

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. 8717

Introduced by Representative Ralph G. Recto

AN ACT
LOWERING THE COST OF DOING BUSINESS IN THE SPECIAL ECONOMIC
ZONES AND FREEPORT ZONES BY GRANTING A TWENTY PERCENT (20%)
DISCOUNT ON THE SALE OF ELECTRICITY TO REGISTERED BUSINESS
ENTERPRISES

EXPLANATORY NOTE

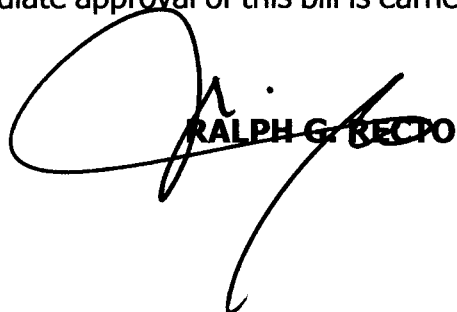
This proposed measure seeks to lower the cost of doing business within the special economic zones and freeport zones.

The surge in demand for electricity indicates recovery from the crisis brought about by the COVID-19 pandemic. However, the increase in its price will have an effect on inflation. Electricity is an important component in the production of basic goods and services. Therefore, any increase in the price of electricity has the effect of adding to the production cost of businesses, particularly the manufacturing and IT-BPO sectors within the special economic zones and freeport zones.

The purpose and intent of this proposed measure is to help industries recover from the crisis brought about by various global and domestic challenges, enhance competitiveness, and maximize their time, effort and resources in expanding business operations, thereby stimulating economic growth and generating more jobs throughout the country. Thus, this bill mandates the generation, transmission, and distribution companies, including electric cooperatives, to grant a 20% discount on their sale of electricity to registered business enterprises within the special economic zones and freeport zones. The discounts to be granted shall be considered as allowable

deductions from gross income for purposes of computing the taxable income in accordance with the National Internal Revenue Code of 1997, as amended.

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



RALPH G. RECTO

/jiao

HOUSE OF REPRESENTATIVES

House Bill No. 8717

Introduced by Representative Ralph G. Recto

AN ACT
LOWERING THE COST OF DOING BUSINESS IN THE SPECIAL ECONOMIC
ZONES AND FREEPORT ZONES BY GRANTING A TWENTY PERCENT (20%)
DISCOUNT ON THE SALE OF ELECTRICITY TO REGISTERED BUSINESS
ENTERPRISES

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

1 Section. 1. *Short Title.* – This Act shall be known as the "Ecozone and Freeport
2 Competitiveness Act".

3 Sec. 2. *Declaration of Policy.* – Under Section 20, Article II of the 1987 Constitution,
4 the State recognizes the indispensable role of the private sector, encourages private
5 enterprise, and provides incentives to needed investments. It is hereby declared the
6 policy of the State to develop the national economy by promoting investments and
7 enhancing the competitiveness in the global market. For this purpose, the government
8 shall institute a policy to lower the cost of doing business, enhance competitiveness, and
9 attract investments in the special economic zones and freeport zones, thereby stimulating
10 economic growth and creating more jobs in the country.

11 Sec. 3. All generation, transmission, and distribution companies, including electric
12 cooperatives, shall grant a twenty percent (20%) discount on the sale of electricity to
13 registered business enterprises within the special economic zones and freeport zones.
14 The discount granted shall be considered as allowable deduction from gross income for
15 purposes of computing the taxable income in accordance with the provisions of the
16 National Internal Revenue Code of 1997, as amended.

1 Sec. 4. *Implementing Rules and Regulations (IRR).* – Within thirty (30) days from
2 the effectivity of this Act, the Department of Energy (DOE), Department of Finance (DOF),
3 Department of Trade and Industry (DTI), and the Energy Regulatory Commission (ERC),
4 after due consultation with the Bureau of Internal Revenue (BIR), Board of Investments
5 (BOI), and other Investment Promotion Agencies (IPAs), shall jointly promulgate the
6 necessary rules and regulations for its effective implementation.

7 Sec. 5. *Repealing Clause.* – All laws, acts, decrees, executive orders, issuances,
8 and rules and regulations or parts thereof which are contrary to and inconsistent with
9 this Act are hereby repealed, amended or modified accordingly.

10 Sec. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete
11 publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,