

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

REVENUE MEMORANDUM CIRCULAR NO. 57 - 2010

SUBJECT : Circularizing Sections 3, 4 and 7 of Republic Act No. 10083, An Act Amending Republic Act No. 9490, otherwise known as the “Aurora Special Economic Zone Act of 2007”

TO : All Revenue Officials, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder are the pertinent provisions on tax matters provided in Sections 3, 4 and 7 of Republic Act No. 10083, Amending Republic Act No. 9490, providing incentives to registered enterprises as follows:

“Sec. 3. Section 4 of Republic Act No. 9490 is hereby amended to read as follows:

“SEC. 4. Governing Principles. – The Aurora Pacific Economic Zone and Freeport shall be managed and operated by the Aurora Pacific Economic Zone and Freeport Authority, hereinafter referred to as the APECO, created under Section 10 of this Act, under the following principles:

“(a) XXX XXX XXX

“(b) XXX XXX XXX

“(c) XXX XXX XXX

“(d) XXX XXX XXX

“(e) The Aurora Ecozone shall be managed and operated as a separate customs and taxation territory ensuring free flow or movement of goods and capital within, into and out of its territory.

“(f) The Aurora Ecozone may provide incentives such as tax and duty free importations of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the Aurora Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended, and the national internal Revenue Code (NIRC) of 1997, as amended.

“(g) XXX XXX XXX

“(h) XXX XXX XXX

“(i) XXX XXX XXX

“(j) XXX XXX XXX

SEC. 4. Section 5(C) and (K) of Republic Act No. 9490 is hereby amended to read as follows:

SEC. 5 Incentives to Registered Enterprises. – The APECO may administer the following incentives to the registered enterprises located therein to the extent of the activity/project:

“XXX XXX XXX

“(C) Imposition of a tax rate of five percent (5%) on Gross Income Earned (GIE). – Except for real property tax on land, no local and national taxes as prescribed under Republic Act No. 8424, also known as “The National internal revenue Code of 1997, as Amended” such as income tax, excise tax and franchise taxes, shall be imposed on registered enterprises operating within the Aurora Ecozone. In lieu thereof, five percent (5%) of the gross income earned shall be paid as follows:

“(a) Three percent to the National Government;

“(b) One percent (1%) shall be remitted by the business establishments in equal shares to the respective treasurer’s office of the province and the municipality where the enterprise is located; and

“(c) One percent (1%) shall be remitted by the registered enterprises to the APECO.

“All persons and service establishments in the Aurora Ecozone shall be subject to national and local taxes under the National Internal revenue Code of 1997, as amended, and the Local Government Code.

“ XXX XXX XXX

“(K) (1) Tax Treatment of Merchandise in the Aurora Ecozone. – (a) Except as otherwise provided in this Act, foreign and domestic merchandise, raw materials, supplies, articles, equipment, machineries, spare parts and wares of every description, except those prohibited by law, brought into the Aurora Ecozone to be sold, stored, broken up, repacked, assembled, installed, sorted, cleaned, graded, or otherwise processed, manufactured, mixed with foreign or domestic merchandise whether directly or indirectly related in such activity, shall not be subject to customs and internal revenue laws and regulations nor to local tax ordinances, any provision of law to the contrary notwithstanding.

“(b) Merchandise purchased by a registered enterprise, from the customs territory and subsequently brought into the export processing zone, shall be considered as export sales and exportation thereof shall be entitled to the benefits allowed by law for such transaction.

“(c) Domestic merchandise sent from the Aurora Ecozone to areas outside the said ecozone shall, whether or not combined with or made part of other articles likewise of local origin or manufactured in the Philippines while in the export processing zone, be subject to internal revenue laws of the Philippines as domestic goods sold, transferred or disposed of for local consumption.

“(d) Merchandise sent from the Aurora Ecozone to areas outside the said ecozone shall, whether or not combined with or made part of other articles while in the zone, be subject to rules and regulations governing imported merchandise. The duties and taxes shall be based on the value of said imported materials (except when the final product is exempt).

“(e) Domestic merchandise on which all internal revenue taxes have been paid, if subject thereto, and foreign merchandise previously imported on which has been paid, or which has been admitted free of duty and tax, may be taken into the Aurora Ecozone from the customs territory of the Philippines and be brought back thereto free of quotas, duty or tax.

“(f) XXX XXX XXX

SEC. 7. Two (2) new sections, Sections 12-A and 12-B, shall be inserted and read as follows:

“SEC. 12-A. *Non Profit Character of the APECO.* – The APECO shall be non-profit and shall use its one percent (1%) share as provided in Section 5(C) of this Act for its operations, development, improvement, maintenance and other related expenditures in furtherance and effective implementation of the policy provided in this Act.

In consonance with this, the APECO is hereby declared exempt from the payment of all taxes, duties, fees, imposts, charges, costs and service fees in any court or administrative proceedings in which it may be a party. Furthermore, all donations made by any person entity in favor of the APECO shall be exempt from the payment of the donor’s tax and the same shall be considered as deductible from the gross income of the donor, pursuant to the NIRC of 1997, as amended: *Provided*, That from the shares of the national government from the five percent (5%) tax, one hundred percent (100%) shall be appropriated over a ten (10)-year period to an infrastructure development trust fund to be created by the Bureau of Treasury for the purpose of financing the infrastructure requirements of the Aurora Pacific Economic Zone and Freeport.

“SEC. 12-B. *Enjoyment of Benefits of Other Ecozones and Freeport.* – The APECO shall enjoy, receive and benefit from the same privileges, licenses or concessions granted or to be granted to other ecozones and free trade zones, such as the Subic Special Economic and Freeport Zone, the Clark Special Economic and Freeport Zone, the Zamboanga City Special Economic and Freeport Zone and the Cagayan Special Economic and Freeport Zone.”

This Act lapsed into law on April 22, 2010 without the signature of the President, in accordance with Article VI, Section 27 (1) of the Constitution. Republic Act No. 10083 was published in a newspaper of general circulation on May 10, 2010.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide publicity as possible.

(Original Signed)
JOEL L. TAN-TORRES
Commissioner of Internal Revenue