

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

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7715



Introduced by **ANG PROBINSYANO**
Party-List Representative Alfred Delos Santos

EXPLANATORY NOTE

1 In its 2019 development report, the Asian Development Bank stated that out of
2 the 278 Asian cities with population of more than 5 million people, Metro Manila ranked
3 as the most congested with a value of 1.5—higher than the 1.24 average in the region.
4 With a land area of 619.57 square kilometers or 239.22 square miles, it is one of the
5 most densely populated region in the country and one of the most populous
6 metropolitan urban are in Asia and the rest of the world. In addition, Metro Manila
7 accounts for 37.5 per cent of the gross domestic product of the entire Philippines. Its
8 budget share averages at around 24.8 per cent, while Luzon's net of NCR stands at 21.4
9 percent, the Visayas is at 9.3 percent and Mindanao is on the average 13.0 percent.

10
11 Politically, the national government and major government offices are in Metro
12 Manila. Economically, it has been abovementioned that insofar as wealth distribution
13 and economic programs are concerned, Metro Manila has been getting the bulk.
14 Culturally, the Metropolitan has also been the home of major mass media outfits. In
15 addition, Tagalog has been adopted as a major language in the Philippines.

16
17 Because of this, *probinsyanos* all over the rest of the country have been getting
18 unequal benefits from taxes that supposedly should work for all. This is also true of
19 employment opportunities. Time and time again, *probinsyanos* have been looking to
20 Metro Manila as a "land of milk and honey" – a place where there are better workplaces
21 and benefits. However, we should aim for a country wherein there is not only one center
22 of monopolized prosperity, but we must strive for one where all regions of the
23 Philippines, have access to inclusive and holistic economic growth.

24
25 It is for these reasons that this bill is earnestly sought.

ALFRED C. DELOS SANTOS
Representative, Ang Probinsyano Party-List

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AN ACT
PRESCRIBING INCENTIVES AND ITS IMPLEMENTING MECHANISM TO THE
COMPANIES ESTABLISHING NEW ENTERPRISES, EXPANDING, OR RELOCATING
THEIR BUSINESS OPERATIONS UNDER BALIK PROBINSYA PROGRAM IN
PURSUIT OF PHILIPPINE RECOVERY AND RURAL DEVELOPMENT, PROVIDING
POLICIES OF SUPPLEMENTAL APPLICATION TO EXECUTIVE ORDER NO. 114,
“INSTITUTIONALIZING BALIK PROBINSYA, BAGONG PAG-ASA PROGRAM”
APPROPRIATING THE NECESSARY FUNDS THEREFOR AND FOR OTHER
PURPOSES

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

SECTION 1. Short Title. – This Act shall be known as the “Balik Probinsya Incentives Act of 2020”.

SECTION 2. Declaration of Policy. – Article XII, Section 1 of the 1987 Constitution provides that “the goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged” and that “in the pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop”.

Furthermore, the resumption of economic and social activities following the implementation of various mechanisms instituting public health, safety, and security measures through community quarantines or forms thereof in order to stem the transmission of the COVID-19 virus requires the institution and establishment of standards and protocols that would simultaneously protect the vulnerable from the disease and prevent transmission from asymptomatic or untested carriers of the virus, while ensuring the restoration of livelihood opportunities and sources of income for all, especially the country’s poor.

Thus, there is an urgent need for: (a) the decongestion of Metro Manila being the most densely populated; (b) rehabilitation of outdated infrastructures caused by

1 increasing population in National Capital Region (NCR); (c) redirection and
2 decentralization of opportunities to all regions of the country (d) establishment of new
3 normal requiring decreased number of people in proportion to the area occupied and (e)
4 urbanization of other underdeveloped provinces with wide-ranging potential for
5 progress.

6
7 *SECTION 3. Coverage.* – This Act shall apply to all business enterprise that shall
8 establish, relocate, expand, and invest to economic endeavors and activities such as
9 production of goods, trade, rendering of services, and construction of facilities that
10 provide employment and self-employment opportunities. These shall include but are not
11 limited to the following:

- 12 a) Any Contract-Farming or Grower's Agreement entered into with the
13 arrangement for the production or growing of crops, the output of which
14 are designed for the processing of such goods by the contracting
15 manufacturer or processor.
- 16 b) Any enterprise established under agri-business systems whereby
17 production of raw materials are processes or manufactures into
18 intermediate and finished products.
- 19 c) Any enterprise established under Special Economic Zones in selected
20 areas in the countryside which have the potential to be developed into
21 agro-industrial zones, fisheries and aquatic special economic zones,
22 import-export processing zones, tourism or recreational zones, mineral
23 development zones, or free trade economic zones.
- 24 d) Registered Enterprises with domestic and/or foreign investment,
25 Business Expansion as defined and classified under Omnibus
26 Investment Act whether a pioneer or a non-pioneer enterprise status.
- 27 e) Enterprises established under the Township Revitalization Program
28 mentioned in Section 11 of this Act.
- 29 f) Such any other enterprise as the Balik Probinsya, Bagong Pag-asa
30 Council (BP² Council) may prescribe and authorize to be entitled to the
31 incentives under this Act.

32
33 The abovementioned covered entities shall apply for endorsement from
34 Balik Probinsya, Bagong Pag-asa Council (BP² Council) to the
35 respective agencies of the government authorized by law to grant
36 incentives provided, as modified, in this Act.

37
38 *SECTION 4. Balik Probinsya, Bagong Pag-asa Council (BP² Council).* – In addition
39 to the Powers and Functions of the Council provided for under Section 3 of Executive
40 Order NO. 114, INSTITUTIONALIZING THE BALIK PROBINSYA, BAGONG PAG-ASA
41 PROGRAM AS A PILLAR OF BALANCED REGIONAL DEVELOPMENT, CREATING A
42 COUNCIL THEREFOR, AND FOR OTHER PURPOSES, it shall be the duty of the BP²
43 Council to:

- 44
45 a) Develop and establish a Balik Probinsya National Action Plan (BP-NAP)
46 which shall serve as the framework for the implementation of this Act
47 specifically on the identification of the cities and municipalities of

1 provinces outside the National Capital Region to which the incentives
2 under this Act shall apply. Such process of identification may exclude
3 cities and municipalities which the council may deemed to be already
4 highly-developed such that the incentives in this Act should apply to
5 other cities and municipalities within the same province that need to
6 be strengthened. These latter areas shall be given preference in the
7 grant of the incentives under this Act;

- 8 b) Mandate all the public and private financial institutions through
9 Department of Finance and Bangko Sentral ng Pilipinas to create a loan
10 program providing support and assistance to the rural enterprises
11 established under this Act;
- 12 c) Recommend to the National Economic Development Authority (NEDA)
13 and the Office of the President that official development assistance from
14 multilateral financial institutions in support of the enterprises covered
15 by this Act. Such financial assistance may be coursed through
16 government-owned and operated financial institutions.
- 17 d) Appropriations thereof shall be incorporated in the General
18 Appropriations Act and/or charge to official development assistance
19 particularly expansion of port facilities, airport facilities, railways or
20 roads going to or from the location of enterprises established under this
21 Act.

22
23 *SECTION 5. The Balik Probinsya Workforce Survey.* – The BP² Council established
24 in the preceding section shall immediately conduct or commission the conduct of a
25 study/survey, in cooperation with appropriate department or government agency
26 profiling of all workers that potentially could be encouraged to join the Balik Probinsya
27 Program including workers displaced or at risk for displacement (such as repatriated
28 OFWs or those who have applied for repatriation) due to COVID-19, other epidemics
29 and pandemics that may emerge, or any other causes that disrupt their continuing
30 employment. The survey shall primarily (a) document the skill sets and employment
31 histories of these workers; (b) their provinces of origin; and (c) the socio-economic profile
32 of the communities to where they will be returning.

33
34 The Workforce Survey shall be continuously updated and shall serve as a primary
35 data set in informing government policy making of their status.

36
37 *SECTION 6. Recommendations of the Provincial Development Councils.* – The
38 Provincial Development Councils of the provinces, cities, and municipalities entitled to
39 the incentives under this Act shall recommend annually to the BP² Council the priority
40 enterprises that they respectively consider to be given preferential grant of the
41 incentives. Such recommendation shall include the grant, use, lease, or usufruct of
42 public lands under the Department of Environment and Natural Resources (DENR),
43 National Housing Authority (NHA), and other agencies of the government in order to
44 align the incentives provided under this Act.

45
46 *SECTION 7. Tax incentives.* – All enterprises established under this Act as stated
47 in Section 3 shall be entitled to the following incentives:
48

1 A. Income Tax Holidays – For a period of two (2) years from commercial
2 operations, covered enterprises provided under Section 3 of this Act
3 shall be fully exempt from any and all taxes and fees including
4 exemption for importation, tariffs, and customs duties levied by the
5 National Government. In addition to Value Added Tax (VAT)-exempt
6 transactions mentioned on Section 109 of our Tax Code, transactions
7 of the covered enterprise under Section 3 of this Act shall be included
8 in the VAT-exempt list.
9

10 With respect to companies operating under the import and export
11 schemes, they shall, in addition, be entitled for the import of duty-free
12 materials to be processed into finished goods.
13

14 Other incentives to be availed of by other enterprises covered under this
15 Act shall be granted by the respective board, authority, department,
16 bureaus, or other government agency which under their respective
17 charters are authorized to give such incentives. However, the grant of
18 such incentives shall be in accordance with the modified incentives
19 provided under the provisions of this Act:
20

- 21 i. Enterprises mentioned under Section 3c of this Act shall be
22 covered by Philippine Economic Zone Authority (PEZA) after the
23 two (2) years income tax holiday, they shall be granted a special
24 rate of three (3) percent of gross income earned for the next five
25 years. Thereafter, they shall follow the rate provided for under
26 the PEZA Law, as amended if any.
- 27 ii. The income tax holidays of the enterprises registered under the
28 Board of Investments (BOI) shall be the same as those which are
29 granted by the PEZA as provided in the preceding paragraph.
- 30 iii. With respect to the enterprises under Section 3 paragraphs a, b,
31 e, and f, shall be entitled to income tax holidays provided for
32 under PEZA and BOI in accordance with the preceding
33 paragraph.
34

35 For purposes of granting this tax incentive, business branches that resulted
36 from expansion or extension of commercial operation to provincial area is
37 required to obtain a separate business and tax registration independent of the
38 account of its main branch in order to avail of the incentive mentioned herein,
39

40 B. Relocation Tax Credit (RTC) – there shall be a ten per cent (10%)
41 investment tax credit based on investment or transfer cost extended to
42 a qualified entity under this Act, to evidence which, a tax credit
43 certificate shall be issues by the Secretary of Finance, or his duly
44 authorized representative, the Bureau of Internal Revenue (BIR), if so

delegated. Unless otherwise provided herein, the tax credit certificate may be used by the qualified entity to pay taxes, duties, charges, and fees due to the national government in connection with its relocation and/or expansion of business operations. The ITC shall not be transferrable and may only be used within ten years from the date of its issuance to entities after submitting the necessary documents substantiated by receipts, effective only for the first taxable year preceding the relocation or start of business operation in the province.

- C. Job/Employee Tax Credit (JTC/ETC) – there shall be a one hundred pesos (P100.00) tax credit for every individual employed in a new job created upon relocation of the business and for every employee hired on the first year of business operation of newly established business entities.

For purposes of granting this incentive, a new job refers to the job or jobs previously not included in the job listings prior to relocation or transfer. While an employee is any person who is under an employment contract for a period of at least one year from the start of commercial or business operations of the qualified entity as defined herein, regardless of the employment status and rank.

- D. Sale and Transfer of Property Tax Exemptions – Any acquisition of real property located in the new place of business related to the investment, relocation, and expansion of the business in the province by the qualified entities shall be exempt of any applicable transfer tax.

This exemption shall also be applicable to sale, transfer of ownership, and any other forms of disposition of real properties located in the original place of business by the qualified entities to which transactions are related to relocation or expansion of business outside Metro Manila.

- E. Exemption to Local Government and Real Property Tax – All qualified entities mentioned in Section 3 of this Act shall be exempt to any local government and real property taxes within a period of three (3) years. Thereafter, there shall be a special tax rate lower than the usual rate of local government and real property tax rate.

SECTION 8. Financial Assistance to Enterprises under BP Special Economic Zones.

– All covered entities as defined in this Act shall also be eligible to avail of the following forms of financial assistance:

- A. Creation of the Rural Development Insurance Fund – the funds therein shall be used by the Balik Probinsya, Bagong Pag-asa Council as a

1 revolving fund for the discharge of the obligations of the council under
2 contracts guaranteeing Rural Development Loans.

3
4 B. Assistance to Rural Enterprise Operating Loans – the Rural Enterprise
5 Operating Loans applied for by the qualified entities shall be
6 guaranteed by the government through the BP² Council utilizing the
7 abovementioned Rural Development Insurance Fund.

8
9 C. Granting of Low-Interest Financial Loans – Government-owned or
10 controlled financial institutions shall provide a special low-interest rate
11 financial loan programs for the applying qualified entities.

12
13 D. Rural Industrialization Assistance – the government shall provide
14 financial assistance for the first five years reckoned from the first day
15 of commercial operation in proportion to the corresponding
16 employment scale:

- 17
18 a. Fifteen thousand pesos (Php 15,000) for employment scale of
19 thirty (30) and below
20 b. Thirty thousand pesos (Php 30,000) for employment scale of
21 thirty-one to fifty (31-50)
22 c. Sixty-five thousand pesos (Php 65,000) for employment scale of
23 fifty-one to one hundred (51-100)
24 d. One hundred forty thousand pesos (Php 140,000) for
25 employment scale of one hundred one to two hundred (100-200)
26 e. Three hundred thousand pesos (Php 300,000) for employment
27 scale of two hundred one to four hundred (201-400)
28 f. Five hundred sixty thousand pesos (Php 560,000) for
29 employment scale of four hundred one to seven hundred (401-
30 700)
31 g. Eight hundred fifty thousand pesos (Php 850,000) for
32 employment scale of seven hundred one to one thousand (701-
33 1000)
34 h. One million pesos (Php 1,000,000) for employment scale of above
35 one thousand
36

37 *SECTION 9. Other Non-Fiscal Incentives.* – The qualified entities under the BP
38 Model Township Programs shall receive government intervention in the form of these
39 non-fiscal incentives:

- 40 a. Empowerment of Local Industries – there shall be an establishment of
41 common frameworks for regional plans of rural development initiated
42 by the Department of Interior and Local Government, and other
43 relevant agencies
44

1 b. Food Security and Agricultural Productivity – Through programs to be
2 implemented by the Department of Agriculture and National Food
3 Authority, the government shall assure the sufficient supply of food
4 even after the relocation of business operations including number of
5 employees and respective families.

6
7 c. Social Welfare, Health, and Employment – there shall be grants for
8 employee trainings from the Department of Labor and Employment and
9 its attached agencies and local government counterparts in order to
10 improve the employee's physical skills, efficiency, and learning attitude.

11
12 The Department of Health in coordination with its provincial
13 counterparts shall provide assurance for the accessibility of healthcare
14 facilities and institutions that shall cater to the health needs of the
15 displaced workers.

16
17 The Department of Social Welfare and Development along with its local
18 government counterparts shall provide the necessary social welfare
19 assistance to the transferred employees. This shall also include a Rural
20 Housing Loans Program for them to be administered by the National
21 Housing Authority.

22
23 d. Development of Infrastructures – the Department of Public Works and
24 Highways along with the local government shall proceed with
25 construction of access roads and improvement of infrastructures that
26 shall dispense convenience and will be beneficial to both the business
27 operation and its corresponding market thereby promoting the local
28 industries established under this program.

29
30 *SECTION 10. Work Skills Upgrading and Capacity Development.* – Workers
31 returning to their provinces shall undergo skills upgrading and/or re-orientation
32 training programs to ensure their continuing development and adaptation to the rural
33 economy. Under this Act, skills upgrading and re-orientation towards agriculture and
34 agriculture-related economic activities shall be prioritized.

35
36 10.1 Farmers/Fishers of the Future Program. To encourage young people in the
37 provinces to remain in their respective rural communities and discourage their
38 migration to Metro Manila and/or other congested urban centers, the government under
39 the leadership of the Department of Agriculture, the Department of Labor and
40 Employment, and the National Youth Commission, shall establish a Farmers/Fishers
41 of the Future Program that shall promote youth agri-fisheries involvement or
42 entrepreneurship.

43
44 10.2 Trade-from-Home Program. Primarily intended for stay-at-home wives and
45 women, the Department of Trade and Industry shall promote the integration of cottage
46 industries, crafts, and other small-medium and operated by women's groups or
47 associations into digital platforms for marketing and trading purposes.

1
2 10.3 Community Procurement. The Government Procurement Policy Board
3 (GPPB) is hereby mandated to promote the Community Procurement Method in the
4 public procurement of goods and services in communities under the BP Model Township
5 Program which shall serve as a primary market for goods and services produced or
6 created by community-organized enterprises in BP Model Townships. The GPPB in
7 coordination with the BP² Council shall draw the specific guidelines for this purpose
8 and conduct the necessary capacity-building and information dissemination programs.
9

10 10.4 Full Implementation of Republic Act No. 11337, or the Innovative Startup
11 Act. All government agencies mandated under R.A. No. 11337 shall fully implement its
12 provisions and rollout a Balik Probinsya Startup Investment Development Plan in
13 consonance with the same law.
14

15 *SECTION 11. Township Revitalization Programs.* – Provinces, municipalities, or
16 cities under the Balik Probinsya Program shall revitalize the sense of township in their
17 areas creating a community that contains small-scale to medium-scale commercial
18 centers and light manufacturing districts including residential areas.
19

20 *SECTION 12.* There is hereby created a Joint Congressional Oversight Committee
21 on the implementation of this Act composed of five Members from the Senate and five
22 Members from the House of Representatives. The Members from the Senate shall be
23 appointed by the Senate President, with at least one Senator representing the Minority.
24 The Members from the House of Representatives shall be appointed by the Speaker with
25 at least one Member representing the Minority.
26

27 *SECTION 13. Separability Clause.* – If, for any reason or reasons, any part or
28 provision of this Act shall be declared as unconstitutional or invalid, the other parts or
29 provisions hereof which are not affected thereby shall continue to be in full force and
30 effect.
31

32 *SECTION 14. Repealing Clause.* – All provisions of existing laws, orders, rules,
33 and regulations or parts thereof which are in conflict or inconsistent with the provisions
34 of this Act are hereby repealed, amended, or modified accordingly.
35

36 *SECTION 15. Effectivity.* – This Act shall take effect immediately upon its
37 publication in the Official Gazette or in at least two (2) newspapers of general circulation
38 in the Philippines.
39

40 Approved,