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

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL No. 11758

Introduced by Ronaldo V. Puno, Miguel Luis R. Villafuerte, Albert Raymond S. Garcia, Alfredo D. Marañon III, Rolando M. Valeriano, Ramon "Jolo" Revilla III

AN ACT
ESTABLISHING THE ADVANCED INDUSTRIES ZONE IN NEW CLARK CITY, MUNICIPALITY OF CAPAS, PROVINCE OF TARLAC, CREATING FOR THE PURPOSE THE ADVANCED INDUSTRIES DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, GRANTING A FRANCHISE FOR UTILITY SERVICES THEREIN, PROVIDING INCENTIVES TO QUALIFIED ENTERPRISES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The 1987 Constitution commands the State to give priority to science and technology[1] and to pursue the industrialization and full employment of the nation.[2] For decades, these mandates have been pursued in a world where the Philippines competed largely on the strength of its workforce. That world is changing. Today, the capacity to make semiconductors, refine critical minerals, and power artificial intelligence determines which nations will prosper and which will be left behind.

The global technology supply chain is being redrawn, and the decisions being made now will shape where factories, research centers, and high-paying jobs will be located for a generation. In December 2025, the United States and its partners launched Pax Silica to build secure and resilient supply chains for the technologies of the AI age, recognizing that "a reliable supply chain is indispensable to our mutual economic security."[3] The Philippines joined in April 2026, alongside more than twenty other countries and the European Union.[4] Membership opens the door, but it does not

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[1] 1987 Constitution, Article XIV, Section 10.
[2] 1987 Constitution, Article XII, Section 1.
[3] United States Department of State, Pax Silica Declaration, signed at the Pax Silica Summit, Washington, D.C., 12 December 2025, https://www.state.gov/pax-silica.
[4] United States Department of State, "Remarks by Under Secretary Helberg in Washington: Philippines Joins Pax Silica Initiative and Launch of Economic Security Zone," April 2026, https://www.state.gov/releases/under-secretary-for-economic-affairs/2026/04/remarks-by-under-secretary-helberg-in-washington-philippines-joins-pax-silica-initiative-and-launches-of-economic-security-zone; see also the list of signatories at https://www.state.gov/pax-silica.

guarantee that the investments will come to us. Our neighbors are moving quickly to win them. Malaysia has committed at least RM25 billion in fiscal support to its National Semiconductor Strategy and aims to train 60,000 high-skilled engineers.[5] Vietnam has set out to train at least 50,000 semiconductor engineers by 2030.[6] India has approved a ₹76,000 crore program to build its semiconductor and display manufacturing industry.[7]

The Philippines has much to offer, and much to lose. Electronics already account for 58.81 percent of our total exports, worth USD 49.64 billion in 2025.[8] Yet for all the chips that pass through Filipino hands, the country captures only a modest share of their value. Most of our work remains in assembly and testing, while the design, fabrication, and advanced packaging that command the highest returns are done elsewhere. Our critical minerals leave our shores as raw ore, only to return in finished products made by other nations. Unless we act, we will remain a supplier of labor and raw materials in an industry where others reap the greater rewards.

The cost of inaction is measured in lost opportunities for our people. In August 2026, some 2.77 million Filipinos were unemployed, and the unemployment rate stood at 5.3 percent, up from 3.9 percent a year earlier.[9] The advanced manufacturing hub planned for New Clark City is projected to attract up to USD 70 billion in investment and to create 130,000 to 190,000 jobs.[10] These are jobs for engineers, technicians, and researchers, the kind of careers that many skilled Filipinos have long had to seek abroad. The Philippines has one of the largest highly educated diasporas in the world, with an estimated 1.89 million highly educated Filipinos living in OECD countries.[11]

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[5] Malaysian Investment Development Authority, "PM Anwar: Malaysia to Train, Upskill 60,000 Engineers, Allocate RM25b in Fiscal Support for National Semiconductor Strategy," 28 May 2024, https://www.mida.gov.my/mida-news/pm-anwar-malaysia-to-train-upskill-60000-engineers-allocate-rm25b-in-fiscal-support-for-national-semiconductor-strategy/.

[6] "Strategy Issued to Develop Việt Nam's Semiconductor Industry," Việt Nam News, 24 September 2024, https://vietnamnews.vn/economy/1663495/strategy-issued-to-develop-viet-nam-s-semiconductor-industry.html.

[7] "Cabinet Approves Rs 76,000-cr Scheme for Development of Semiconductor, Display Manufacturing Ecosystem," Business Today, 15 December 2021, https://www.businesstoday.in/latest/economy/story/cabinet-approves-rs-76000-cr-scheme-for-development-of-semiconduct-display-manufacturing-ecosystem-315683-2021-12-15.

[8] Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI), "Philippine Electronics Export Performance, December 2025," https://seipi.org.ph/philippine-electronics-export-performance-december-2025/.

[9] Philippine Statistics Authority, Labor Force Survey, August 2026, as reported in "Philippines Jobless Rate Rises to 5.3% in August but Down from July," Staffing Industry Analysts, 13 October 2026, https://www.staffingindustry.com/news/global-daily-news/philippines-jobless-rate-rises-to-53-in-august-but-down-from-july.

[10] "Palace: Signing of Pax Silica Framework Eyed Before Year-End," SunStar Pampanga, https://www.sunstar.com.ph/pampanga/palace-signing-of-pax-silica-framework-eyed-before-year-end; "BCDA Pegs Pax Silica Investment at up to $70B," BusinessWorld, 24 July 2026, https://bworldonline.com/corporate/2026/07/24/765615/bcda-pegs-pax-silica-investment-at-up-to-70b/.

[11] C. E. Baclig, "Highly-Educated Filipinos as OFWs: A Double-Edged Sword for PH," Inquirer.net, 9 May 2024, https://newsinfo.inquirer.net/1938802/highly-educated-filipinos-as-ofws-a-double-edged-sword-for-ph.

Investors of this magnitude do not commit on promises alone. They look for clear rules, efficient government, and the assurance that the terms they rely on will not change with every administration. Our communities, in turn, deserve the assurance that growth will respect their rights and benefit their families. Only a law passed by Congress can provide both.

This measure therefore seeks to establish the Advanced Industries Zone in New Clark City as the country's national platform for strategic technology, advanced manufacturing, and innovation, under a dedicated authority empowered to attract investment and deliver government services efficiently. In return for competitive incentives, enterprises in the Zone must create jobs for Filipinos, train Filipino workers, and transfer skills and know-how, so that in time Filipinos will not only assemble these technologies but design, build, and manage them.

The measure does not trade away our sovereignty or our people's rights for investment. The Zone remains fully under Philippine law and jurisdiction, and no immunity is granted to any person. Our labor laws apply in full, and the rights of Indigenous Peoples and the communities of Capas and Tarlac are protected.

The race for the industries of the future is already under way, and the window to secure our place in it will not stay open forever. With this measure, the Philippines can move up the value chain, process its own resources at home, and offer its people world-class careers without leaving the country. It is a chance to ensure that the next chapter of the technological revolution is written with Filipino hands, for the benefit of the Filipino people.

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

RONALDO V. PUNO

MIGUEL LUIS R. VILLAFUERTE

ALBERT RAYMOND S. GARCIA

ALFREDO D. MARAÑON III

ROLANDO M. VALERIANO

RAMON "JOLO" B. REVILLA III

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* — This Act shall be known as the "Advanced Industries Development Act."

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State, pursuant to Article XIV, Sections 10 and 12, and Article XII, Sections 1 and 12, and Article XIII, Section 3 of the Constitution, to give priority to science and technology, to promote industrialization and full employment, to afford full protection to labor and promote the preferential use of Filipino labor, and to strengthen the industrial, technological, and supply chain capabilities essential to national economic security.

Toward this end, the State shall establish a national platform for strategic technology, advanced manufacturing, scientific research, and innovation, administered by a single body enjoying fiscal and administrative autonomy, empowered to coordinate government services, provide critical infrastructure, and attract investments of national significance, consistent with the Constitution and existing laws.

SEC. 3. *Definition of Terms.* — As used in this Act:

(a) *Advanced Industries Zone*, or the *Zone*, refers to the territory delineated under Section 4, over which the Authority exercises the powers vested in it under this Act;

(b) *Authority* refers to the Advanced Industries Development Authority (AIDA) created under Section 6;

(c) *Locator* refers to any person registered with the Board under Section 23, whether or not certified as a Qualified Enterprise with respect to any registered project;

(d) *Qualified Enterprise* refers to a Locator certified by the Board under Section 24 with respect to a registered project, and whose certification for that project remains subsisting;

(e) *Registered Project* refers to a specific investment, undertaking, or activity of a Qualified Enterprise falling within Section 24, which the Board has registered under a separate certificate of registration, and for which incentives are separately granted, computed, and monitored under this Act;

(f) Position level refers to the classification of the positions in a Locator as executive, managerial, engineering and technical, supervisory, or rank-and-file, each position being classified under only one level in accordance with the rules of the Department of Labor and Employment.

SEC. 4. *Establishment and Customs Character of the Advanced Industries Zone.*

(a) *Establishment.* — There is hereby established the Advanced Industries Zone, to be administered by the Authority as the national platform for strategic technology, advanced manufacturing, scientific research, innovation, and national economic security.

(b) *Territorial Extent.* — The Zone shall comprise the territory within New Clark City, Capas, Tarlac, bounded by straight lines successively connecting the following corner points, the geographic coordinates of which are referred to the Philippine Reference System of 1992 (PRS92):

Corner 1 — Latitude 15°20′09.66″ North, Longitude 120°30′29.15″ East;

Corner 2 — Latitude 15°19′38.45″ North, Longitude 120°31′09.53″ East;

Corner 3 — Latitude 15°18′30.65″ North, Longitude 120°30′11.23″ East;

Corner 4 — Latitude 15°18′58.33″ North, Longitude 120°29′36.32″ East;

Corner 5 — Latitude 15°18′24.15″ North, Longitude 120°29′38.57″ East;

Corner 6 — Latitude 15°17′26.16″ North, Longitude 120°28′50.27″ East;

Corner 7 — Latitude 15°17′22.01″ North, Longitude 120°28′55.54″ East;

Corner 8 — Latitude 15°17′04.96″ North, Longitude 120°28′36.49″ East;

Corner 9 — Latitude 15°16′51.83″ North, Longitude 120°28′35.51″ East;

Corner 10 — Latitude 15°17′25.82″ North, Longitude 120°27′31.45″ East;

Corner 11 — Latitude 15°17′56.60″ North, Longitude 120°27′32.30″ East;

Corner 12 — Latitude 15°18′53.08″ North, Longitude 120°28′17.33″ East;

Corner 13 — Latitude 15°18′47.54″ North, Longitude 120°28′28.63″ East;

Corner 14 — Latitude 15°18′57.52″ North, Longitude 120°28′27.49″ East;

Corner 15 — Latitude 15°20′05.51″ North, Longitude 120°29′08.25″ East; and

Corner 16 — Latitude 15°19′32.10″ North, Longitude 120°29′58.39″ East, thence to the point of beginning at Corner 1;

the corner points enumerated in this subsection being controlling as to the territorial extent of the Zone. No expansion of the Zone shall take effect except as authorized by law.

(c) *Free Zone Status.* — The Zone is hereby declared a free zone within the meaning of Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act," and shall be operated and managed by the Authority as a separate customs territory, ensuring the free flow and movement of goods, capital, and equipment within, into, and exported out of the Zone.

(d) *Entry and Treatment of Foreign Goods.* — Goods brought into the Zone from a foreign country shall not be subject to customs duties, value-added tax, excise tax, or other national internal revenue taxes upon entry, and shall not be deemed imported into the Philippines for so long as they remain within the Zone. Such goods may be stored, warehoused, broken up, repacked, assembled, sorted, graded, cleaned, mixed with foreign or domestic goods, processed, manufactured, tested, refurbished, or otherwise manipulated within the Zone without the payment of duties and taxes, and may be exported directly from the Zone free of duties and taxes. The treatment under this subsection shall apply only to goods admitted for storage, processing, manufacturing, testing, research, or use in the operations of a Locator or Qualified Enterprise. Motor vehicles for personal use, consumer goods, foodstuffs, and other goods for the personal consumption of residents, employees, or visitors of the Zone shall be deemed imported into the Philippines upon their entry into the Zone and shall be subject to the duties and taxes imposed under Republic Act No. 10863 and the National Internal Revenue Code of 1997, as amended, unless admitted under a specific exemption provided by law. No hazardous waste, including electronic waste, shall be admitted into the Zone except as permitted under Republic Act No. 6969 and the Basel Convention.

(e) *Removal to the Customs Territory.* — The removal of goods from the Zone into the customs territory shall constitute importation, and the duties and taxes due thereon shall accrue at the time of removal. Such duties and taxes shall be assessed upon the foreign components of the goods removed, on the basis of

their tariff classification, valuation, and the rates of duty in force at the time of removal: *Provided*, That the value added within the Zone, including the cost of labor, utilities, services, and domestic materials incorporated therein, shall not form part of the dutiable value.

(f) *Goods and Services from the Customs Territory.* — The sale and delivery of goods and the rendition of services from the customs territory into the Zone shall be treated as constructive exportation and shall be subject to value-added tax at the rate of zero percent (0%). Domestic goods brought into the Zone may be returned to the customs territory free of duties and taxes upon proof of their domestic origin, in accordance with the rules issued under subsection (g) of this Section.

(g) *Customs Administration and Enforcement.* — The Bureau of Customs shall retain jurisdiction over the points of entry into and exit from the Zone and over the enforcement of customs and tariff laws with respect to goods entering or leaving the Zone, and shall establish and maintain an office within the Zone, for which the Board shall provide the necessary facilities. The Board shall maintain a secure perimeter, controlled points of entry and exit, and an electronic inventory and tracking system for all goods admitted into the Zone, and shall furnish the Bureau of Customs with access thereto. The Board and the Bureau of Customs shall jointly issue the rules necessary to implement this Section within one hundred twenty (120) days from the effectivity of this Act.

(h) *Defense and Security.* — The defense and the security of the Zone's perimeter fence shall be the responsibility of the national government in coordination with the Authority. Military forces sent by the national government for the purpose of defense shall not interfere in the internal affairs of the Zone and expenditure for these military forces shall be borne by the national government. The Authority may provide and establish internal security and firefighting forces. Such forces shall be subject to Article 279(d) of the Labor Code, and shall not deny entry into the Zone to labor inspectors of the Department of Labor and Employment or to duly authorized representatives of labor organizations in the exercise of their lawful functions, subject to reasonable security and access protocols applicable within the Zone.

(i) *Prohibition and Suppletory Application.* — No goods admitted into the Zone free of duties and taxes shall be sold, transferred, or otherwise disposed of in the customs territory except upon payment of the duties and taxes due thereon. Republic Act No. 10863 shall apply suppletorily to all matters relating to the customs character of the Zone, including its provisions on seizure, forfeiture, and penalties.

(j) *Stability of Customs Character.* — The customs status and treatment granted under this Section shall not be diminished by any rule, regulation, or administrative issuance with respect to a registered project during its registration period, except as otherwise provided by law.

SEC. 5. *The Zone to be a Decentralized Advanced Industrial Zone.* — The Zone shall be developed, as much as possible, into a decentralized, self-reliant and self-sustaining industrial zone, with minimum government intervention. The Zone shall

provide transportation, telecommunications, and other facilities needed to generate linkage with industries and employment opportunities for its own inhabitants and those of nearby towns and cities.

The Zone shall administer itself on economic, financial, industrial, development and such other matters within the exclusive competence of the national government.

The Zone may establish mutually beneficial economic relations with other entities within the country or with foreign entities or enterprises.

CHAPTER II
THE ADVANCED INDUSTRIES DEVELOPMENT AUTHORITY

SEC. 6. *Creation of the Advanced Industries Development Authority.* — There is hereby established an independent government instrumentality vested with corporate powers, to be known as the Advanced Industries Development Authority (AIDA), which shall enjoy fiscal, administrative, operational, and regulatory autonomy, except as otherwise provided by the Constitution. The Authority shall be headed by a Board of Governors, which shall exercise the powers and discharge the functions vested in the Authority by this Act. As used in this Act, *Board* refers to the Board of Governors of the Authority.

SEC. 7. *Composition of the Board.* — The Board shall be composed of eleven (11) Governors, as follows:

(a) A Chairperson, appointed by the President;

(b) The Secretary of Finance, or a duly authorized Undersecretary;

(c) The Secretary of Trade and Industry, or a duly authorized Undersecretary;

(d) The Secretary of Information and Communications Technology, or a duly authorized Undersecretary

(e) The President and Chief Executive Officer of the Bases Conversion and Development Authority;

(f) Three (3) Independent Governors, appointed by the President from persons possessing competence and integrity, in one or more of the following fields:

(1) Semiconductor manufacturing;

(2) Science and engineering;

(3) Technology commercialization;

(4) Finance and venture capital;

(5) International business;

(6) Infrastructure development; and

(7) Law; and

(g) Two (2) representatives from Locators within the Zone, to be appointed by the Board; and

(h) One (1) representative of the labor sector, appointed by the President from among the nominees of labor organizations.

All Governors shall be citizens of the Philippines. The Chairperson and the Independent Governors shall be at least thirty-five (35) years of age and of good moral character and integrity.

The Chairperson, the Independent Governors, the representatives of the Locators, and the representative of the labor sector shall serve for a term of six (6) years. The Chairperson first appointed shall serve the full term of six (6) years. Of the Independent Governors and representatives of Locators first appointed, two (2) Independent Governors and one (1) representative of Locators shall serve for three (3) years, and the rest for six (6) years, as determined in their respective appointments. Upon the expiration of a term, a Governor shall serve as such until a successor shall have been appointed and qualified. A Governor appointed to fill a vacancy shall serve only the unexpired term.

The Chairperson, the Independent Governors, the representatives of the Locators, and the representative of the labor sector shall not be removed except for cause, after notice and hearing, on the ground of subsequent disqualification, physical or mental incapacity, conviction of an offense involving moral turpitude, or grave misconduct in office.

No Governor shall participate in the deliberation or decision of any matter in which such Governor, or any entity in which such Governor holds a material interest, has a pecuniary interest, and such Governor shall not be counted for purposes of the quorum thereon.

No Governor, officer, or employee of the Authority shall be held liable for any act performed or omitted in the discharge of official duties, unless the act or omission constitutes a willful violation of this Act or is attended by bad faith, malice, or gross negligence.

SEC. 8. *Powers and Functions.* — The Authority shall have the following powers:

(a) To administer, develop, and promote the Zone, and to formulate and issue rules for its operation;

(b) To register Locators and certify Qualified Enterprises, regulate and supervise the Locators and Qualified Enterprises in an efficient and decentralized manner, and to suspend or revoke the certification of Qualified Enterprises in accordance with Sections 34 to 36;

(c) To administer fiscal and non-fiscal incentives granted under this Act;

(d) To develop, operate, and maintain infrastructure and utilities within the Zone, directly or through subsidiaries or private operators;

(e) To lease, sub-lease, and administer land and improvements within the Zone;

(f) To exercise the right of eminent domain;

(g) To fix, impose, and collect fees, rentals, and charges for services and facilities;

(h) To enter into contracts, incur obligations, and acquire and dispose of property in the exercise of its corporate powers;

(i) To exercise regulatory jurisdiction over solid, liquid, and hazardous waste management within the Zone, in accordance with Section 20;

(j) To act, through the Chairperson or a duly designated officer, as the Building Official within the Zone, and to issue all building, occupancy, and related permits;

(k) To be fully responsible and accountable for the enforcement of Republic Act No. 9514 within the Zone, in coordination with the Bureau of Fire Protection;

(l) To exercise exclusive control and jurisdiction over the issuance, enforcement, and monitoring of environmental compliance certificates, tree-cutting permits, and water permits for sources within the Zone, in accordance with the standards under Presidential Decree No. 1586, Presidential Decree No. 705, and Presidential Decree No. 1067, as amended; and

(m) To exercise such other powers as may be necessary to carry out the purposes of this Act.

SEC. 9. *Meetings, Quorum, and Voting.* — The Board shall meet at least twice each month and may hold special meetings upon the call of the Chairperson or upon the written request of not less than four (4) Governors.

The presence of six (6) Governors shall constitute a quorum. Any action or decision of the Board shall require the affirmative vote of at least six (6) Governors. In case of a tie, the Chairperson shall cast the deciding vote.

SEC. 10. *Chairperson.* — The Chairperson shall preside over the meetings of the Board and shall serve as the Chief Executive Officer of the Authority, exercising executive and administrative supervision over the operations of the Zone and implementing the policies of the Board.

The Chairperson shall be appointed by the President from among persons of recognized competence, integrity, and experience in strategic industries, technology, infrastructure, finance, or economic development. The term of office and the grounds and procedure for removal of the Chairperson shall be as provided in Section 7.

The Chairperson shall sign contracts, certificates of registration, and other instruments on behalf of the Authority, and shall represent it in all dealings with other agencies and in judicial and administrative proceedings. The Chairperson may delegate any of these functions to officers of the Authority, subject to such conditions as the Board may prescribe.

SEC. 11. *Fiscal and Administrative Autonomy.* — In the discharge of its responsibilities under this Act, the Authority shall enjoy fiscal and administrative autonomy. It shall determine its own organizational structure and staffing pattern and shall adopt its own compensation and position classification system, which shall be exempt from Republic Act No. 6758: *Provided*, That the same shall not exceed the compensation levels of the Bangko Sentral ng Pilipinas for positions of comparable rank; that it shall be published and reported annually to the Congress; and that all disbursements thereunder shall be subject to audit by the Commission on Audit.

Fees, rentals, charges, its share of the SCIT under Section 28, and other income of the Authority shall accrue to and be retained by it and shall be used exclusively for the purposes of this Act. Within sixty (60) days following the end of each year, the Authority shall determine its net profits or losses. The Authority shall be exempt from Republic Act No. 7656.

The Authority shall have an authorized capital of Fifty Billion Pesos (₱50,000,000,000.00), which may be increased by the Board with the approval of the President. The authorized capital shall be subscribed and paid by the National Government through the transfer of the lands and improvements under Section 12, at their appraised value, and of such other assets as the President may transfer to the Authority, which shall be booked as the equity contribution of the National Government, and through the cash contributions under Section 38.

The acquisition by the Authority of semiconductor fabrication equipment, advanced manufacturing systems, and other specialized technology goods, infrastructure projects, and consulting services of proprietary character, obtainable only from a sole or exclusive source, or for which no suitable substitute is available on terms more advantageous to the Government, shall be undertaken through Direct Contracting pursuant to Republic Act No. 12009, without prior determination or approval by any other body: *Provided*, That where the acquisition is time-critical to a registered project, time-criticality shall constitute sufficient necessity for Negotiated Procurement under the same Act: *Provided, further*, That every contract awarded under this Section shall be posted on the Philippine Government Electronic Procurement System within fifteen (15) days from award and reported under Section 39.

All funds and accounts of the Authority shall be subject to examination and audit by the Commission on Audit.

SEC. 12. *Transfer of Jurisdiction; Existing Contracts.* — Administrative jurisdiction over the Zone is hereby transferred from the Bases Conversion and Development Authority to the Authority. All contracts, leases, and other agreements subsisting within the Zone shall continue in force under their existing terms and shall be assumed by the Authority: *Provided*, That the transfer of administrative jurisdiction under this Section shall extend only to such lands and improvements within the Zone as are owned by, titled in the name of, or under the administration of the Bases Conversion and Development Authority: *Provided, further*, That nothing in this Act shall be construed to impair, diminish, or extinguish any vested private right, any ancestral domain or ancestral land right recognized under Republic Act No. 8371, or any existing tenurial instrument within the Zone.

SEC. 12-A. *Cooperation with Other Freeports and Economic Zones.* — Within one hundred eighty (180) days from the organization of the Authority, the Authority, the Authority of the Freeport Area of Bataan, the Subic Bay Metropolitan Authority, the Clark Development Corporation, the Philippine Economic Zone Authority, and such other zone authorities as the Board may determine shall enter into cooperation agreements covering supply chain integration, the transit of goods between zones subject to the rules of the Bureau of Customs, shared logistics and infrastructure, and the exchange of information on registered projects.

SEC. 13. *Classification and Patrimonial Character of Lands within the Zone.* — Lands of the State within the Zone that are owned by, titled in the name of, or under the administration of the Bases Conversion and Development Authority (BCDA) and transferred to the Authority under Section 12 are hereby declared alienable and disposable and classified as patrimonial property of the State, to be held and administered by the Authority in its proprietary capacity.

This declaration shall not apply to lands covered by a Certificate of Ancestral Domain Title or Certificate of Ancestral Land Title, or reserved by law or proclamation for public use, which shall remain part of the public domain.

The transfer of titles from the Bases Conversion and Development Authority to the Authority under this Section shall be exempt from all taxes, fees, and charges, including documentary stamp tax, capital gains tax, transfer tax, and registration fees. The Register of Deeds concerned shall issue the corresponding titles in the name of the Authority.

CHAPTER III
ADMINISTRATION AND IMPLEMENTATION

SEC. 14. *Lead Administrative Agency.* — The Authority is hereby designated as the lead administrative agency for all projects, activities, investments, and government transactions within the Zone.

SEC. 15. *Integrated Government Services Center.* — The Authority shall establish and maintain an Integrated Government Services Center (IGSC), which shall be staffed by officers and employees of the Authority and shall serve as the single point of intake, assistance, filing, payment, tracking, and release for all government transactions relating to activities within the Zone.

The IGSC shall receive applications from Locators and Qualified Enterprises, verify their completeness and sufficiency in form, assist applicants in curing deficiencies, and transmit the completed applications to the government agencies and local government units concerned. Where more than one agency has jurisdiction over a project, the IGSC shall transmit the applications simultaneously.

Supporting documents once submitted to the IGSC shall not be required again by any agency or local government unit, and the IGSC shall maintain a single electronic record of each application accessible to every agency concerned, subject to Republic Act No. 10173.

An applicant shall not be required to file separately with any agency or local government unit for transactions covered by this Chapter: *Provided,* That nothing herein shall dispense with any inspection, hearing, conference, or personal appearance required by law or by the agency or local government unit concerned in the exercise of its substantive authority, which the IGSC shall coordinate and facilitate.

Filing with the IGSC shall constitute filing with the agency or local government unit concerned as of the date of transmittal, and the periods under Section 16 shall be reckoned from that date.

SEC. 16. *Priority Processing.* — All government agencies, government-owned or controlled corporations, and local government units exercising any permitting,

licensing, registration, certification, clearance, accreditation, or inspection function shall accord priority processing to applications transmitted by the IGSC, and shall act thereon within twenty (20) working days from transmittal or within the period prescribed by Republic Act No. 11032, whichever is shorter.

Failure to act within the applicable period shall, upon submission of all required documents and payment of all required fees and charges, be deemed an approval: *Provided*, That this paragraph shall not apply to environmental compliance certificates, certifications and consents required under Republic Act No. 8371, national security determinations, public health and safety approvals, alien employment permits, occupational safety and health approvals, quasi-judicial proceedings, rate-setting, congressional franchises, and the disposition of natural resources. In such excepted cases, failure to act within the applicable period shall not be deemed an approval, certification, or consent, and the application shall be elevated to the head of the agency or to its governing body, which shall act thereon and report the reasons for the delay to the Board and to the Congress.

For applications requiring certification under Section 59 of Republic Act No. 8371, the National Commission on Indigenous Peoples shall determine within fifteen (15) working days from transmittal whether the area applied for overlaps an ancestral domain or ancestral land, and where none is found, issue the corresponding certification; and where an overlap is found, shall commence the field-based investigation within ten (10) working days from the determination and complete the same within twenty (20) working days from commencement: *Provided*, That the prescribed periods shall apply only to the administrative action of the agency concerned and shall not apply to the consultation, deliberation, and consensus-building of an Indigenous Cultural Community or Indigenous Peoples, which shall be conducted in accordance with their own customary decision-making processes and upon which no period shall be fixed or imposed: *Provided, further*, That the notice, publication, community assembly, and memorandum of agreement requirements under Republic Act No. 8371 shall be observed in full.

Any approval obtained through fraud or material misrepresentation shall be void.

CHAPTER IV
INFRASTRUCTURE, UTILITIES, AND LAND

SEC. 17. *Franchise for Utility Services Within the Zone.* — The Authority is hereby granted a franchise, for a period of twenty-five (25) years from the effectivity of this Act, renewable for another twenty-five (25) years, to construct, operate, and maintain systems for the distribution of electricity and the supply and distribution of water within the Zone. The Authority may exercise the franchise directly, through a subsidiary, or through a private operator selected through a competitive process. Any private operator exercising the franchise shall comply with the nationality and other requirements applicable to public utilities under Section 11, Article XII of the Constitution.

Electricity services shall comply with Republic Act No. 9136, the Philippine Distribution Code, and applicable Energy Regulatory Commission (ERC) standards.

Notwithstanding the threshold requirements under Republic Act No. 9136 and applicable ERC rules, all end-users within the Zone shall be deemed contestable customers.

Water services shall comply with Presidential Decree Nos. 1067 and 1206 and applicable National Water Resources Board (NWRB) standards.

The franchise shall constitute the Certificate of Public Convenience and Necessity or Certificate of Public Convenience required by law for electricity and waterworks systems within the Zone. Each system shall be registered with the ERC or NWRB, as applicable, within sixty (60) days from commencement of operations. The ERC and NWRB shall retain their respective regulatory authority to monitor compliance and impose penalties under applicable law.

Notwithstanding Republic Act No. 9136, the Authority shall fix rates for the distribution of electricity and the supply of water within the Zone, applying the rate-setting methodologies of the ERC and the NWRB as minimum standards. Where the Authority exercises the franchise directly, such rates shall be subject to review by the ERC or the NWRB, as the case may be, upon complaint of an end-user.

SEC. 18. *Certificates of Authority.* — The Authority may issue Certificates of Authority for the construction and operation of transmission-voltage lines and water facilities wholly within the Zone upon finding that the applicant is legally, technically, and financially qualified and that the proposed facility is necessary or beneficial to the efficient operation of the Zone: *Provided*, That no certificate shall be issued except to a citizen of the Philippines or to a corporation or association organized under Philippine law at least sixty percent (60%) of whose capital is owned by such citizens; and that no certificate shall be exclusive or exceed fifty (50) years.

A facility shall be deemed to form part of the electric power system within the Zone, notwithstanding its voltage level, where the facility: (1) is located wholly within the Zone, except for a dedicated connection segment necessary to reach an approved point of interconnection; (2) primarily serves loads, generation, or storage facilities within the Zone; and (3) is not used to convey electric power to customers outside the Zone. No Certificate of Authority issued under this Section shall authorize the operation or control of any facility forming part of the national transmission system governed by Section 19.

SEC. 19. *National Transmission Grid.* — Nothing in this Act shall affect the national transmission grid, which shall continue to be governed by Republic Act No. 9136, Republic Act No. 9511, the concession agreement entered into pursuant to Section 21 of Republic Act No. 9136, and other applicable laws and regulations. The cost of interconnection facilities between the Zone and the grid may be funded by the National Government, subject to appropriation by the Congress.

The Authority may defray, out of its retained income, the transmission charges payable by Locators: *Provided*, That the grid operator shall be paid its full approved rate, and that no such payment shall constitute a cross-subsidy under Republic Act No. 9136.

SEC. 20. *Environment and Waste Management.* — The Authority shall undertake and regulate the establishment, operation, and maintenance of an

integrated waste management system within the Zone, including the collection, segregation, storage, transport, recovery, treatment, and disposal of waste.

The Authority may construct, acquire, own, lease, operate, and maintain waste management facilities, directly or through contract, concession, joint venture, public-private partnership or other lawful arrangement. It may regulate service providers and impose reasonable fees and charges.

The Authority may adopt and enforce supplemental waste management, pollution control, and environmental standards within the Zone, which shall not be inconsistent with applicable national standards.

SEC. 21. *Land Tenure.* — Patrimonial land under Section 13 may be leased to any Locator for a period not exceeding ninety-nine (99) years: *Provided*, That land within the Zone remaining part of the public domain may be leased only for twenty-five (25) years, renewable for not more than twenty-five (25) years, and not exceeding one thousand (1,000) hectares for any single Locator, in accordance with Section 3, Article XII of the Constitution: *Provided, further*, That every lease and sublease shall be registered with the Register of Deeds and shall not constitute a conveyance of ownership.

Within any portion of the Zone covered by a Master Development Lease, occupancy shall be by sublease from the Master Developer and Estate Operator. Elsewhere, leases shall be entered into directly with the Authority.

No lease or sublease shall be assigned or further subleased without the prior written approval of the Authority.

SEC. 22. *Master Development of the Zone.*

(a) *Master Developer and Estate Operator.* — The Authority, upon approval of the Board, may select and engage a corporation organized under Philippine law, at least sixty percent (60%) of whose capital is owned by citizens of the Philippines, as Master Developer and Estate Operator for all or any portion of the Zone.

The ownership requirement shall be maintained throughout the arrangement, and any transfer of controlling interest shall require prior Board approval.

For this purpose, the Authority may grant a Master Development Lease over all or any portion of the patrimonial property under its administration or control, with such development, use, occupancy, subleasing, estate management, and commercial rights as may be necessary to implement the Master Development Plan. The Authority may likewise enter into development, usufruct, management, operations and maintenance, or other commercial arrangements, separately or in combination with such lease.

(b) *Selection.* — The Master Developer and Estate Operator, which shall have the financial and technical capacity, committed investment, infrastructure and operations capability and demonstrated experience in large-scale integrated infrastructure development and operations, shall be selected based on the responsive proposal offering the greatest overall value to the Authority and the Zone.

(c) *Master Development Lease.* — Subject to the Master Development Plan and conditions imposed by the Board, the Master Development Lease may authorize the Master Developer and Estate Operator to:

(1) Possess, use, develop, improve, manage, and operate the leased property;

(2) Plan, finance, design, construct, operate, maintain, and improve roads, bridges, drainage, utility corridors, digital infrastructure, common areas, buildings, and other estate infrastructure;

(3) Lease, sublease, or grant lawful rights of use or occupancy to Locators, Qualified Enterprises, and other authorized persons;

(4) Undertake horizontal and vertical development and provide or procure estate and property management and other common services;

(5) Collect rents, estate charges, service fees, and other authorized revenues; and

(6) Engage contractors, operators, lenders, investors, and service providers necessary to carry out the Master Development Plan.

(d) *Development Obligations; Term and Consideration.* — The Master Development Lease shall impose binding investment, development, infrastructure, completion, and operations and maintenance obligations, principally for the account and risk of the Master Developer and Estate Operator. Required roads, drainage, utility corridors, common areas, and supporting estate infrastructure may form part of the consideration for the rights granted under the lease.

The Board shall determine the term of the lease, taking into account the investment, development and financing requirements, reasonable investment recovery, useful life of improvements, and long-term development objectives of the Zone.

The consideration for the lease may consist of fixed or variable rent, revenue share, development commitments, infrastructure investments, or any combination thereof.

(e) *Infrastructure and Alternative Estate Management.* — The Board shall determine the ownership, control, operation, and turnover of roads, rights-of-way, common areas, infrastructure, and facilities developed under this Section. Assets retained by the Authority may be operated and maintained by the Master Developer and Estate Operator subject to Board-prescribed standards, step-in rights, and turnover conditions.

In lieu of or in combination with a Master Development Lease, the Authority may remain the direct lessor and engage an entity meeting the ownership requirement under subsection (a) to develop, manage, operate, and maintain designated property, administer leases, collect rents and charges for the Authority, and receive approved fees or revenue shares.

(f) *Reserved Powers; Performance and Reversion.* — No arrangement under this Section shall transfer or delegate the regulatory, licensing, permitting,

enforcement, police, or other governmental powers of the Authority or the Board.

Rents, estate charges, and service fees collected by the Master Developer and Estate Operator under paragraph (c)(5) are contractual consideration under the Master Development Lease and shall not, by themselves, constitute the operation of a public utility or public service requiring a franchise or certificate of public convenience.

Every Master Development Lease shall provide appropriate performance security, audit and reporting requirements, remedies for nonperformance, and step-in, suspension, termination, forfeiture, and reversion rights.

Upon expiration or termination, the land shall remain with or revert to the Authority, together with such improvements and infrastructure as provided in the agreement, subject to the rights of lawful sublessees and occupants.

(g) *Integrated Roles and Safeguards.* — The Master Developer and Estate Operator may be engaged as a private operator under Section 17 only in accordance with the requirements thereof.

Where the Master Developer and Estate Operator performs other functions under this Act, it shall maintain separate accounts for each activity and shall disclose to the Board all transactions with its Affiliates or Related Parties. Such transactions shall be on terms no less favorable to the Authority than those obtainable from an unrelated party.

The Master Development Lease shall prescribe development milestones, completion periods, performance standards, and appropriate performance security, and shall provide for remedies, including step-in, suspension, termination, forfeiture, and reversion, for material failure to perform. The performance standards shall include compliance by the Master Developer and Estate Operator, and by its contractors and subcontractors, with labor and social legislation, including occupational safety and health standards.

The Master Developer and Estate Operator shall maintain separate accounts of revenues derived from the Master Development Lease and shall submit audited financial statements and such reports as the Authority may require. Its performance shall be included in the annual report of the Authority under Section 39.

CHAPTER V
LOCATORS, QUALIFIED ENTERPRISES, AND INCENTIVES

SEC. 23. *Registration of Locators; Certificate of Endorsement.* — Any person intending to occupy, operate, or conduct business within the Zone shall register with the Board. Registration shall entitle the Locator to the administrative services and one-stop processing established under this Act.

Upon registration, the Board shall issue a Certificate of Endorsement stating the proposed project, the investment capital committed, and the project location. The Certificate shall issue in the name of the entity undertaking the project, and all permits

and licenses for the project shall issue under that name. It shall entitle the project to expedited processing under Section 16.

SEC. 24. *Qualified Enterprises.* — A Locator may apply for certification as a Qualified Enterprise prior to the commencement of construction or operations. The Board may certify a registered Locator as a Qualified Enterprise upon determining that the project or activity in which it is engaged, or proposes to engage in, falls within any of the following:

(a) The design, fabrication, assembly, testing, or advanced packaging of semiconductors and integrated circuits;

(b) Advanced manufacturing employing automation, robotics, precision engineering, or advanced materials;

(c) The establishment and operation of data centers and computing infrastructure for artificial intelligence and high-performance computing;

(d) The processing of critical minerals and the production of specialty materials, gases, and equipment used in the activities enumerated in this Section;

(e) Scientific research, development, and technology commercialization in support of the foregoing;

(f) The development, construction, and operation of energy facilities and systems located within the Zone, including the generation, storage, conversion, and distribution of electricity, and the production, storage, and supply of fuels and other energy carriers, from any conventional, renewable, or emerging energy source or technology;

(g) Such other activities as the Board may determine to be directly related to, in support of, or necessary for the establishment and operation of the activities mentioned in paragraphs (a) to (e), including supplier, logistics, and technical service activities forming part of their supply chain: *Provided*, That such activities shall be performed exclusively for Qualified Enterprises within the Zone.

Any determination under paragraph (g) shall be made by resolution stating the basis therefor, shall be published in the Official Gazette or in a newspaper of general circulation, and shall be transmitted to the Congress within fifteen (15) days from publication.

The Board shall act on a complete application within thirty (30) working days and shall, upon approval, issue a Certificate of Registration stating the registered project, the activity under which it qualifies, and the conditions of availment.

SEC. 25. *Standards.* — The Board shall exercise its authority under Section 24 and shall make a determination under Section 24(g) only upon a written finding, stated in its resolution, that the activity:

(a) Applies, produces, or materially depends upon advanced technological, scientific, or engineering capability that is not widely available in the Philippines;

(b) Is necessary to the establishment, operation, or continuity of one or more activities enumerated in Section 24(a) to (e), or forms part of their supply chain;

(c) Generates employment requiring technical, scientific, or professional qualifications, and provides for the training of Filipino personnel therein;

(d) Involves substantial capital investment; and

(e) Provides for the transfer of skills and technical know-how to Filipino personnel under a Technology Transfer and Training Plan forming part of its Investment Agreement, without prejudice to intellectual property rights, and results in the transfer of technology, the conduct of research and development in the Philippines, or the development of Filipino suppliers, subject in all cases to Republic Act No. 10697 and other export control laws applicable to the technology concerned, and to the protection of sensitive technologies.

SEC. 26. *Minimum Investment.* — No Locator shall be certified as a Qualified Enterprise unless its registered project involves an investment capital of at least Fifteen Billion Pesos (₱15,000,000,000.00), exclusive of the value of the land.

The Authority shall, every five (5) years, adjust the foregoing amount to reflect the cumulative change in the Consumer Price Index as published by the Philippine Statistics Authority. No adjustment shall reduce the amount below that first prescribed, and no adjustment shall affect a project already registered.

Investment capital shall be reckoned as the aggregate amount committed under the Investment Agreement and shall be deployed within the period stipulated therein.

An expansion of the registered project of a Qualified Enterprise involving an additional investment capital of at least Five Billion Pesos (₱5,000,000,000.00), exclusive of the value of the land, may be registered as a separate registered project, which shall be entitled only to the incentives under Section 27(c), (d), and (e).

SEC. 27. *Incentives.* — Notwithstanding Title XIII of the National Internal Revenue Code of 1997, as amended, and any other law granting or regulating fiscal incentives, the fiscal incentives of Qualified Enterprises within the Zone shall be governed exclusively by this Act: *Provided*, That Qualified Enterprises shall be entitled to all deductions, exclusions, and credits allowed to taxpayers generally under the said Code. A Qualified Enterprise shall be entitled to the following incentives:

(a) *Income Tax Holiday (ITH).* — A Qualified Enterprise shall be entitled to an ITH of seven (7) years from the start of commercial operations of the registered project, but not later than three (3) years from the date of its Certificate of Registration;

(b) *Election.* — In lieu of, or upon expiration of, the income tax holiday, a Qualified Enterprise may avail itself, at its option, of either the Special Corporate Income Tax (SCIT) under subsection (c) or the Enhanced Deductions Regime (EDR) under subsection (d), for a period not exceeding twenty (20) years: *Provided*, That the aggregate period of availment under subsections (a), (c), and (d) shall in no case exceed twenty (20) years from the date of the Certificate of Registration of the registered project. The election shall be exercised in the manner prescribed by the Authority and, once exercised, shall be irrevocable for the registered project concerned;

(c) *Special Corporate Income Tax.* — A Qualified Enterprise shall pay a tax equivalent to five percent (5%) of its gross income earned from the registered project, in lieu of all national and local taxes, fees, and charges, except real property tax on land: *Provided*, That customs duties and the value-added tax on importation shall be governed by Section 4 and by subsection (e) of this Section.

For this purpose, *gross income earned* refers to gross sales or receipts derived from the registered project, less sales discounts, sales returns and allowances, and cost of sales or direct costs, but before any deduction for administrative, marketing, selling, operating, or financing expenses;

(d) *Enhanced Deductions Regime (EDR).* — A Qualified Enterprise shall be subject to an income tax rate of twenty percent (20%) on its taxable income from the registered project, and shall be entitled to deduct from gross income, in addition to the deductions otherwise allowed under the Code:

(1) An additional depreciation allowance of ten percent (10%) for buildings and twenty percent (20%) for machinery and equipment;

(2) Fifty percent (50%) additional deduction on the direct labor expense incurred in the taxable year for Filipino personnel directly engaged in the registered project;

(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 for Filipino personnel;

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

(6) One hundred percent (100%) additional deduction on power expense incurred in the taxable year;

(7) *Enhanced Net Operating Loss Carry-Over (NOLCO).* — The net operating loss of the registered project during the first three (3) years from the start of commercial operation, which had not been previously offset as a deduction from gross income, may be carried over as a deduction from gross income within the next five (5) consecutive taxable years immediately following the last year of the ITH entitlement period, or, where no income tax holiday was availed of, immediately following the third year from the start of commercial operations; and

(8) *Reinvestment Allowance.* — A Qualified Enterprise that reinvests its undistributed profits or surplus in the expansion of its registered project within five (5) years shall be entitled to a reinvestment allowance of up to fifty percent (50%) of the amount reinvested, in accordance with the rules applicable to the reinvestment allowance under Republic Act No. 12066;

(e) *Value-Added Tax and Customs Duty.* — In addition to, and without prejudice to, the customs character of the Zone under Section 4 of this Act, a Qualified

Enterprise shall, from the date of its Certificate of Registration and for the duration of its incentive period, be entitled to:

(1) Exemption from Value-Added Tax (VAT) and customs duties on the importation of capital equipment, raw materials, supplies, spare parts, accessories, and other goods directly attributable to its registered project;

(2) VAT at the rate of zero percent (0%) on local purchases of goods and services directly attributable to its registered project, regardless of the location of the seller; and

(3) Exemption from VAT and customs duties on goods transferred to another Qualified Enterprise for use in the latter's registered project.

For purposes of this Section, goods and services directly attributable to a registered project refer to those incidental to and reasonably necessary for its conduct, including raw materials, inventories, supplies, equipment, packaging materials, basic infrastructure, utilities, and maintenance, repair, and overhaul of equipment, and including janitorial, security, insurance, consultancy, marketing, human resources, legal, and accounting services: *Provided*, That services rendered by a contractor or subcontractor through workers it assigns to the Qualified Enterprise shall qualify only where the contractor or subcontractor holds the registration or license required by law and by the rules of the Department of Labor and Employment for the activity it undertakes.

The exemptions under this subsection are personal to the Qualified Enterprise and are in addition to the treatment accorded under Section 4 of this Act. Nothing in this subsection shall limit, diminish, condition, or terminate the application of Section 4(c) to (h) to any goods entering, remaining within, or leaving the Zone, whether or not the person concerned is a Qualified Enterprise, and whether or not the incentive period of any Qualified Enterprise has expired;

(f) *Local Taxation.* — A Qualified Enterprise availing itself of the income tax holiday or the enhanced deductions regime shall be subject to such local taxes, fees, and charges as the local government unit concerned may impose. In lieu thereof, the province and the host city or municipality may, through their respective ordinances, each impose a tax not exceeding one percent (1%) of the gross income earned from the registered project. The tax under this subsection shall not apply to a Qualified Enterprise availing of the SCIT;

(g) *Stability of Incentives.* — The incentives applicable to a registered project shall be determined as of the date of its registration and shall not be diminished by any subsequent rule, regulation, or administrative issuance during the applicable incentive period, except as otherwise provided by law; and

(h) *Limitations.* — Incentives shall be granted on a per-project basis. No Qualified Enterprise shall avail itself of the same incentive under this Act and under any other law for the same registered project.

SEC. 28. *Allocation of the SCIT.* — The five percent (5%) SCIT imposed under Section 27(c) shall be allocated as follows:

(a) Two percent (2%) shall accrue to the National Government;

(b) One percent (1%) shall accrue to the province where the Zone is located;

(c) One percent (1%) shall accrue to the host city or municipality; and

(d) One percent (1%) shall accrue to the Authority and shall be used exclusively for the development, operation, and maintenance of the Zone.

The Qualified Enterprise shall remit the share under paragraph (a) to the Bureau of Internal Revenue, and the shares under paragraphs (b), (c), and (d) directly to the treasurers of the province and the city or municipality concerned and to the Authority, respectively.

SEC. 29. *Investment Agreements.* — As a condition of certification under Section 24, the Authority shall enter into a written Investment Agreement with an applicant Locator stipulating its investment commitments, performance undertakings, and the terms and conditions of its registration. The Investment Agreement shall state, for each year of operation, the number of direct jobs to be generated by position level, with their projected distribution by sex, and shall include the Technology Transfer and Training Plan under Section 25(e) and the Workforce Localization Plan under Section 31(c). These commitments shall be made public, subject to the protection of confidential business information. The Board may, upon application of the Qualified Enterprise and for justifiable reasons, approve the revision of these commitments. The Investment Agreement shall be approved by the Board and shall take effect upon certification of the registered project.

SEC. 30. *Continuing Eligibility.* — The continued enjoyment of incentives under Chapter V shall be subject to the Qualified Enterprise's continuing compliance with:

(a) The qualifications for certification under this Act;

(b) Its approved investment commitments;

(c) Applicable research and development obligations;

(d) Applicable employment and technology transfer commitments;

(e) Applicable cybersecurity and national security requirements;

(f) Environmental laws and standards, and labor and social legislation, including occupational safety and health standards and the laws on self-organization, compliance with which shall extend to its contractors and subcontractors in respect of work performed for it within the Zone;

(g) Preference for Filipino workers in hiring, and for Filipino suppliers, including enterprises located in other freeports and economic zones, in the procurement of goods and services, subject to the standards set by the Board; and

(h) Such other statutory conditions expressly provided under this Act.

Failure to comply with any of the foregoing shall be a ground for corrective measures, suspension, or revocation under Chapter VI.

SEC. 31. *Employment of Foreign Nationals.* — (a) No Locator shall employ a foreign national without an alien employment permit issued by the Department of Labor and Employment under Article 40 of the Labor Code, upon a determination of

the non-availability of a person in the Philippines who is competent, able, and willing to perform the services required, unless the foreign national is exempted or excluded from the permit under existing law, rules, or international agreements. Foreign nationals so employed may be issued working visas by the Authority, renewable every two (2) years.

(b) Foreign nationals in supervisory, technical, or advisory positions shall not exceed five percent (5%) of the total workforce of a Locator, except with the express authorization of the Secretary of Labor and Employment stating the positions covered and the period of the authorization: *Provided*, That this limit shall apply to a Locator only after five (5) years from the start of its commercial operations.

(c) A Qualified Enterprise employing foreign nationals shall adopt a Workforce Localization Plan, forming part of its Investment Agreement, stating for each year the number of Filipinos and foreign nationals at each position level and a reasonable date by which Filipinos shall hold the managerial, engineering, and technical positions held by foreign nationals. The Plan shall be implemented through an understudy training program or a skills development program covering at least two (2) Filipino regular employees for each foreign national, as required by the rules of the Department of Labor and Employment, subject to the export control laws and the protection of sensitive technologies referred to in Section 25(e). No alien employment permit for any such position shall be renewed beyond that date except with the approval of the Secretary of Labor and Employment for reasons stated in writing.

(d) The Authority shall report the names and positions of the foreign nationals employed in the Zone to the Department of Labor and Employment and the Bureau of Immigration within thirty (30) days from the start of their employment.

SEC. 32. *Monitoring and Evaluation.* — The Authority shall regularly monitor and evaluate the activities and performance of Qualified Enterprises to determine their continued compliance with this Act, the conditions of their certification, and their contribution to the strategic objectives of the Zone and shall submit the reports required under Republic Act No. 10708, otherwise known as the "Tax Incentives Management and Transparency Act (TIMTA)".

For this purpose, the Authority may require the submission of reports, information, and other documents reasonably necessary to perform its monitoring and evaluation functions, subject to applicable laws on data privacy and the protection of confidential or proprietary information.

The Authority shall require each Locator to report, at least annually, its workforce by sex, nationality, employment status, position level, and place of residence, including workers assigned to it by contractors and subcontractors; the average basic wage at each position level; and the implementation of its Technology Transfer and Training Plan and Workforce Localization Plan. The Authority shall furnish the Department of Labor and Employment a copy of each report.

SEC. 32-A. *Labor and Employment.* — (a) The Labor Code of the Philippines, as amended, Republic Act No. 11058, and other labor and social legislation shall apply

to all employers and workers within the Zone, including contractors and subcontractors and their workers.

(b) Notwithstanding Sections 5, 6, 8(a), and 14 of this Act, the Department of Labor and Employment, the National Labor Relations Commission, and the National Conciliation and Mediation Board shall retain their respective powers and jurisdiction within the Zone. The Department shall maintain a field office in the Zone, for which the Board shall provide the necessary facilities.

(c) No rule or issuance of the Authority, and no Investment Agreement, shall diminish the rights and benefits of workers under labor and social legislation. Section 27(g) shall not be construed to exempt any employer from wage orders, rules, and other issuances under labor and social legislation adopted after the registration of its project.

(d) The Department of Labor and Employment shall issue the rules necessary to implement this Section and Section 31.

SEC. 32-B. *Workforce Development and Local Hiring.* — (a) Within one (1) year from its organization, the Authority, with the Department of Labor and Employment, the Technical Education and Skills Development Authority, the Commission on Higher Education, the Department of Education, and the local government units concerned, shall formulate a Zone Workforce Development Plan identifying the skills required by Qualified Enterprises and the programs to supply them, consistent with the Trabaho Para sa Bayan Plan under Republic Act No. 11962.

(b) Other qualifications being equal, Locators shall give preference in hiring, under criteria published in accordance with the rules of the Department of Labor and Employment, to: (1) residents of the Municipality of Capas and the Province of Tarlac; (2) members of Indigenous Cultural Communities whose ancestral domains or ancestral lands are within or adjacent to the Zone; and (3) persons displaced by the development of the Zone, wherever they reside.

CHAPTER VI
CORRECTIVE MEASURES, SUSPENSION, AND REVOCATION

SEC. 33. *Corrective Measures.* — Where the Board determines that a Qualified Enterprise has failed to comply with this Act or the conditions of its certification, it may require the enterprise to undertake appropriate corrective measures within a reasonable period before the imposition of any sanction, unless immediate action is necessary to protect national security, public safety, public order, or other compelling public interests.

SEC. 34. *Suspension of Certification.* — The Board may suspend the certification of a Qualified Enterprise, after notice and opportunity to be heard, where the Qualified Enterprise:

(a) Has materially failed to comply with the provisions of this Act or the conditions of its certification;

(b) Has failed to implement the corrective measures required by the Board within the prescribed period; or

(c) Has failed to maintain the qualifications required under this Act, where such deficiency is capable of being remedied.

Notwithstanding Section 33, the Board shall, after notice and opportunity to be heard, suspend the certification of a Qualified Enterprise found liable, in a final and executory order or decision of the Department of Labor and Employment, the National Labor Relations Commission, or a court, for child labor, forced labor, trafficking in persons, unfair labor practice under Article 259(a) to (e) of the Labor Code, or a violation of occupational safety and health standards resulting in death or serious injury. A second such finding against the same Qualified Enterprise, for a distinct violation, within five (5) years from the date the first finding became final and executory, shall constitute repeated violations under Section 35(c). Violations by its contractors and subcontractors shall be dealt with under Sections 30(f) and 33.

The order of suspension shall specify the grounds therefor, the period of suspension, and the conditions for the restoration of the enterprise's certification.

SEC. 35. *Revocation of Certification.* — The Board may revoke the certification of a Qualified Enterprise, after notice and an opportunity to be heard, upon a finding that the enterprise:

(a) Obtained certification through fraud, material misrepresentation, or concealment of material facts;

(b) No longer satisfies the qualifications required under this Act and such deficiency is no longer capable of being remedied;

(c) Has committed repeated or willful violations of this Act or the conditions of its certification;

(d) Has abandoned or permanently ceased the registered project for which certification was granted without justifiable cause;

(e) Has failed to deploy the committed investment capital within the period stipulated in its Investment Agreement; or

(f) Has engaged in activities that materially threaten national security, public safety, or public order.

SEC. 36. *Effects of Suspension or Revocation.* — During the period of suspension, a Qualified Enterprise may be denied access to such incentives, privileges, or administrative services as the Board may determine to be appropriate under the circumstances. The order of suspension shall specify the incentives, privileges, or services affected and the effective date thereof. The Authority shall promptly furnish the Bureau of Internal Revenue, the Bureau of Customs, and other concerned agencies a copy of the final order.

Upon revocation of certification, the enterprise shall cease to be entitled to the incentives, privileges, and benefits granted under this Act, without prejudice to any liabilities or obligations incurred prior to such revocation.

The suspension or revocation of certification shall not relieve the enterprise from compliance with applicable laws or from any civil, criminal, or administrative liability arising from its acts or omissions.

CHAPTER VII
FINAL PROVISIONS

SEC. 37. *Arbitration of Investment Disputes.* — Any dispute between the Authority and a Locator or a Qualified Enterprise arising from or in connection with an Investment Agreement shall be resolved by arbitration conducted in accordance with Republic Act No. 9285 and the arbitration rules agreed upon by the parties. An Investment Agreement may provide for a seat of arbitration outside the Philippines and for administration by a recognized international arbitral institution.

The arbitral award shall be final and binding upon the parties and shall be recognized and enforced by the courts of the Philippines in accordance with Republic Act No. 9285 and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The agreement of the Authority to arbitrate shall constitute an express waiver of its immunity from suit in respect of such disputes, without prejudice to its immunity from execution over property devoted to a public purpose: *Provided*, That no regulatory, licensing, permitting, tax, or labor matter, including the enforcement under Chapter VI of the employment and training commitments in an Investment Agreement, and no matter within the jurisdiction of the Energy Regulatory Commission, the Court of Tax Appeals, the Department of Labor and Employment, or the National Labor Relations Commission, shall be the subject of arbitration: *Provided, further*, That any award shall be satisfied only out of the retained income of the Authority and in accordance with law.

SEC. 38. *Funding.* — The amount of One Billion Pesos (₱1,000,000,000.00) a year for five (5) years, or a total of Five Billion Pesos (₱5,000,000,000.00), is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, as the cash contribution of the National Government to the capital of the Authority under Section 11 and for the initial implementation of this Act. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

The Authority may likewise receive grants, donations, endowments, contributions, and other lawful sources of funding from domestic or foreign sources, subject to existing laws.

SEC. 39. *Annual Report; Congressional Review.* — The Authority shall submit to the President and to the Congress, not later than the thirty-first of March of each year, a report on its operations, finances, registrations, incentives granted, and performance, including the employment generated in the Zone by sex, nationality, employment status, and position level; the foreign nationals employed and the positions they hold; and the findings of violations of labor and occupational safety and health laws against Locators and their contractors. The Congress shall undertake a comprehensive review of this Act every five (5) years from its effectivity.

SEC. 40. *Transitory Provisions.* — Enterprises registered with the Bases Conversion and Development Authority, the Philippine Economic Zone Authority, the Board of Investments, or any other Investment Promotion Agency and operating within the Zone at the effectivity of this Act shall continue to enjoy the incentives granted under their existing registration for the remaining period thereof, and may register as Locators under Section 23. Any such enterprise certified as a Qualified

Enterprise shall avail itself of the incentives under this Act only with respect to a new registered project, subject to Section 27(h).

The Board shall be constituted within ninety (90) days from the effectivity of this Act. Pending its organization, the Bases Conversion and Development Authority shall continue to administer the Zone under its existing authority.

SEC. 41. *Implementing Rules and Regulations.* — The Department of Finance and the Department of Trade and Industry shall formulate the implementing rules and regulations of this Act within sixty (60) days after its approval. Such rules and regulations shall take effect fifteen (15) days after their publication in a newspaper of general circulation in the Philippines: *Provided*, That upon its organization the Authority may amend or supplement the same pursuant to Section 8(a): *Provided, further*, That failure to formulate the rules shall not prevent the implementation of this Act.

SEC. 42. *Separability Clause.* — If any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 43. *Repealing and Amending Clause.* — Republic Act No. 7227, as amended, and all proclamations, executive orders, and other issuances that place the lands within the Zone under the ownership, administration, or jurisdiction of the Bases Conversion and Development Authority, or within the Clark Special Economic Zone or the Clark Freeport Zone, are hereby amended accordingly, and such lands are hereby excluded from their coverage. The transfer of these lands to the Authority under Section 12 shall be without compensation, and shall not be subject to the provisions of Republic Act No. 7227, as amended, on the disposition of the assets of the Bases Conversion and Development Authority and the distribution of the proceeds thereof. All other laws, decrees, orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 44. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,