

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session
House Bill No. **3054**



Introduced by: Congressman **BIENVENIDO M. ABANTE, JR.**

AN ACT
ADJUSTING THE PAYMENT AND REMITTANCES OF TAXES TO THE
GOVERNMENT OF ALL SPECIAL ECONOMIC ZONES AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The eminent jurist Apostle Paul even instructed us on how to submit to the governing authorities,

“Render therefore to all their dues: tribute to whom tribute is due; custom to whom custom; fear to whom fear; honour to whom honour.” Romans 13:7
KJV

The concept of taxation dates back to ancient nations, where rulers imposed dues on agricultural produce and trade to support their troops and administrative functions.

In our day and age, particularly in our jurisdiction, taxation is the power by which the sovereign, through its law-making body, raises revenue to defray the necessary expenses of government. It is merely a way of apportioning the cost of government among those who, in some measure, are privileged to enjoy its benefits and must bear its burdens. In one case, the Supreme Court decided that it is a symbiotic relationship whereby, in exchange for the protection that the citizens get from the government, taxes are paid.¹

On the other hand, the Philippine Economic Zone Authority (PEZA) is a government agency tasked to promote investments, extend assistance, register, grant incentives to, and facilitate the business operations of investors in export-oriented manufacturing and service facilities inside selected areas throughout the country proclaimed by the President of the Philippines as PEZA Special Economic Zones. Ecozones or “Special Economic Zones” refer to selected areas with highly developed or that have the potential to be developed into agri-industrial, industrial, tourist,

¹ Commissioner of Internal Revenue v. Algue, Inc., et al.

recreational, commercial, banking, investment, and financial centers whose boundaries are determined by Presidential Proclamation.²

Under the Philippine Development Plan 2023 to 2028, PEZA is tasked to expedite the implementation of the ecozone transformation roadmap, which expands the different types of special economic zones registrable under PEZA. According to the Plan, “the creation of ecozones will maximize investments and promote industrial dispersion, especially outside metropolitan areas.”³

In this regard, the necessity to raise taxes has become increasingly evident, primarily due to the escalating demands for public services and infrastructure. As populations grow and urban centers expand, governments face mounting pressure to provide essential services such as healthcare, education, and transportation. A tax increase is not merely a financial obligation; it is an investment in the future of our communities. By adjusting our taxes, we can ensure that adequate resources are allocated toward improving public welfare and maintaining vital infrastructure.

It is noteworthy that one of the principles of a sound tax system is Theoretical Justice ---a good tax system must be based on the taxpayer’s ability to pay. This suggests that taxation must be progressive conformably with the constitutional mandate that Congress shall evolve a progressive system of taxation.⁴ The constitutional provision is not an express grant of local taxing power but only a mandate for the legislature to implement and delegate. Thus, in order that corporate authorities of cities may be vested with the power to assess and collect taxes requires a legislative enactment is required to make it effective.

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



BIENVENIDO M. ABANTE, JR.

² https://cpbrd.congress.gov.ph/images/PDF%20Attachments/Facts%20in%20Figures/FF2019-35_PEZA_1.pdf

³ <https://businessmirror.com.ph/2023/02/10/peza-to-set-in-motion-3-new-ecozones-in-2023/>

⁴ Sec. 28 [1], Art. VI, 1987 Constitution.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session
House Bill No. **3054**

Introduced by: Congressman **BIENVENIDO M. ABANTE, JR.**

AN ACT
ADJUSTING THE PAYMENT AND REMITTANCES OF TAXES TO THE
GOVERNMENT OF ALL SPECIAL ECONOMIC ZONES AND FOR OTHER
PURPOSES

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

SECTION 1. Short Title. – This Act shall be known as the “**Tax Payment Adjustment for Special Economic Zone Act of 2025**”

SEC. 2 Declaration of Policy. – It is the policy of the State that with regard to the power of taxation, it is indubitably the most effective instrument to raise needed revenues in financing and supporting myriad activities of the Local Government Unit for the delivery of basic services essential to the promotion of general welfare and enhancement of peace, progress, and prosperity of the people.

SEC. 3 Tax Remittance to the Government – Any provision of existing law, rules, or regulations to the contrary notwithstanding, no taxes, local and national, shall be imposed on the business establishments operating within the Special Economic Zones. In lieu of paying taxes, said business establishments shall pay and remit to the national government nine *per centum* (%) of their gross income, to be divided as follows:

- (1) Two *per centum* (2%) shall accrue to the general fund of the national government, and
- (2) Seven *per centum* (3%) to the Local Government Unit where the Special Economic Zone created by a special law is situated.

SEC 4. Repealing Clause. All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations, or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC 5. Separability Clause. In case any provision of this Act is declared

unconstitutional or invalid, the other provisions hereof which are not affected thereby shall continue in full force and effect.

SEC 6. *Effectivity.* This Act shall take effect fifteen (15) *days* after its complete publication in the Official Gazette or in two (2) national newspapers of general circulation whichever is earlier.

Approved.