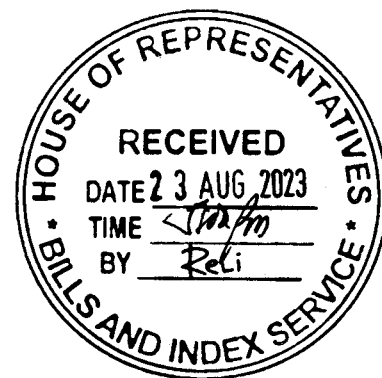


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
Second Regular Session

House Bill No. **8968**



Introduced by Representative JOEY SARTE SALCEDA

AN ACT
ENHANCING PHILIPPINE TAX INCENTIVES POLICY AND ADMINISTRATION,
AMENDING FOR THE PURPOSE SECTIONS 112, 294, 295, 301, 309, AND 311 OF
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The Corporate Recovery and Tax Incentives for Enterprises or CREATE Act was enacted on February 3, 2021 to end tax uncertainty, provide tax relief to enterprises under distress due to the COVID-19 pandemic, and rationalize the country's arcane and disjointed tax incentives system.

With the passage of the law, despite headwinds and the then-ongoing global health emergency, the country recorded its highest ever foreign direct investment (FDI) performance of USD 10.5 billion. However, because of adverse global economic conditions and a steep interest rate hike regime by the US Federal Reserve, the Philippines' FDI performance shrunk to USD 9.2 billion, a 23% year-on-year decline.

While unfavorable global conditions were the key factor for declining FDI, uncertainty over the implementation of VAT and tax administration provisions of the CREATE Act has dampened investor sentiment and has made doing business more difficult.

Additionally, the failure to carry out the heart of the reform, the "mix-and-match" provision of CREATE which allows the President to customize the tax incentives regime, meant that the most potent instrument of investment promotion in the law was not utilized.

In view of this, this proposal undertakes the following:

1. Mandates the establishment of a simplified VAT refund system for registered business enterprises, and institutionalizes risk-based audit by COA for tax refunds;
2. Mandates the collection of local government unit (LGU) share of 5% SCIT through the investment promotion agencies (IPAs) instead of direct remittance to LGUs;
3. Sets the tax rate for Enhanced Deduction Regime at 20% of taxable income;
4. Provides a further deduction of 50% for power expense for the next five years, in addition to existing additional deduction of 50%;
5. Clarifies the VAT regime for registered business enterprises as follows:

- i. Sales to and sales by a registered business enterprise located in a freeport or special economic zone and pursuing purely registered activity within that zone shall be VAT-exempt;
 - ii. Sales to registered export enterprises by suppliers whose sales to registered export enterprises exceed seventy percent (70%) of their total sales shall be VAT-exempt;
 - iii. Sales to registered export enterprises by suppliers shall be subject to zero-rating;
 - iv. Sales by registered export enterprises currently availing of income tax holiday shall to registered export enterprises be subject to zero-rating;
 - v. Sales by registered business enterprises, whether domestic or export, currently availing of the special corporate income tax rate to registered export enterprises shall be subject to VAT-exempt;
 - vi. Sales by registered business enterprises of vat-exempt imported capital equipment, raw materials, spare parts, and accessories to registered export enterprises shall be VAT-exempt;
 - vii. Sales by suppliers within customs territory to existing registered export enterprises shall be subject to zero-rating; and
 - viii. All other purchases by registered business enterprise used for their registered project or activity shall be subject to zero-rating.”
6. Defines the Power of the President to grant incentives further to allow *motu proprio* grant of incentives package. FIRB is mandated to prescribe an application form and process for the customized incentives package;
 7. Allows BPOs registered with ecozones, BOI, and RBOI to undertake work-from-home schemes, with a minimum on-site workforce of 30%;
 8. Clarifies that the transition period for the 5% GIE benefit includes the “in lieu of all national and local taxes” benefit;
 9. Gives retroactive effect to the clarifications to the transition period but specifies that no tax refund or credit shall be given in the case of taxes already paid.

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



JOY SARTE SALCEDA

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Be it resolved by the House of Representatives and the Senate, in Congress assembled,

Section 1. *Short Title.* – This Act shall also be known as the “Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy” or “CREATE MORE Act.”

Section 2. *Declaration of Policy.* – It is hereby declared the policy of the State to develop the national economy towards global competitiveness by implementing tax policies instrumental in attracting investments, which will result in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability.

To achieve these objectives, the State shall:

(a) Improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages;

(b) Develop, subject to the provisions of this Act, a more responsive and globally competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent, and can be customized to optimize economic opportunities and trends;

(c) Provide support to business in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic, and strengthen the nation's capability for similar circumstances in the future; and

(d) Create a simpler, fairer, and more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country, and

ensure access and ease in the grant of these incentives especially for applicants in least developed areas.

Section 3. Section 112 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

SEC. 112. Refunds or Tax Credits of Input Tax. –

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

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

(C) Period within which Refund or Tax Credit of Input Taxes shall be Made. - In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: Provided, That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: Provided, however, That failure on the part of any official, agent, or employee of the BIR to act on the application within ninety (90) days period shall be punishable under Section 269 of this Code.

(D) Manner of Giving Refund. —. Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of being countersigned by the Chairman, Commission on Audit, the provisions of the Administrative Code of 1987 to the contrary notwithstanding: Provided, That refunds under this paragraph shall be subject to post audit by the Commission on Audit **UNDER A RISK-BASED FRAMEWORK WHICH TAKES INTO ACCOUNT THE SIZE OF THE TAX REFUND, THE TRACK RECORD OF THE TAXPAYER, AND THE COMPLETENESS AND ADEQUACY IN FORM OF THE REQUIRED SUBMISSIONS: *PROVIDED FURTHER, THAT A SIMPLIFIED AND STREAMLINED TAX REFUND SYSTEM FOR REGISTERED BUSINESS ENTERPRISES UNDER TITLE XIII OF THIS ACT SHALL BE ESTABLISHED IN CONSULTATION WITH THE COMMISSION ON AUDIT.***

Section 4. Section 294 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 294. Incentives. - Subject to the condition and period of availment in Sections 295 and 296, respectively, the following types of tax incentives may be granted to registered projects or activities:

"(A) Income Tax Holiday (ITH);

"(B) Special Corporate Income Tax (SCIT) Rate - For export enterprise, domestic market enterprise with a minimum investment capital of Five hundred million pesos (P500,000,000.00), and domestic market enterprise under the Strategic Investment Priority Plan engaged in activities that are classified as 'critical', a tax rate equivalent to five percent (5%) effective July 1, 2020, based on the gross income earned, in lieu of all national and local taxes.

"The domestic market enterprise under the Strategic Investment Priority Plan engaged in activities that are classified as 'critical' shall refer to those enterprises belonging to industries identified by the National Economic and Development Authority to be crucial to national development.

"The period of availment of the Special Corporate Income Tax shall be subject to the conditions set under paragraphs (A) and (B) of Section 296 of this Act:

"Provided, That the national government share shall be three percent (3%) of the gross income earned effective July 1, 2020: Provided, further, That, if applicable, the shares of the local government units and the Investment Promotion Agencies under the special laws governing the latter shall be observed and shall not result in the diminution of

their respective shares: Provided, finally, That the share of the local government unit which has jurisdiction over the place of the registered activity of registered business enterprise outside ecozones and freeports shall be two percent (2%) and shall be **COLLECTED BY THE CONCERNED INVESTMENT PROMOTION AGENCY AND REMITTED** [directly remitted by the registered business enterprise] to such local government units.”

"(C) Enhanced Deductions (ED) **REGIME** – [For] **AN** export enterprise, domestic market enterprise, [and] **OR** critical domestic market enterprise[,] **MAY ELECT TO BE UNDER THE ENHANCED DEDUCTIONS REGIME, UNDER WHICH A TAX RATE EQUIVALENT TO TWENTY PERCENT (20%) UPON THE TAXABLE INCOME DERIVED DURING EACH TAXABLE YEAR FROM REGISTERED PROJECTS OR ACTIVITIES, AND WHERE** the following may be allowed as deductions:

"(1) Depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) - additional ten percent (10%) for buildings; and additional twenty percent (20%) for machineries and equipment;

"(2) Fifty percent (50%) additional deduction on the labor expense incurred in the taxable year;

"(3) One hundred percent (100%) additional deduction on research and development expense incurred in the taxable year;

"(4) One hundred percent (100%) additional deduction on training expense incurred in the taxable year;

"(5) Fifty percent (50%) additional deduction on domestic input expense incurred in taxable year;

"(6) Fifty percent (50%) additional deduction on power expense incurred in the taxable year **AND A FURTHER FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON POWER EXPENSE INCURRED FROM JANUARY 1, 2024 TO DECEMBER 31, 2028: PROVIDED, THAT THE PRESIDENT MAY EXTEND THE PERIOD OF GRANT OF THE FURTHER DEDUCTION FOR ANOTHER FIVE YEARS;**

"(7) Deduction for reinvestment allowance to manufacturing industry - When a manufacturing registered business enterprise reinvests its undistributed profit or surplus in any of the projects or activities listed in the Strategic Investment Priority Plan, the amount reinvested to a maximum of fifty percent (50%) shall be allowed as a deduction from its taxable income within a period of five (5) years from the time of such reinvestment; and

"(8) Enhanced Net Operating Loss Carry-Over (NOLCO). - The net operating loss of the registered project or activity during the first three (3) years from the start of commercial operation, which had not been previously offset as deduction from gross income, may be carried over as deduction from gross income within the next five (5) consecutive taxable years immediately following the year of such loss."

Section 5. Section 295 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 295. Conditions of Availment. - The tax incentives in the preceding Section shall be governed by the following rules:

"(A) The income tax holiday shall be followed by the Special Corporate Income Tax rate or Enhanced Deductions **REGIME**.

"(B) At the option of the export enterprise, the domestic market enterprise with a minimum investment capital of Five hundred million pesos (P500,000,000.00), and the domestic market enterprise engaged in activities that are classified as 'critical,' the Special Corporate Income Tax rate or enhanced deductions shall be granted: Provided, That in no case shall the enhanced deductions be granted simultaneously with the Special Corporate Income Tax.

"The following conditions for the availment of each enhanced deductions shall complied with:

"(1) The depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) shall be allowed for assets that are directly related to the registered enterprise's production of goods and services other than administrative and other support services.

"(2) The additional deduction on the labor expense shall not include salaries, wages, benefits, and other personnel costs incurred for managerial, administrative, indirect, labor, and support services.

"(3) The additional deduction on research and development expense shall only apply to research and development directly related to the registered project or activity of the entity and shall be limited to local expenditure incurred for salaries of Filipino employees and consumables and payments of local research and development organizations.

"(4) The additional deduction on the labor expense shall not include salaries, wages, benefits, and other personnel costs incurred for managerial, administrative, indirect labor, and support services.

"(5) The additional deduction on domestic input expense shall only apply to domestic input that are directly related to and actually used in the registered export project or activity of the registered business enterprise.

"(6) The additional **AND FURTHER** deductionS on power expense shall only apply to power utilized for the registered project or activity.

"(7) The deduction for reinvestment allowance to manufacturing industry shall be determined in the Strategic Investment Priority Plan.

"(D) The VAT exemption on importation and VAT zero-rating on local purchases shall [only apply to goods and services directly and exclusively used in the registered projects or activity by a registered business enterprise.] **BE SUBJECT TO THE FOLLOWING CONDITIONS:**

(1) SALES TO AND SALES BY A REGISTERED BUSINESS ENTERPRISE LOCATED IN A FREEPORT OR SPECIAL ECONOMIC ZONE AND PURSUING PURELY REGISTERED ACTIVITY WITHIN THAT ZONE SHALL BE VAT-EXEMPT;

(2) SALES TO REGISTERED EXPORT ENTERPRISES BY SUPPLIERS WHOSE SALES TO REGISTERED EXPORT ENTERPRISES EXCEED SEVENTY PERCENT (70%) OF THEIR TOTAL SALES SHALL BE VAT-EXEMPT;

(3) SALES TO REGISTERED EXPORT ENTERPRISES BY SUPPLIERS SHALL BE SUBJECT TO ZERO-RATING;

(4) SALES BY REGISTERED EXPORT ENTERPRISES CURRENTLY AVAILING OF INCOME TAX HOLIDAY SHALL TO REGISTERED EXPORT ENTERPRISES BE SUBJECT TO ZERO-RATING;

(5) SALES BY REGISTERED BUSINESS ENTERPRISES, WHETHER DOMESTIC OR EXPORT, CURRENTLY AVAILING OF THE SPECIAL CORPORATE INCOME TAX RATE TO REGISTERED EXPORT ENTERPRISES SHALL BE SUBJECT TO VAT-EXEMPT;

(6) SALES BY REGISTERED BUSINESS ENTERPRISES OF VAT-EXEMPT IMPORTED CAPITAL EQUIPMENT, RAW MATERIALS, SPARE PARTS, AND ACCESSORIES TO REGISTERED EXPORT ENTERPRISES SHALL BE VAT-EXEMPT;

(7) SALES BY SUPPLIERS WITHIN CUSTOMS TERRITORY TO EXISTING REGISTERED EXPORT ENTERPRISES SHALL BE SUBJECT TO ZERO-RATING; AND

(8) ALL OTHER PURCHASES BY REGISTERED BUSINESS ENTERPRISE USED FOR THEIR REGISTERED PROJECT OR ACTIVITY SHALL BE SUBJECT TO ZERO-RATING.”

Section 6. Section 301 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

SEC. 301. *Power of the President to Grant Incentives.* - Notwithstanding the provisions of Sections 295 and 296, the President may, in the interest of national economic development, **MOTU PROPRIO [and] OR** upon the recommendation of the Fiscal Incentives Review Board, modify the mix, period or manner of availment of incentives provided under this Code or craft the appropriate financial support package for a highly desirable project or a specific industrial activity based on defined development strategies for creating high-value jobs, building new industries to diversify economic activities, and attracting significant foreign and domestic capital or investment, and the fiscal requirements of the activity or project, subject to maximum incentive levels recommended by the Fiscal Incentives Review Board: *Provided*, That the grant of income tax holiday shall not exceed eight

(8) years and thereafter, a special corporate income tax rate of five percent (5%) may be granted: *Provided, further*, That the total period of incentive availment shall not exceed forty (40) years.

The Fiscal Incentives Review Board shall determine whether the benefits that the Government may derive from such investment are clear and convincing and far outweigh the cost of incentives that will be granted in determining whether a project or activity is highly desirable.

The exercise by the President of his powers under this Section shall be based on a positive recommendation from the Fiscal Incentives Review Board upon its determination that the following conditions are satisfied:

(1) The project has a comprehensive sustainable development plan with clear inclusive business approaches, and high level of sophistication and innovation; and

(2) Minimum investment capital of Fifty billion pesos (P50,000,000,000.00) or its equivalent in US dollars, or a minimum direct local employment generation of at least ten thousand (10,000) within three (3) years from the issuance of the certificate of entitlement.

Provided, That the threshold shall be subject to a periodic review by the Fiscal Incentives Review Board every three (3) years, taking into consideration international standards or other economic indicators: *Provided, further*, That if the project fails to substantially meet the projected impact on the economy and agreed performance targets, the Fiscal Incentives Review Board shall recommend to the President the cancellation of the tax incentive or financial support package or the modified period or manner of availment of incentives, after due hearing and an adequate opportunity to substantially comply with the agreed performance targets and outputs.

For this purpose, financial support includes utilization of government resources such as land use, water appropriation, power provision, and budgetary support provision under the annual General Appropriations Act.

ANY PROJECT OR ENTERPRISE WHICH SATISFIES THE FOREGOING CONDITIONS MAY SUBMIT A WRITTEN APPLICATION TO THE PRESIDENT OR TO THE FISCAL INCENTIVES REVIEW BOARD IN SUCH FORM AND WITH SUCH PARTICULARS AS MAY BE PRESCRIBED BY FISCAL INCENTIVES REVIEW BOARD.

WHERE THE PRESIDENT IS SATISFIED THAT IT IS EXPEDIENT IN THE PUBLIC INTEREST TO GRANT THE APPLICATION, THE PRESIDENT MAY APPROVE THAT PROJECT OR ENTERPRISE'S REQUEST FOR INCENTIVES IN PART OR IN FULL, SUBJECT TO SUCH CONDITIONS AS THE PRESIDENT DEEMS FIT, UPON THE RECOMMENDATION OF THE FISCAL INCENTIVES REVIEW BOARD.

This power of the President, in as far as it commands additional public sector expenditures in support of investors, is suspended during fiscal years when, an [unimaginable] **UNMANAGEABLE** fiscal deficit is declared by the President on the advice of the Development Budget Coordination Committee with a consequence that even core budgetary obligations, such as, but not limited to, mandatory revenue allotments for local government units and budget for the National Economic and Development Authority's core public investments program, cannot be fully financed.

Notwithstanding the provisions in the preceding paragraphs, tax and duty incentives granted through legislative franchises shall be excepted from the foregoing powers of the President to review, withdraw, suspend, or cancel tax incentives and subsidies.

Section 7. Section 309 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 309. Prohibition on Registered Activities. – EXCEPT THOSE REGISTERED PROJECTS OR ACTIVITIES PRIMARILY ENGAGED IN THE PROVISION OF SERVICES SUCH AS INFORMATION TECHNOLOGY (IT) OR BUSINESS PROCESS OUTSOURCING, A qualified registered project or activity under an Investment Promotion Agency administering an economic zone or freeport shall be exclusively conducted or operated within the geographical boundaries of the zone or freeport being administered by the Investment Promotion Agency in which the project or activity is registered: *Provided*, That a registered business enterprise may conduct or operate more than one qualified registered project or activity within the same zone or freeport under the same Investment Promotion Agency: *Provided, further*, That any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided in this Act, unless such project or activity is conducted or operated under another Investment Promotion Agency.

A QUALIFIED PROJECT OR ACTIVITY PRIMARILY ENGAGED IN THE PROVISION OF SERVICES SUCH AS INFORMATION TECHNOLOGY (IT) OR BUSINESS PROCESS OUTSOURCING SHALL BE ALLOWED TO CONDUCT BUSINESS UNDER ALTERNATIVE WORK ARRANGEMENTS, SUCH AS THOSE PROVIDED FOR BY REPUBLIC ACT NO. 11165, OR THE "TELECOMMUTING ACT:" PROVIDED, THAT IN THE CASE OF QUALIFIED PROJECTS OR ACTIVITIES UNDER AN INVESTMENT PROMOTION AGENCY ADMINISTERING AN ECONOMIC ZONE OR FREEPORT, EMPLOYEES WORKING WITHIN THE GEOGRAPHICAL BOUNDARIES OF THE ZONE OR FREEPORT, AT ANY GIVEN TIME, SHALL NOT BE LESS THAN THIRTY PERCENT (30%) OF THE TOTAL WORKFORCE OF THE

QUALIFIED PROJECT OR ACTIVITY: *PROVIDED FURTHER*, THAT IN THE CASE OF QUALIFIED PROJECT OR ACTIVITY PRIMARILY ENGAGED IN THE PROVISION OF SERVICES SUCH AS INFORMATION TECHNOLOGY (IT) OR BUSINESS PROCESS OUTSOURCING REGISTERED WITH THE BOARD OF INVESTMENTS OR THE REGIONAL BOARD OF INVESTMENTS OF THE BANGSAMORO AUTONOMOUS REGION OF MUSLIM MINDANAO, EMPLOYEES WORKING WITHIN THE REGISTERED PLACES OF BUSINESS OF THE QUALIFIED PROJECT OR ACTIVITY SHALL NOT BE LESS THAN THIRTY PERCENT (30%) OF THE TOTAL WORKFORCE OF THE QUALIFIED PROJECT OR ACTIVITY.

Section 8. Section 311 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 311. Investments Prior to the Effectivity of This Act. - Registered business enterprises with incentives granted prior to the effectivity of this Act shall be subject to the following rules:

"(A) Registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of this Act shall be allowed to continue with availment of the income tax holiday for the remaining period of the income tax holiday as specified in the terms and conditions of their registration: Provided, That for those that have been granted the income tax holiday but have not yet availed of the incentive upon the effectivity of this Act, they may use the income tax holiday for the period specified in the terms and conditions of their registration;

"(B) Registered business enterprises, whose projects or activities were granted an income tax holiday prior to the effectivity of this Act and that are entitled to the five percent (5%) tax on gross income earned incentive after the income tax holiday, shall be allowed to avail of the five percent (5%) tax on gross income earned incentive, **INCLUDING ALL OF ITS CORRESPONDING EXEMPTIONS FROM LOCAL AND NATIONAL TAXES**, based on Subsection (C); and

"(C) Registered business enterprises currently availing of the five percent (5%) tax on gross income earned granted prior to the effectivity of this Act shall be allowed to continue availing the said tax incentive **INCLUDING ALL OF ITS CORRESPONDING EXEMPTIONS FROM LOCAL AND NATIONAL TAXES**, at the rate of five percent (5%) for ten (10) years.

Section 9. *Transitory Provisions.* – The exemption from local and national taxes under Section 8 of this Act shall have retroactive application. *Provided,* that no tax refund or credit shall be granted to registered business enterprises covered by Section 311 of the National Internal Revenue Code, as amended, as a result of the exemption from local and national taxes.

Section 10. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation: *Provided,* That for the provisions under title XIII, the Secretary of Finance and the Secretary of Trade and Industry shall jointly promulgate the necessary rules and regulations thereof within the same period, after due consultations with the Commissioner of Internal Revenue, the Board of Investments, and other Investment Promotion Agencies, for its effective implementation. Failure to promulgate the rules and regulations shall not prevent the implementation of this Act upon its effectivity.

Section 11. *Separability Clause.* – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

Section 12. *Repealing Clause.* – Any law, decrees, executive orders, rules or regulations, or parts thereof which are inconsistent with this Act is hereby repealed, amended or modified accordingly.

Section 13. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,