIONS**
25 **ON THE AVAILMENT OF INCENTIVES BY THE LATTER, WITHOUT**
26 **PREJUDICE TO THE CANCELLATION OF THE REGISTRATION OF SAID**
27 **ENTERPRISES.**

28
29 **SEC. 309. CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO**
30 **FISCAL INCENTIVES OR CERTIFICATE OF ENTITLEMENT TO TAX SUBSIDY.**
31 **- IN CASE OF CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO**
32 **FISCAL INCENTIVES OR CERTIFICATE OF ENTITLEMENT TO TAX**
33 **SUBSIDY, THE FIRB SHALL ENDORSE ITS DECISION TO THE CONCERNED**
34 **REVENUE AGENCIES FOR PROPER ASSESSMENT AND COLLECTION OF**
35 **TAXES, CUSTOMS DUTIES, AND ANY APPLICABLE PENALTIES THEREON.**

36 37 38 **CHAPTER VI**

39 40 **ADMINISTRATIVE REMEDIES**

41
42 **SEC. 310. PERIOD OF FILING. - A REQUEST FOR RECONSIDERATION**
43 **OF THE DENIAL OF THE APPLICATION FOR TAX SUBSIDY OR FISCAL**
44 **INCENTIVES, MAY BE FILED WITH THE FIRB, WITHIN FIFTEEN (15)**
45 **WORKING DAYS FROM THE RECEIPT OF NOTICE OF**
46 **DENIAL/SUSPENSION/FORFEITURE.**

1
2 **SEC. 311. RESOLUTION OF MOTION. - THE REQUEST FOR**
3 **RECONSIDERATION SHALL BE RESOLVED WITHIN THIRTY (30) WORKING**
4 **DAYS FROM THE DATE IT WAS SUBMITTED.**

5
6 **SEC. 312. NO SECOND MOTION FOR RECONSIDERATION. - NO**
7 **SECOND MOTION FOR RECONSIDERATION SHALL BE ENTERTAINED.**

8
9
10
11 **CHAPTER VII**

12 **QUALIFIED ACTIVITIES FOR TAX INCENTIVES**

13
14
15 **SEC. 313. 'STRATEGIC INVESTMENTS PRIORITY PLAN' (SIPP). - THE**
16 **BOARD OF INVESTMENTS (BOI), IN COORDINATION WITH THE OFFICE OF**
17 **THE PRESIDENT, THE FIRB, THE CONCERNED IPAS, AND OTHER**
18 **GOVERNMENT AGENCIES AND THE PRIVATE SECTOR, SHALL**
19 **FORMULATE THE SIPP TO BE SUBMITTED TO THE PRESIDENT FOR HIS**
20 **APPROVAL NOT LATER THAN DECEMBER OF THE THIRD YEAR SET FOR**
21 **PERIODIC REVIEW. THE PLAN SHALL BE VALID FOR A PERIOD OF THREE**
22 **(3) YEARS SUBJECT TO REVIEW AND AMENDMENT, OR AS THE NEED**
23 **ARISES. ALL SECTORS OR INDUSTRIES THAT MAY BE INCLUDED IN THE**
24 **SIPP SHALL UNDERGO AN EVALUATION PROCESS TO DETERMINE THE**
25 **SUITABILITY AND POTENTIAL OF THE INDUSTRY OR THE SECTOR IN**
26 **PROMOTING LONG-TERM GROWTH AND DEVELOPMENT, AND THE**
27 **NATIONAL INTEREST.**

28
29 **THE SIPP SHALL:**

30
31 **(A) INCLUDE ACTIVITIES THAT COMPLY WITH THE FOLLOWING:**

32
33 **(1) THE ACTIVITY SHALL BE COVERED BY THE**
34 **PHILIPPINE DEVELOPMENT PLAN OR ITS**
35 **EQUIVALENT AND OTHER GOVERNMENT**
36 **PROGRAMS;**

37
38 **(2) THE ACTIVITY SHALL TAKE INTO ACCOUNT ANY**
39 **OF THE FOLLOWING:**

40
41 **(A) SUBSTANTIAL AMOUNT OF INVESTMENTS;**

42
43 **(B) CONSIDERABLE GENERATION OF**
44 **EMPLOYMENT;**
45

1 (C) ADOPT INCLUSIVE BUSINESS ACTIVITIES
2 AND VALUE ADDING PRODUCTION BY
3 MSMEs;

4
5 (D) USE OF MODERN OR NEW TECHNOLOGY;

6
7 (E) ADOPTION OF ADEQUATE
8 ENVIRONMENTAL PROTECTION SYSTEMS;

9
10 (F) ADDRESS MISSING GAPS IN THE
11 SUPPLY/VALUE CHAIN OR MOVE UP THE
12 VALUE CHAIN OR PRODUCT LADDER; OR

13
14 (G) PROMOTION OF MARKET
15 COMPETITIVENESS.
16

17
18 (B) IDENTIFY AGRIBUSINESS PROJECTS OR ACTIVITIES, AND
19 PROJECTS AND ACTIVITIES IN AREAS THAT ARE LESS
20 DEVELOPED OR THOSE RECOVERING FROM ARMED CONFLICT
21 OR MAJOR DISASTER.
22

23 (C) DETERMINE SERVICES AND ACTIVITIES THAT CAN SPUR
24 REGIONAL OR GLOBAL OPERATIONS IN THE COUNTRY.
25

26 (D) INCLUDE EXISTING REGISTERED PROJECTS OR ACTIVITIES
27 THAT SHALL RELOCATE FROM METRO MANILA TO OTHER
28 AREAS OF THE COUNTRY.
29

30 THE ACTIVITIES MUST COMPLY WITH THE SPECIFIC
31 QUALIFICATION REQUIREMENTS OR CONDITIONS FOR A
32 PARTICULAR SECTOR OR INDUSTRY AND OTHER LIMITATIONS AS
33 SET AND DETERMINED BY THE BOI.
34

35 THE THRESHOLD AMOUNT OF INVESTMENTS AND EMPLOYMENT
36 GENERATION REQUIRED FOR A SPECIFIC ACTIVITY SHALL BE
37 SUBJECT TO A PERIODIC REVIEW EVERY THREE (3) YEARS TAKING
38 INTO CONSIDERATION INTERNATIONAL STANDARDS AND OTHER
39 INDICATORS.
40

41 SEC. 314. POWER OF THE PRESIDENT TO GRANT INCENTIVES. - THE
42 PRESIDENT MAY, IN THE INTEREST OF NATIONAL ECONOMIC
43 DEVELOPMENT AND UPON THE RECOMMENDATION OF THE BOARD OF
44 INVESTMENTS AND THE ECONOMIC MANAGERS, GRANT INCENTIVES IN
45 ADDITION TO THOSE THAT ARE PROVIDED UNDER THIS CODE,
46 INCLUDING A LONGER PERIOD, TO HIGHLY DESIRABLE PROJECTS:

1 **PROVIDED, THAT THE BENEFITS THAT THE GOVERNMENT MAY DERIVE**
2 **FROM SUCH INVESTMENT THERETO IS CLEAR AND CONVINCING AND FAR**
3 **OUTWEIGH THE COST OF INCENTIVES THAT WILL BE GRANTED.**

4
5 **SEC. 314-A. CRITERIA FOR AVAILMENT. THE BOARD OF**
6 **INVESTMENTS SHALL CONSIDER THE FOLLOWING CRITERIA IN**
7 **DETERMINING THE TYPES OF INCENTIVES AND THE DURATION THEREOF**
8 **THAT MAY BE GRANTED:**

9
10 **(A) THE PROJECT HAS A COMPREHENSIVE SUSTAINABLE**
11 **DEVELOPMENT PLAN WITH CLEAR INCLUSIVE BUSINESS**
12 **APPROACHES AND INNOVATIONS; OR**

13
14 **(B) MINIMUM INVESTMENT OF FIVE HUNDRED MILLION US**
15 **DOLLARS (US\$500,000,000) OR A MINIMUM DIRECT**
16 **EMPLOYMENT GENERATION OF AT LEAST ONE THOUSAND**
17 **FIVE HUNDRED (1,500) WITHIN THREE YEARS FROM THE**
18 **START OF COMMERCIAL OPERATION.**

19
20 **THE THRESHOLD SHALL BE SUBJECT TO A PERIODIC REVIEW EVERY**
21 **THREE (3) YEARS TAKING INTO CONSIDERATION INTERNATIONAL**
22 **STANDARDS AND OTHER INDICATORS.**

23
24 **THE BOI MAY IMPOSE OTHER TERMS AND CONDITIONS TAKING**
25 **INTO CONSIDERATION THE AMOUNT OR KIND OF INCENTIVES THAT**
26 **WILL BE GRANTED TO SUCH INVESTMENTS.**

27
28
29 **SEC. 314-B. USE OF RESOURCES. - IN THE EXERCISE OF THE POWER**
30 **OF THE PRESIDENT TO GRANT INCENTIVES, THE GOVERNMENT MAY**
31 **UTILIZE ITS RESOURCES SUCH AS LAND USE, WATER APPROPRIATION,**
32 **POWER PROVISION, AMONG OTHERS, AS MAY BE IDENTIFIED BY THE BOI.**

33
34 **SEC. 315. AMENDMENTS. - SUBJECT TO PUBLICATION**
35 **REQUIREMENTS AND THE CRITERIA FOR INVESTMENT PRIORITY**
36 **DETERMINATION, THE BOI MAY, AT ANY TIME, INCLUDE ADDITIONAL**
37 **AREAS IN THE SIPP, ALTER ANY OF THE TERMS OF THE DECLARATION**
38 **OF AN INVESTMENT AREA, AND TEMPORARILY OR PERMANENTLY**
39 **SUSPEND ACTIVITIES ON THE SIPP IF IT CONSIDERS THAT SUCH**
40 **ACTIVITY IS NO LONGER A PRIORITY. IN NO CASE SHALL THE IPAS**
41 **ACCEPT APPLICATIONS UNLESS THE ACTIVITY IS LISTED IN THE SIPP.**

42
43 **SEC. 316. PUBLICATION. - UPON APPROVAL OF THE PLAN, IN WHOLE**
44 **OR IN PART, OR UPON APPROVAL OF AN AMENDMENT THEREOF, THE**
45 **PLAN OR THE AMENDMENT, SPECIFYING AND DECLARING THE AREAS OF**
46 **INVESTMENTS SHALL BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER**
47 **OF GENERAL CIRCULATION OR THE OFFICIAL GAZETTE AND ALL SUCH**

1 AREAS SHALL BE OPEN FOR APPLICATION UNTIL PUBLICATION OF AN
2 AMENDMENT OR DELETION THEREOF.

3
4 **SEC. 317. QUALIFICATIONS OF A REGISTERED ENTERPRISE FOR TAX**
5 **INCENTIVES. - IN THE REVIEW AND GRANT OF TAX INCENTIVES, A**
6 **REGISTERED ENTERPRISE MUST:**

7
8 **A. BE ENGAGED IN AN ACTIVITY INCLUDED IN THE SIPP;**

9
10 **B. INSTALL AN ADEQUATE ACCOUNTING SYSTEM THAT SHALL**
11 **IDENTIFY THE INVESTMENTS, REVENUES, COSTS AND**
12 **PROFITS OR LOSSES OF EACH REGISTERED PROJECT**
13 **UNDERTAKEN BY THE ENTERPRISE SEPARATELY FROM THE**
14 **AGGREGATE INVESTMENTS, REVENUES, COSTS AND PROFITS**
15 **OR LOSSES OF THE WHOLE ENTERPRISE; OR ESTABLISH A**
16 **SEPARATE CORPORATION FOR EACH REGISTERED PROJECT**
17 **IF THE IPA SHOULD SO REQUIRE;**

18
19 **C. COMPLY WITH THE E-INVOICE AND E-SALES REQUIREMENT**
20 **IN ACCORDANCE WITH SECTION 237-A OF THIS CODE.**

21
22
23
24 **CHAPTER VIII**

25
26 **AVAILMENT OF TAX INCENTIVES**

27
28 **SEC. 318. INCOME TAX-BASED INCENTIVES. - ALL REGISTERED**
29 **ENTERPRISES ARE REQUIRED TO FILE ALL THEIR TAX RETURNS USING**
30 **THE ELECTRONIC FACILITIES OF THE BUREAU OF INTERNAL REVENUE**
31 **(BIR). IN AVAILING THE INCOME TAX-BASED INCENTIVES, THE**
32 **REGISTERED ENTERPRISE SHALL BE REQUIRED TO SECURE A**
33 **CERTIFICATE OF ENTITLEMENT ISSUED BY THE IPA AND ATTACH THE**
34 **SAME TO ITS INCOME TAX RETURN (ITR) OR ANNUAL INFORMATION**
35 **RETURN (AIR), WHICHEVER IS APPLICABLE. THEREAFTER, THE**
36 **REGISTERED ENTERPRISE SHALL FILE ITS CLAIM WITH THE BIR FOR**
37 **VALIDATION.**

38
39 **FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO THE ITR**
40 **OR AIR, AND/OR FILE THE INCENTIVE AVAILMENT APPLICATION SHALL**
41 **CAUSE THE FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE**
42 **PERIOD.**

43
44 **SEC. 319. CUSTOMS DUTY EXEMPTION ON CAPITAL EQUIPMENT.**
45 **IMPORTATION OF CAPITAL EQUIPMENT, MACHINERY AND SPARE PARTS**
46 **EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY**

1 INCLUDING CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES
2 MAY BE EXEMPTED TO THE EXTENT OF ONE HUNDRED PERCENT (100%)
3 OF THE CUSTOMS DUTY: PROVIDED, THAT THE FOLLOWING CONDITIONS
4 ARE COMPLIED WITH:

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

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

30
31 APPROVAL OF THE IPA MUST BE SECURED BEFORE THE SALE,
32 TRANSFER OR DISPOSITION OF THE CAPITAL EQUIPMENT AND/OR
33 SPARE PARTS WHICH WERE GRANTED TAX AND CUSTOMS DUTY
34 EXEMPTION HEREUNDER, AND SHALL BE ALLOWED ONLY UNDER
35 THE FOLLOWING CIRCUMSTANCES:

36
37 (1) IF MADE TO ANOTHER ENTERPRISE ENJOYING
38 CUSTOMS DUTY EXEMPTION ON IMPORTED CAPITAL
39 EQUIPMENT AND/OR SPARE PARTS;

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

1
2 (3) EXPORTATION OF CAPITAL EQUIPMENT,
3 MACHINERY, SPARE PARTS OR SOURCE DOCUMENTS,
4 OR THOSE REQUIRED FOR POLLUTION ABATEMENT AND
5 CONTROL; OR
6

7 (4) FOR REASONS OF PROVEN TECHNICAL
8 OBSOLESCENCE.
9

10 **PROVIDED, THAT IF THE REGISTERED ENTERPRISE SELLS, TRANSFERS**
11 **OR DISPOSES THE AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR**
12 **APPROVAL, THE REGISTERED ENTERPRISE AND THE VENDEE,**
13 **TRANSFeree, OR ASSIGNEE SHALL BE SOLIDARILY LIABLE TO PAY**
14 **TWICE THE AMOUNT OF THE DUTY EXEMPTION THAT SHOULD HAVE**
15 **BEEN PAID DURING ITS IMPORTATION: PROVIDED, FURTHER, THAT EVEN**
16 **IF THE SALE, TRANSFER OR DISPOSITION OF THE CAPITAL EQUIPMENT**
17 **WAS MADE AFTER FIVE (5) YEARS FROM DATE OF IMPORTATION WITH**
18 **THE APPROVAL OF THE IPA, THE REGISTERED ENTERPRISE IS STILL**
19 **LIABLE TO PAY THE DUTIES BASED ON THE NET BOOK VALUE OF THE**
20 **CAPITAL EQUIPMENT IF IT HAS VIOLATED ANY OF ITS REGISTRATION**
21 **TERMS AND CONDITIONS.**
22
23

24 CHAPTER IX

25 MISCELLANEOUS PROVISIONS

26
27
28 **SEC. 320. SUBMISSION OF ANNUAL REPORT TO THE PRESIDENT AND**
29 **CONGRESS. - A REPORT SHALL BE SUBMITTED ANNUALLY TO THE**
30 **PRESIDENT OF THE PHILIPPINES AND THE CONGRESS SUMMARIZING**
31 **THE TAX SUBSIDIES AND FISCAL INCENTIVES GRANTED BY THE FIRB,**
32 **IPAS AND OGAS, AS WELL AS THE RESULT OF THE MONITORING AND**
33 **EVALUATION OF FISCAL INCENTIVES.**
34
35

36 CHAPTER X

37 FINAL PROVISIONS

38
39
40 **SEC. 321. NO DOUBLE REGISTRATION OF ENTERPRISES. --**
41 **REGISTERED ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER**
42 **THEIR ACTIVITIES IN MORE THAN ONE (1) IPA.**
43

44 **SEC. 322. GOVERNANCE RULES. - THE DIFFERENT IPAS MAY**
45 **REQUIRE DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES**
46 **OF STOCK IN ANY ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER**

1 A PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC AND/OR THEIR
2 EMPLOYEES WITHIN FIVE (5) YEARS FROM DATE OF REGISTRATION.

3
4 **SEC. 323. INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.**
5 **EXISTING REGISTERED ACTIVITIES GRANTED THE INCOME TAX**
6 **HOLIDAY SHALL BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF**
7 **THE SAID INCENTIVE FOR THE REMAINING PERIOD OF THE ITH OR FOR**
8 **A PERIOD OF FIVE (5) YEARS ONLY, WHICHEVER COMES FIRST:**
9 **PROVIDED, THAT OTHER TAX INCENTIVES GRANTED TO EXISTING**
10 **REGISTERED ACTIVITIES, SUCH AS THE FIVE PERCENT (5%) TAX ON**
11 **GROSS INCOME EARNED IN LIEU OF ALL TAXES, BOTH NATIONAL AND**
12 **LOCAL, SHALL BE ALLOWED TO CONTINUE FOLLOWING THE SCHEDULE**
13 **STATED HEREIN:**

14
15 (A) TWO (2) YEARS FOR ACTIVITIES ENJOYING THE TAX
16 INCENTIVE FOR MORE THAN TEN (10) YEARS;

17
18 (B) THREE (3) YEARS FOR ACTIVITIES ENJOYING THE TAX
19 INCENTIVE BETWEEN FIVE (5) AND TEN (10) YEARS;

20
21 (C) FIVE (5) YEARS FOR ACTIVITIES ENJOYING THE TAX
22 INCENTIVE BELOW FIVE (5) YEARS.

23
24 **PROVIDED, THAT THE FIVE PERCENT (5%) TAX ON GROSS INCOME**
25 **EARNED SHALL COMMENCE AFTER THE ITH PERIOD HAS LAPSED ONLY**
26 **FOR THE REMAINING YEARS WITHIN THE FIVE-YEAR PERIOD.**

27
28 **SEC. 324. SUSPENSION AND FORFEITURE OF TAX INCENTIVES OF**
29 **REGISTERED ENTERPRISES, REFUND AND PENALTIES; WAIVER AND**
30 **CONDONATION. - THE IPA MAY IMPOSE FINES AND PENALTIES, SUSPEND**
31 **AND/OR FORFEIT THE INCENTIVES GRANTED TO THE REGISTERED**
32 **ENTERPRISES WHENEVER THERE ARE VIOLATIONS OF THE**
33 **REGISTRATION TERMS AND CONDITIONS BY THE LATTER, WITHOUT**
34 **PREJUDICE TO THE CANCELLATION OF THE REGISTRATION OF SAID**
35 **ENTERPRISE.**

36
37 **WHEN THERE IS PROBABLE CAUSE TO BELIEVE THAT THE**
38 **REGISTERED ENTERPRISE HAS VIOLATED ITS REGISTRATION TERMS**
39 **AND CONDITIONS, THE IPA SHALL SUSPEND THE AVAILMENT OF**
40 **INCENTIVES UNTIL PROVEN OTHERWISE: PROVIDED, THAT FOR**
41 **PROJECTS OR ACTIVITIES UNDER SECTION 302, THE CONCERNED IPA**
42 **SHALL RECOMMEND TO THE FIRB THE SUSPENSION OF ITS AVAILMENT**
43 **OF INCENTIVES.**

44
45 **IN CASE OF CANCELLATION OF THE CERTIFICATE OF**
46 **REGISTRATION, THE CONCERNED IPA MAY, IN APPROPRIATE CASES,**

1 **REQUIRE PAYMENT OF TAXES, CUSTOMS DUTIES AND ANY APPLICABLE**
2 **PENALTIES THEREON TO THE APPROPRIATE AGENCY, AND IMPOSE**
3 **ADDITIONAL FINES AND PENALTIES.**
4

5 **FOR THIS PURPOSE, THE IPAS SHALL PREPARE A SCHEDULE OF**
6 **FEES, FINES AND PENALTIES TO BE IMPOSED ON ERRING REGISTERED**
7 **ENTERPRISES DEPENDING ON THE GRAVITY OF THE VIOLATION**
8 **INCURRED.**
9

10 **IN MERITORIOUS CASES, THE IPA MAY WAIVE, CONDONE OR**
11 **REDUCE FINES OR PENALTIES IMPOSED ON REGISTERED ENTERPRISES**
12 **BY THE IPAS: PROVIDED, THAT THE MINIMUM COMPROMISE RATE, IN**
13 **CASE OF REDUCTION, SHALL NOT BE LESS THAN FORTY PERCENT (40%)**
14 **OF THE BASIC ASSESSED FINES OR PENALTIES.**
15

16 **SEC. 325. ENHANCED TAX EXPENDITURE FUND SYSTEM - ALL**
17 **INTERNAL REVENUE TAX AND DUTY OBLIGATIONS OF GOVERNMENT-**
18 **OWNED AND/OR CONTROLLED CORPORATIONS SHALL BE CHARGEABLE**
19 **TO THE TAX EXPENDITURE FUND OF THE GOVERNMENT UPON THE**
20 **ESTABLISHMENT AND IMPLEMENTATION OF AN ENHANCED TAX**
21 **EXPENDITURE FUND SYSTEM THAT GRANTS TAX SUBSIDY WITHIN**
22 **THIRTY (30) DAYS FROM THE FILING OF APPLICATION WITH THE FIRB.**
23

24 **SEC. 326. THE NAME OF RECIPIENTS OF INCENTIVES AND THE**
25 **AMOUNT OF INCENTIVES AVAILABLE SHALL BE REPORTED BY THE**
26 **INVESTMENT PROMOTION AGENCIES ANNUALLY TO CONGRESS, THE**
27 **REPORT SHALL BE MADE AVAILABLE TO THE PUBLIC.**
28
29

30 SEC. 37. Title XIII of the National Internal Revenue Code of 1997, as amended,
31 is hereby retitled as Title XIV.
32

33 SEC. 38. Title XIV of the National Internal Revenue Code of 1997, as amended,
34 is hereby retitled as Title XV.
35

36 SEC. 39. *Amendatory Clause.* -
37

38 (A) To ensure that the DOF, NEDA and DTI are represented in the Governing
39 Boards of all IPAS, where the DOF shall automatically serve as Co-chair, and
40 DTI and NEDA as members, pursuant to Section 299 of this Act, the following
41 provisions, among others, are amended accordingly:
42

43 (1) Article 4 of Executive Order No. 226, as amended, entitled "The
44 Omnibus Investments Code of 1987;"
45

1 (2) Sections 9 and 13 (c) of Republic Act No. 7227, entitled "An Act
2 Accelerating the Conversion of Military Reservations into Other Productive
3 Uses, Creating the Bases Conversion and Development Authority for this
4 Purpose, Providing Funds therefor and for Other Purposes;"
5

6 (3) Section 3 of Executive Order No. 80, series of 1993, entitled
7 "Authorizing the Establishment of the Clark Development Corporation as the
8 Implementing Arm of the Bases Conversion and Development Authority for
9 the Clark Special Economic Zone, and Directing All Heads of Departments,
10 Bureaus, Offices, Agencies and Instrumentalities of Government to Support
11 the Program;"
12

13 (4) Section 6 of Executive Order No. 132, series of 2002, entitled
14 "Authorizing the Creation of the Poro Point Management Corporation as the
15 Implementing Arm of the Bases Conversion Development Authority over the
16 Poro Point Special Economic and Freeport Zone and Renaming the John Hay
17 Poro Point Development Corporation as the John Hay Management
18 Corporation;"
19

20 (5) Section 9 of Republic Act No. 7903, entitled "An Act Creating a
21 Special Economic Zone and Freeport in the City of Zamboanga Creating for
22 this Purpose the Zamboanga City Special Economic Zone Authority,
23 Appropriating Funds therefor, and for other Purposes;"
24

25 (6) Section 14 of Republic Act No. 9728, entitled "An Act Converting the
26 Bataan Economic Zone Located in the Municipality of Mariveles, Province of
27 Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose
28 the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds
29 therefor and for other Purposes;"
30

31
32 (7) Section 65 of Republic Act No. 9593, entitled "An Act Declaring a
33 National Policy for Tourism as an Engine of Investment, Employment,
34 Growth and National Development, and Strengthening the Department of
35 Tourism and its Attached Agencies to Effectively and Efficiently implement
36 that Policy, and Appropriating Funds therefor;"
37

38 (8) Section 15 of Republic Act No. 9490, entitled "An Act Establishing
39 the Aurora Special Economic Zone in the Province of Aurora, Creating for
40 the Purpose the Aurora Special Economic Zone Authority, Appropriating
41 Funds Therefor and for other Purposes," as amended by Republic Act No.
42 10083;
43

44 (9) Section 7 of Republic Act No. 7922, entitled "An Act Establishing a
45 Special Economic Zone and Freeport in the Municipality of Santa Ana and

1 the Neighboring Islands in the Municipality of Aparri, Province of Cagayan
2 Providing Funds Therefor, and for other Purposes;
3

4 (10) Section 6 of Presidential Decree No. 538, entitled "Creating and
5 Establishing the PHIVIDEDEC Industrial Authority and Making It a Subsidiary
6 Agency of the Philippine Veterans Investment Development Corporation
7 Defining its Powers, Functions and Responsibilities, and for Other
8 Purposes," as amended by Executive Order No. 1031, series of 1985;
9

10 (11) Section 11 of Republic Act No. 7916, entitled "An Act Providing for
11 the Legal Framework and Mechanisms for the Creation, Operation,
12 Administration, and Coordination of Special Economic Zones in the
13 Philippines, Creating For This Purpose, The Philippine Economic Zone
14 Authority (PEZA), and for Other Purposes."
15

16 (B) The following laws are hereby amended to mandate all internal revenue tax
17 and duty obligations of the relevant entities be chargeable to the Tax Expenditure
18 Fund (TEF) pursuant to Section 325 of this Act:
19

20 (1) Section 18 of Republic Act No. 7884, entitled "An Act Creating the
21 National Dairy Authority to Accelerate the Development of the Dairy
22 Industry in the Philippines, Providing for a Dairy Development Fund, and
23 for Other Purposes;"
24

25 (2) Section 8 of Republic Act No. 7903, entitled "An Act Creating Special
26 Economic Zone and Freeport in the City of Zamboanga for this Purpose
27 the Zamboanga City Special Economic Zone Authority, Appropriating
28 Funds Therefor, and for Other Purpose;"
29

30 (3) Section 12-a of Republic Act No. 10083, entitled "An Act Amending
31 Republic Act No. 9490, otherwise known as the Aurora Special Economic
32 Zone Act of 2007;"
33

34 (4) Sections 29, 57, 74, 95 (c) of Republic Act No. 9593, entitled "An Act
35 Declaring Tourism as Engine of Investment, Employment, Growth and
36 National Development and Strengthening the Department of Tourism or
37 Tourism Act of 2009;"
38

39 (5) Section 10 of Presidential Decree No. 538, entitled "Creating and
40 Establishing the PHIVIDEDEC Industrial Authority and Making it a
41 Subsidiary Agency of the Philippine Veterans Investment Development
42 Corporation Defining its Powers, Functions and Responsibilities, and for
43 Other Purposes;"
44

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

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

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

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

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

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

34 (12) Section 17 (c) under section 8 of Republic Act No. 9576, entitled "An
35 Act Increasing the Maximum Deposit Insurance Coverage, and in
36 connection therewith, to strengthen the regulatory and administrative
37 authority, and financial capability of the Philippine Deposit Insurance
38 Corporation (PDIC) amending for this purpose Republic Act Numbered
39 Three Thousand Five Hundred Ninety One, as amended otherwise known
40 as the PDIC Charter and for other purposes;"
41

42 (13) Section 13 of Republic Act No. 7820, entitled "An Act Creating the
43 Partido Development Administration, Defining its Powers and Functions,
44 Providing Funds Therefor, and for Other Purposes;"

1
2 (14) Section 5 (j) of Republic Act No. 9510, entitled "An Act Establishing
3 the Credit Information System and for Other Purposes;"
4

5 (15) Section 13 (e) of Presidential Decree No. 857, entitled "Providing for
6 the Reorganization of Port Administrative and Operation Functions in the
7 Philippines, Revising Presidential Decree No. 505 dated July 11, 1974,
8 Creating the Philippine Port Authority, by substitution, and for other
9 Purposes;"
10

11 (16) Section 19 of Republic Act No. 6847, entitled "An Act Creating and
12 Establishing the Philippine Sports Commission, Defining its Powers,
13 Functions, and Responsibilities, Appropriating Funds Therefor, and for
14 Other Purposes;"
15

16 (17) Section 8 (a) (b) and section 13 of Republic Act No. 6395, entitled
17 "An Act Revising the Charter of the National Power Corporation;"
18

19 (18) Section 1 of Republic Act No. 7291, entitled, "An Act Restoring the
20 Tax and Duty Incentives Previously Enjoyed by the Veterans Federation of
21 the Philippines Under Republic Act Numbered Twenty-Six Hundred and
22 Forty; and
23

24 (19) Section 21 of Republic Act No. 7306, entitled "An Act Providing for
25 the Establishment of the People's Television Network, Inc., Defining its
26 Powers and Functions, Providing for its Sources of Funding and for Other
27 Purposes."
28

29 Sec. 40. *Repealing Clauses.* -
30

31 (A) In consideration of the franchise and rights granted under applicable laws,
32 the grantee shall pay to the Philippine Government during the life of its franchise
33 all the applicable taxes and impositions levied under the National Internal
34 Revenue Code, as amended, and the Local Government Code, as amended, for
35 revenues earned from all activities: *Provided*, That the Secretary of Finance shall
36 be consulted on any changes in the tax and duty treatment of any grantee. For
37 this purpose, the following provisions of laws shall be amended or repealed in
38 conformity with this Section:
39
40

41 (1) Section 14 of Republic Act No. 7783 entitled "An Act Granting
42 The Major Telecoms, Inc., A Franchise To Establish, Install,
43 Maintain, Lease And Operate Wire And/Or Wireless
44 Telecommunications Systems, Lines, Circuits And Stations

1 Throughout The Philippines For Public Domestic And International
2 Communications, And For Other Purposes”;

3
4 (2) Section 10 of Republic Act No 7939 entitled “An Act Granting
5 The Island Country Telecommunications, Inc., A Franchise To
6 Establish, Install, Maintain, Lease And Operate Were And/Or
7 Wireless Telecommunication System And Services, Lines, Circuits
8 And Stations Within And Without The Philippines, And For Other
9 Purposes”;

10
11 (3) Section 9 of Republic Act No. 7961 entitled “An Act Granting
12 To Cruz Telephone Company, Inc., (Cruztelco), A Franchise To
13 Install, Operate And Maintain A Telecommunications System
14 Throughout The Philippines”;

15
16 (4) Section 8 of Republic Act No. 7962 entitled “An Act Granting
17 The Philippine Broadcasting Corporation A Franchise To Construct,
18 Install, Operate And Maintain Radio And Television Broadcasting
19 Stations Within The Philippines, And For Other Purposes”;

20
21 (5) Section 8 of Republic Act No. 7963 entitled “An Act Granting
22 The Cebu Broadcasting Company A Franchise To Construct, Install,
23 Operate And Maintain Radio And Television Broadcasting Stations
24 Within The Philippines And For Other Purposes”;

25
26 (6) Section 8 of Republic Act No. 7966 entitled “An Act Granting
27 The ABS-CBN Broadcasting Corporation A Franchise To Construct,
28 Install, Operate And Maintain Television And Radio Broadcasting
29 Stations In The Philippines And For Other Purposes”;

30
31 (7) Section 8 of Republic Act No. 7967 entitled “An Act Granting
32 The Pacific Broadcasting System, Inc. A Franchise To Construct,
33 Install, Operate And Maintain Radio And Television Broadcasting
34 Stations Within The Philippines And For Other Purposes”;

35
36 (8) Section 8 of Republic Act No. 7969 entitled “An Act Granting
37 The Central Catv, Inc. A Franchise To Establish, Maintain And
38 Operate For Commercial Purposes Cable/Community Antennae
39 Television Systems In The Philippines”;

40
41 (9) Section 13 of Republic Act No. 8004 entitled “An Act Granting
42 To Millennia Telecommunications Corporation A Franchise To
43 Install, Operate And Maintain Telecommunication Services Within
44 The Philippines And International Points, And For Other Purposes”;

1
2 (10) Section 9 of Republic Act No. 10900 entitled "An Act
3 Extending For Another Twenty-Five (25) Years The Franchise
4 Granted To Bell Telecommunication Philippines, Inc., Amending For
5 The Purpose Republic Act No. 7692, Entitled "An Act Granting Bell
6 Telecommunication Philippines, Inc., A Franchise To Install,
7 Operate, And Maintain Telecommunications Systems Throughout
8 The Philippines And For Other Purposes";
9

10 (11) Section 3 of Republic Act No. 7859 entitled "An Act Amending
11 Section One Of The Franchise Of Worldwide Communications, Inc.,
12 Granted Under Republic Act No. Five Thousand Three Hundred
13 Twenty-One And Extending It For Another Twenty-Five (25) Years,
14 And For Other Purposes";
15

16 (12) Section 8 of Republic Act No. 8060 entitled "An Act Granting
17 Palawan Broadcasting Corporation A Franchise To Install,
18 Construct, Operate And Maintain Commercial Radio And Television
19 Broadcasting Stations Throughout The Philippines";
20

21 (13) Section 8 of Republic Act No. 8063 entitled "An Act Granting
22 The Beacon Communications Systems, Inc., A Franchise To
23 Construct, Install, Establish, Operate And Maintain Commercial
24 Radio Stations In The Philippines";
25

26 (14) Section 9 of Republic Act No. 8065 entitled "An Act Granting
27 The Isla Cellular Communications, Inc., A Franchise To Construct,
28 Maintain, Establish, Operate Commercial Mobile And Fixed Wireless
29 Telecommunications System In The Philippines";
30

31 (15) Section 9 of Republic Act No. 8066 entitled "An Act Granting
32 The Isla Paging Company, A Franchise To Construct, Maintain,
33 Establish, And Operate Commercial Radio Paging Services In The
34 Philippines";
35

36 (16) Section 8 of Republic Act No. 8067 entitled "An Act Granting
37 The Radio Gubat Network, Inc., A Franchise To Construct, Install,
38 Operate And Maintain Radio Broadcasting Stations In The Bicol
39 Region";
40

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

1
2 (18) Section 8 of Republic Act No. 8071 entitled "An Act Granting
3 Vismin Radio And Television Broadcasting Network, Incorporated A
4 Franchise To Construct, Install, Operate And Maintain For
5 Commercial Purposes Radio And Television Broadcasting Stations
6 In The Visayas And Mindanao, And For Other Purposes";
7

8 (19) Section 8 of Republic Act No. 8080 entitled "An Act Granting
9 The Asian-Pacific Broadcasting Company, Inc., A Franchise To
10 Construct, Install, Operate And Maintain Broadcasting Stations In
11 The Philippines";
12

13 (20) Section 8 of Republic Act No. 8094 entitled "An Act Granting
14 The Ipil Broadcasting News Network, Inc. A Franchise To Construct,
15 Install, Operate And Maintain Radio And Television Broadcasting
16 Stations In Zamboanga Del Sur And For Other Purposes";
17

18 (21) Section 10 of Republic Act No. 8095 entitled "An Act Granting
19 The Islatel Corporation A Franchise To Construct, Maintain,
20 Establish And Operate Commercial Nationwide And Regional
21 Transmission Network And Other Telephone Services In The
22 Philippines";
23

24 (22) Section 8 of Republic Act No. 8096 entitled "An Act Granting
25 The Allied Broadcasting Center, Incorporated A Franchise To
26 Construct, Operate And Maintain Stations For Radio In Cebu City
27 And Other Areas In The Philippines Where Frequencies Are Still
28 Available For Radio Broadcasting For Educational And Cultural, As
29 Well As For Commercial Purposes";
30

31 (23) Section 8 of Republic Act No. 8097 entitled "An Act Granting
32 The Partido Broadcasting Corporation A Franchise To Construct,
33 Install, Establish, Operate And Maintain Broadcast And Cable Radio
34 And Television Stations In The Bicol Region";
35

36 (24) Section 8 of Republic Act No. 8098 entitled "An Act Granting
37 Broadcast Enterprises And Affiliated Media (Beam), Inc., A
38 Franchise To Establish, Construct, Operate And Maintain
39 Commercial Radio And Television Broadcast Stations Including
40 Cable Television Systems In The Philippines";
41

42 (25) Section 8 of Republic Act No. 8099 entitled "An Act Granting
43 A Franchise To Sagay Broadcasting Corporation (Sbc) To Construct,

1 Operate And Maintain Stations For Radio And Television In The
2 Philippines And For Other Purposes”;

3
4 (26) Section 7 of Republic Act No. 8102 entitled “An Act Granting
5 The Ultimate Entertainment, Inc., A Franchise To Construct, Install,
6 Maintain And Operate Radio Broadcasting Stations Within The
7 Philippines”;

8
9 (27) Section 8 of Republic Act No. 8116 entitled, “An Act Granting
10 The Vimcontu Broadcasting Corporation A Franchise To Construct,
11 Install, Operate And Maintain Radio And Television Broadcasting
12 Stations, Within The Philippines And For Other Purposes”;

13
14 (28) Section 8 of Republic Act No. 8119 entitled “An Act Granting
15 The Good News Sorsogon Foundation, Inc., A Franchise To
16 Construct, Install, Operate And Maintain For Religious, Educational
17 And Commercial Purposes, Radio And Television Broadcasting
18 Stations Within The Philippines And For Other Purposes”;

19
20 (29) Section 5 of Republic Act No. 8120 entitled “An Act Granting
21 The Andres Bonifacio College Broadcasting System, Inc., A
22 Franchise To Construct, Maintain And Operate Radio Broadcasting
23 Stations And Stations For Television In The Island Of Mindanao For
24 Educational, Cultural, And Commercial Purposes”;

25
26 (30) Section 8 of Republic Act No. 8121 entitled “An Act Granting
27 The M.S. Network Management, Inc. A Franchise To Construct,
28 Install, Operate And Maintain For Commercial Purposes, Radio
29 Broadcasting Stations In The Philippines And For Other Purposes”;

30
31 (31) Section 7 of Republic Act No. 8123 entitled “An Act Granting
32 The Royal Broadcasting Corporation. A Franchise To Construct,
33 Operate And Maintain For Commercial Purposes, Radio And
34 Television Broadcasting Stations In The Philippines And For Other
35 Purposes”;

36
37 (32) Section 8 of Republic Act No. 8128 entitled “An Act Granting.
38 A Franchise To The Oriental Mindoro Management Resources
39 Corporation (Omarco) To Construct, Install, Establish, Operate,
40 Manage And Maintain A Network Of Radio And Television Stations
41 Anywhere In The Philippines, And For Other Purposes”;

42
43 (33) Section 8 of Republic Act No. 8132 entitled “An Act Granting
44 Jose M. Luison And Sons, Inc., A Franchise To Construct, Install,

1 Operate And Maintain For Commercial Purposes Radio And
2 Television Broadcasting Stations In The Philippines”;
3

4 (34) Section 7 of Republic Act No. 8144 entitled “An Act Granting
5 The Azimuth Broadcasting Corporation Of Franchise To Construct,
6 Operate And Maintain For Commercial Purposes Radio And
7 Television Broadcasting Stations In The Philippines”;
8

9 (35) Section 8 of Republic Act No. 8145 entitled “An Act Granting
10 The Radyo Pilipino Corporation A Franchise To Construct, Install,
11 Operate And Maintain Commercial Radio And Television
12 Broadcasting Stations, Satellite And Cable Stations In The
13 Philippines”;
14

15 (36) Section 14 of Republic Act No. 8147 entitled “An Act Granting
16 The Southern Broadcasting Network A Franchise To Construct,
17 Maintain, Establish And Operate Commercial Radio/Television
18 Broadcasting Stations, In The Philippines”;
19

20 (37) Section 8 of Republic Act No. 8149 entitled “An Act Granting
21 The Tagbilaran Broadcasting System A Franchise To Construct,
22 Install, Operate And Maintain Radio And Television Broadcasting
23 Stations, In The Visayas Region, And For Other Purposes”;
24

25 (38) Section 8 of Republic Act No. 8154 entitled “An Act Granting
26 Prime Broadcasting Network, Incorporated, A Franchise To
27 Construct, Operate And Maintain Stations For Radio And Television
28 In The Philippines”;
29

30 (39) Section 4 of Republic Act No. 8158 entitled “An Act Extending
31 The Franchise Granted To Jorge D. Bayona Under Republic Act
32 Numbered Fifty-Seven Hundred Eighty-Nine, Assigning It In Favor
33 Of Pbn Broadcasting Network Inc., And Renewing The Term Thereof
34 For Another Twenty-Five (25) Years From The Date Of The Effectivity
35 Of This Act”;
36

37 (40) Section 8 of Republic Act No. 8169 entitled “An Act Granting
38 GV Broadcasting System, Inc., A Franchise To Construct, Install,
39 Maintain And Operate For Commercial Purposes Radio
40 Broadcasting Stations In The Island Of Luzon And For Other
41 Purposes”;
42

43 (41) Section 5 of Republic Act No. 10926 entitled “An Act
44 Extending For Twenty-Five (25) Years The Franchise Granted To

1 Smart Communications, Inc., (Formerly Smart Information
2 Technologies, Inc.) Amending For The Purpose Republic Act No.
3 7294, Entitled, "An Act Granting Smart Information Technologies
4 Inc. (Smart) A Franchise To Establish, Maintain, Lease And Operate
5 Integrated Telecommunications/Computer/Electronic Services,
6 And Stations Throughout The Philippines For Public Domestic And
7 International Telecommunications, And For Other Purposes";
8

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

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

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

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

35 (46) Section 9 of Republic Act No. 8298 entitled "An Act Amending
36 Republic Act Numbered Seventy-Nine Hundred Seventy-Eight,
37 Entitled, "An Act Granting The Metro Manila Turf Club, Inc., A
38 Franchise To Construct, Operate And Maintain A Racetrack For
39 Horse Racing In The City Of Kalookan";
40

41 (47) Section 12 of Republic Act No. 8446 entitled "An Act Granting
42 The Fil-Asia Racing Club A Franchise To Construct, Operate And
43 Maintain A Racetrack For Horse Racing In Rizal Or Tarlac, Or
44 Pampanga Or Batangas Or Quezon City";
45

1 (48) Section 3, paragraph 2 of Republic Act No. 4540 entitled, "An
2 Act Amending Certain Sections of Republic Act Numbered Four
3 Hundred and Two, As Amended";
4

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

13 (50) Section 8 of Republic Act No. 8153 entitled "An Act Granting
14 The Rex Electronics Communications System, Inc., A Franchise To
15 Construct, Operate And Maintain Public Radiotelephone And
16 Radiotelegraph Stations For The Reception And Transmission Of
17 Radiotelephone And Radiotelegraph Communications Within The
18 Philippines";
19

20 (51) Section 10 of Republic Act No. 10972 entitled "An Act
21 Renewing For Another Twenty-Five (25) Years The Franchise
22 Granted To Infocom Communications Network, Inc. (Presently
23 Known As Now Telecom Company, Inc.) Under Republic Act No.
24 7301, Entitled "An Act Granting Infocom Communications Network,
25 Inc. (Icni), A Franchise To Construct, Establish, Operate And
26 Maintain Mobile Radio Systems Such As Radio, Paging Systems,
27 Cellular Phone Systems, Personal Communication Network (Pcn),
28 And Trunked Radio Systems Within And Without The Philippines
29 For A Period Of Twenty-Five (25) Years, And For Other Purposes",
30 As Amended By The Republic Act No. 7940";
31

32 (52) Section 8 of Republic Act No. 7816 entitled "An Act Granting
33 The Manila Broadcasting Company A Franchise To Construct,
34 Install, Operate And Maintain Radio And Television Broadcasting
35 Stations Within The Philippines, And For Other Purposes";
36

37 (53) Section 8 of Republic Act No. 8027 entitled "An Act Granting
38 A Franchise To The Kaissar Broadcasting Network, Inc. (Kbni), To
39 Construct, Install, Establish, Operate, Manage And Maintain A
40 Network Of Radio And Television Stations Anywhere In The
41 Philippines, And For Other Purposes";
42

43 (54) Section 8 of Republic Act No. 8032 entitled "An Act Granting
44 The Philippine Radio Corporation A Franchise To Construct, Install,

1 Establish, Operate And Maintain Commercial Radio Stations In The
2 Philippines”; And
3

4 (55) Section 8 of Republic Act No. 8122 entitled “An Act Granting
5 The Swara Sug Media Corporation Of The Philippines A Franchise
6 To Construct, Install, Operate And Maintain For Commercial
7 Purposes Radio And Television Broadcasting Stations In The
8 Philippines And For Other Purposes”
9

10 (56) Section 10 of Republic Act No. 11089, entitled “An Act
11 Granting the Streamtech Systems Technologies Inc. A Franchise to
12 Construct, Install, Establish, Operate and Maintain
13 Telecommunications Systems Throughout the Philippines
14

15 (57) Section 1, paragraph 17 of Republic Act No. 11151 entitled,
16 “An Act Renewing for Another Twenty-Five (25) Years the Franchise
17 Granted to Isla Communications Company, Inc., Presently Known
18 as Innove Communications, Inc., Amending for the Purpose
19 Republic Act No. 7372, entitled, “An Act Granting the Isla
20 Communications Co. a Franchise to Install, Operate and Maintain
21 Telecommunications Services within the Territory of the Republic of
22 the Philippines and International Points and for Other Purposes”
23

24
25 (B) The provisions of the following laws, including the tax incentives, that are
26 inconsistent with this Act are hereby amended or repealed:
27

28 (1) Section 5 of Republic Act No. (R.A.) 9379, or “An Act Defining
29 Handline Fishing, Providing Effective Regulations Therefor And For
30 Other Purposes”;

31 (2) Section 16, The Last Sentence Thereof, of R.A. 10601, or “An
32 Act Promoting Agricultural And Fisheries Mechanization
33 Development In The Country”;

34 (3) Section 32 of R.A. 10654, or “An Act To Prevent, Deter And
35 Eliminate Illegal, Unreported And Unregulated Fishing, Amending
36 Republic Act No. 8550, Otherwise Known As The Philippine
37 Fisheries Code Of 1998, And For Other Purposes”;

38
39 (4) Section 14 (B) of R.A. 7308, or “The Seed Industry
40 Development Act Of 1992”;

41
42 (5) Section 18, 2nd and 3rd Paragraph Thereof, of R.A. 7884, or
43 “An Act Creating The National Dairy Authority To Accelerate The

1 Development Of The Dairy Industry In The Philippines, Providing
2 For A Dairy Development Fund, And For Other Purposes”;

3
4 (6) Section 9 (E), (F), (I), and (J) of R.A. 7900, or “An Act To
5 Promote The Production, Processing, Marketing, And Distribution
6 Of High Value Crops, Providing Funds Therefor, And For Other
7 Purposes”;

8
9 (7) Chapter II, Article II, Sec. 35 (B), (C) and (D) of R.A. 8550, or
10 “The Philippine Fisheries Code Of 1998”;

11
12 (8) Section 24 (A) and (F) of R.A. 10068, or “An Act Providing For
13 The Development And Promotion Of Organic Agriculture In The
14 Philippines And For Other Purposes”;

15
16 (9) Section 37 of R.A. 6848, or “The Charter Of The Al-Amanah
17 Islamic Investment Bank Of The Philippines”;

18
19 (10) Section 17 of Republic Act No. 7906 Entitled, “An Act
20 Providing For The Regulation Of The Organization And Operations
21 Of Thrift Banks, And For Other Purposes;”

22
23 (11) Section 15 of R.A. 7353, or The “Rural Bank Act Of 1992”;

24
25 (12) Book I, Title III, Article 39 (A), (B), (C), (D), (E), (G), (I), (J), (K),
26 (M) And (N); Title IV, Article 40, Book III Article 59, 60, 61, 63, 64,
27 65, 66; Book IV Article 69, Book VI, Articles 77, 78, And 81 of
28 Executive Order No. 226, Series of 1987, or “The Omnibus
29 Investments Code Of 1987”;

30
31 (13) Section 1 of R.A. 7918, “An Act Amending Article 39, Title III
32 The Omnibus Investments Code of 1987, As Amended”;

33
34 (14) Articles 62, 63, 64, 65, 66, 67 And 69 of R.A. 8756, or “An Act
35 Providing for the Terms, Conditions And Licensing Requirements Of
36 Regional Or Area Headquarters, Regional Operating Headquarters,
37 Regional Warehouses Of Multinational Companies Amending For
38 The Purpose Certain Provisions Of The Omnibus Investment Code
39 Of 1987”;

40
41 (15) Executive Order No. 22, s. of 2017 Amending E.O. 70, s. of
42 2012, E.O. 528, s. of 2006 and E.O. 313, s. of 2004, Entitled
43 “Reducing The Rates Of Duty On Capital Equipment, Spare Parts
44 And Accessories Imported By BOI-Registered New And Expanding
45 Enterprises”;

46

1 (16) Section 12 of R.A. 8047, or "An Act Providing For The
2 Development Of The Book Publishing Industry Through The
3 Formulation And Implementation Of A National Book Policy And A
4 National Book Development Plan";

5
6 (17) Section 17, In So Far As Tax Exemption and/or VAT Zero
7 Rating On Domestic Merchandise Is Concerned, and Section 18 (A),
8 (B), (C) and (F) of Presidential Decree No. 66, Entitled "Creating The
9 Export Processing Zone Authority And Revising Republic Act No.
10 5490";

11
12 (18) Section 4 (E) and (F), In So Far As Tax Exemption and/or VAT
13 Zero Rating On Domestic Merchandise Is Concerned, of R.A. 7903,
14 or The "Zamboanga City Special Economic Zone Act Of 1995";

15
16 (19) Section 4 (B) (C), In So Far As Tax Exemption and/or VAT Zero
17 Rating On Domestic Merchandise Is Concerned, of R.A. 7922, or "An
18 Act Establishing A Special Economic Zone And Free Port In The
19 Municipality Of Santa Ana And The Neighboring Islands In The
20 Municipality Of Aparri, Province Of Cagayan Providing Funds
21 Therefor, And For Other Purposes";

22
23 (20) Section 4 of R.A. 8748, or "An Act Amending Republic Act
24 No. 7916, Otherwise Known As The Special Economic Zone Act Of
25 1995";

26
27 (21) Sections 23 and 24 of R.A. 7916, or "The Special Economic
28 Zone Act Of 1995";

29
30 (22) Sections 12 (B) and (C) and Section 15, second, third, and last
31 paragraph of R.A. 7227, or "An Act Accelerating The Conversion Of
32 Military Reservations Into Other Productive Uses, Creating The
33 Bases Conversion And Development Authority For This Purpose,
34 Providing Funds Therefor And For Other Purposes," as amended by
35 R.A. 9400;

36
37 (23) Section 1 of E.O. 619, s. of 2017 Entitled "Creating And
38 Designating Special Economic Zones Pursuant To Republic Act No.
39 7916, As Amended By Republic Act No. 8784, In Relation To
40 Republic Act No. 7227, As Amended By Republic Act No. 9400,
41 Inside The Clark Freeport Zone";

42
43 (24) Sections 5, 6, 7, 8 And 9 of R.A 9490, or "An Act Establishing
44 The Aurora Special Economic Zone In The Province Of Aurora,
45 Creating For The Purpose The Aurora Special Economic Zone
46 Authority, Appropriating Funds Therefor And For Other Purposes";

1
2 (25) Sections 3 (E) (F) (H) and 4 of R.A. No. 10083, or "An Act
3 Amending Republic Act No. 9490";
4

5 (26) Section 4 (F), in so far as tax exemption and/or VAT zero
6 rating on domestic merchandise and capital equipment are
7 concerned, and Sections 5, 6 and 10 of R.A. 9728, or The "Freeport
8 Area Of Bataan (FAB) Act Of 2009";
9

10 (27) Sections 12, 21, and 22 of P.D. 87 (Restored By FIRB
11 Resolution 19-87), or The "Oil Exploration And Development Act";
12

13 (28) P.D. 529 (Restored By FIRB Resolution 19-87), Entitled
14 "Granting To Petroleum Exploration Concessionaires Under The
15 Petroleum Act Of 1949 Exemption From Customs Duty And
16 Compensating Tax On Importations Of Machinery And Equipment,
17 Spare Parts And Materials Required For Their Exploration
18 Operations";
19

20 (29) Section 16 (A), (B), and (C) and Section 17 (A) to (E) of P.D.
21 972, or "The Coal Development Act Of 1976";
22

23 (30) Section 4 (A) of P.D. 1442 (Restored By FIRB Resolution 19-
24 87), or "An Act To Promote The Exploration And Development Of
25 Geothermal Resources";
26

27 (31) Section 10 (1) to (6) of R.A. 7156, or The "Mini-Hydroelectric
28 Incentive Act";
29

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

33 (33) Section 6, Fifth Paragraph of R.A. 9136, or the, "Electric Power
34 Industry Reform Act Of 2001";
35

36 (34) Chapter VII, Section 15 Except (H), Sections 19, 21 (A) to (D),
37 and 23 of R.A. 9513, or "An Act Promoting The Development,
38 Utilization And Commercialization Of Renewable Energy Resources
39 And For Other Purposes";
40

41 (35) Section 6 (A) (B) of R.A. 9367, or "An Act To Direct The Use Of
42 Biofuels, Establishing For This Purpose The Biofuel Program,
43 Appropriating Funds Therefore, And For Other Purposes";
44

45 (36) Sections 36 (E) and (F) of P.D. 705 Entitled, "Revising P.D.
46 389, Or The 'Revised Forestry Code Of The Philippines'";

1
2 (37) Section 45 (b) (1) (c) of R.A. 9003, Entitled "An Act Providing
3 For An Ecological Solid Waste Management Program, Creating The
4 Necessary Institutional Mechanisms And Incentives, Declaring
5 Certain Acts Prohibited And Providing Penalties, Appropriating
6 Funds Therefor And For Other Purposes";
7

8 (38) Section 26 A (1) to (3) of R.A. 9275, or The "Philippine Clean
9 Water Act Of 2004";
10

11 (39) Sections 16 and 17 of R.A. 7844, or The "Export Development
12 Act Of 1994";
13

14 (40) Section 13 of R.A. 10817, or "An Act Instituting The Philippine
15 Halal Export Development And Promotion Program, Creating For
16 The Purpose The Philippine Halal Export Development And
17 Promotion Board, And For Other Purposes";
18

19 (41) Section 14 of R.A. 8423, or "An Act Creating The Philippine
20 Institute Of Traditional And Alternative Health Care (PITAHC) To
21 Accelerate The Development Of Traditional And Alternative Health
22 Care In The Philippines, Providing For A Traditional And Alternative
23 Health Care Development Fund And For Other Purposes";
24

25 (42) Section 20 (D) (1) to (5) of R.A. 10884, or "An Act
26 Strengthening The Balanced Housing Development Program,
27 Amending For The Purpose Republic Act No. 7279, Or "The Urban
28 Development And Housing Act Of 1992";
29

30 (43) Section 10 of R.A. 7718, or "An Act Amending Certain Sections
31 Of R.A. 6957, Entitled 'An Act Authorizing The Financing,
32 Construction, Operation And Maintenance Of Infrastructure
33 Projects By The Private Sector, And For Other Purposes";
34

35 (44) Section 6 (C) (D) (F) and Sections 7 and 8 of R.A. 7103, or "An
36 Act To Strengthen The Iron And Steel Industry And Promote
37 Philippine Industrialization And For Other Purposes";
38

39 (45) Section 3 (A) to (D) and (H) of R.A. 8502, or "The Jewelry
40 Industry Development Act Of 1998";
41

42 (46) Section 5 (A) (B) of R.A. 10771, or "An Act Promoting The
43 Creation Of Green Jobs, Granting Incentives And Appropriating
44 Funds Therefor";
45

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
3 R.A. 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
8 Purposes";

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

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

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

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

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

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

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

37
38 (56) Section 4(F) and Section 5(C)(K), In So Far As Tax Exemption
39 and/or VAT Zero Rating on Domestic Merchandise Is Concerned,
40 and Section 12-B of Republic Act No. 10083 Entitled, "An Act
41 Amending Republic Act No. 9490, Or The Aurora Special Economic
42 Zone Act Of 2007";

43
44 (57) Section 5 (5.1) and (5.2) of E.O. 290 Entitled, "Implementing
45 The Natural Gas Vehicle Program For Public Transport";
46