

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

EIGHTEENTH CONGRESS
1st Regular Session

House Bill No. 655



Introduced by Hon. Francis Gerald Aguinaldo Abaya

EXPLANATORY NOTE

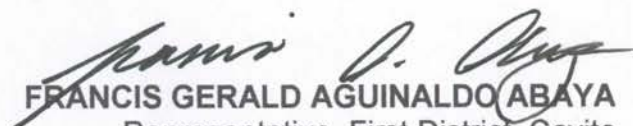
This bill mandates the establishment of a special economic zone in Sangley Point, Cavite City to promote and hasten the industrial, economic and social development in the area.

The Philippine Constitution, in Article XII, Section 1 provides that all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Pursuant to this, RA 7916, otherwise known as the "Special Economic Zone Act of 1995", was enacted to encourage economic growth through the creation of special economic zones or *Ecozones*, which are developed into independent communities with minimum government supervision. Over the years, these economic zones have enjoyed the benefits provided under their enabling laws, such as tax incentives and investor-friendly conditions.

The Province of Cavite has been playing a major role in the development of economic zones and estates in the country which spurred and hastened the development of the province as well as those succeeding other areas into self-sustaining industrial, commercial, financial and investment centers in the Philippines. There is a need to ensure that the gains and growth of Cavite be sustained through government support and incentives to attract more investors.

Sangley Point is strategically located being only about eight miles southwest of Manila and within the CALABARZON Region. It is widely regarded as a viable international logistics hub and is already subject for development as such under EO No. 629. Its establishment as a special economic zone will enhance its potential and will definitely spur economic growth not only of Cavite, but of the country in general.

In view of this, immediate passage of this measure is earnestly sought.


FRANCIS GERALD AGUINALDO ABAYA
Representative, First District, Cavite

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“AN ACT ESTABLISHING THE SANGLEY POINT SPECIAL ECONOMIC ZONE IN THE CITY OF CAVITE, PROVINCE OF CAVITE, CREATING FOR THE PURPOSE THE SANGLEY POINT DEVELOPMENT AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.”

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

1 **SECTION 1. *Short Title*** - This Act shall be known as the “Sangley Point
2 Special Economic Zone Act”.

3
4 **SECTION 2. *Declaration of Policy*** - It is hereby declared the policy of the
5 state to actively encourage, promote, induce and accelerate the sound and balanced
6 industrial, economic and social development of the country in order to provide jobs to
7 the people especially those in areas outside Metro Manila, increase their productivity
8 and their individual and family income, and thereby improve the level and quality of
9 their living conditions through the establishment, among others, of special economic
10 zones in suitable and strategic locations in the country and through measures that
11 shall effectively attract legitimate and productive foreign investments.

12
13 **SECTION 3. *Creation of the Sangley Point Special Economic Zone*** - In
14 pursuit of the foregoing declared policy and subject to the concurrence of the
15 concerned local government unit (LGU) of the province of Cavite affected by the zone,
16 there is hereby established a special economic zone, hereinafter referred to as the
17 Sangley Point Ecozone. The Sangley Point Ecozone shall cover the territorial
18 jurisdiction of the City of Cavite.

19
20 **SECTION 4. *Governing Principles*** - The Sangley Point Special Economic
21 Zone shall be managed and operated by the Sangley Point Development Authority,
22 hereinafter referred to as the SPDA, created under section 11 of this Act under the
23 following principles:

- 24
25 (a) Within the framework and limitations of the Constitution and applicable
26 provisions of the Local Government Code, the Ecozone shall be
27 developed into and operated as a decentralized self-reliant and self-
28 sustaining international logistics hub, industrial, commercial/trading, agro-
29 industrial, tourist, banking, financial and investment center suitable
30 residential areas in accordance with the plans and programs envisioned

1 under Executive Order No. 629 dated June 21, 2007 which mandates the
2 conversion of Sangley Point in Cavite City into an International Logistics
3 Hub thru an *enabling reclamation component*. Thus, the SPDA shall
4 administer the entire military reservations and camps of Sangley Point
5 without adversely affecting the value of the Armed Forces of the
6 Philippines for the national defense and security purposes.
7

8 (b) The Sangley Point Ecozone shall be provided with a modern seaport and
9 airport and other transportation, telecommunications and other facilities
10 needed to attract legitimate and productive investments, generate linkage
11 industries and employment opportunities for the people of the Province of
12 Cavite and its neighboring towns and cities.
13

14 (c) The Sangley Point Ecozone may establish mutually beneficial economic
15 relations with other entities or enterprises within the country or, subject to
16 the administrative guidance of the Department of Foreign Affairs (DFA),
17 the Philippine Economic Zone Authority (PEZA) and/or the Department of
18 Trade and Industry (DTI), with foreign entities or enterprises.
19

20 (d) Foreign citizens and companies owned by non-Filipinos in whatever
21 proportion may set up enterprise in the Sangley Point Ecozone, either by
22 themselves or in joint venture with Filipinos in any sector of industry,
23 international trade and commerce within the Sangley Point Ecozone.
24

25 (e) The area comprising the Sangley Point Ecozone may be expanded when
26 necessary. For the purpose, the SPDA, in consultation with the LGUs,
27 shall have the power to acquire either by purchase, *reclamation*,
28 negotiation or condemnation proceedings, any private and public land,
29 *foreshore or submerge areas*, within or adjacent to the Sangley Point
30 Ecozone for the following purposes: (1) consolidation of Lands for Sangley
31 Point Ecozone development; (2) acquisition for right of way to the Sangley
32 Point Ecozone, and (3) the protection of natural assets valuable to the
33 prosperity of the Sangley Point Ecozone.
34

35 (f) Goods manufactured by a Sangley Point Ecozone enterprise shall be
36 made available for immediate retail sale in the domestic market, subject
37 to the payment of corresponding taxes on raw materials and other
38 regulations that may be formulated by the SPDA together with the PEZA,
39 the Bureau of Customs and the DTI. However, in order to protect domestic
40 industries, a negative list of industries shall be drawn up and regularly
41 updated by the PEZA. Enterprise engaged in the industries included in
42 such negative list shall not be allowed to sell their products locally.
43

44 (g) The national government shall maintain its ability to coordinate with the
45 Sangley Point Ecozone and the local government units.
46

47 **SECTION 5. Enabling Reclamation Component** – the SPDA shall have three

48 (3) major physical components namely:

- 1 A. An enabling reclamation component covering the waters within the
2 area of jurisdiction of the 1st Congressional District of Cavite from the
3 Municipality of Noveleta up to the Municipality of Rosario with land
4 uses that will complement the developments in the SPDA. This will
5 also include the land use plans for DND/AFP/NAVY installations and
6 such other options as may be warranted.
- 7 B. An international seaport and container port that will cater to transport
8 of passengers, shipment and transshipment of industrial inputs and
9 finished products in the industrial estates of Southern Luzon such as
10 but not limited to Cavite, Laguna, and Rizal, and to serve the needs
11 of an international logistics hub.
- 12 C. A modern international airport that will decongest the Ninoy Aquino
13 International Airport and make international travel in the area more
14 accessible, thereby opening up another gateway for people, skill,
15 expertise and goods.

16 The enabling reclamation component shall be implemented through joint
17 venture arrangement or under any of the appropriate BOT schemes.

18
19 **SECTION 6. *Administration of Properties*** – The President shall transfer
20 forthwith to the SPDA the administration of the entire Sangley Point Station within one
21 hundred eighty (180) days after the effectivity of this Act.

22
23 If viable, the Sangley Point Station shall be open for joint use by the SPDA,
24 civilian and DND without adversely affecting the value of the Armed Forces of the
25 Philippines for the national defense and security purposes. Otherwise, the DND shall
26 provide a perpetual easement of right-of-way in favor of the SPDA, its locators and
27 civilians who will be utilizing the SPDA facilities in accordance with this Act.

28
29 **SECTION 7. *Incentives to Registered Enterprises*** - The Sangley Point
30 Development Authority (SPDA) may administer the following incentives to the
31 registered enterprise located therein to the extent of the activity/project:

32
33 (A) Income Tax Holiday (ITH) – Registered enterprises shall be entitled to an
34 income tax holiday from the start of their commercial operations to the extent of their
35 activity under the following categories:

36
37 Category A – Registered domestic enterprise located in highly developed
38 areas, as determined by the Board of Investments (BOI), shall be entitled to
39 a *seven-year* income tax holiday.

40
41 Category B – Registered domestic enterprise on the following shall be entitled
42 to a *seven- year* income tax holiday:

43
44 (1) Located in less developed areas as defined by the BOI; or
45

(2) Producing/rendering new products/services or having strong backward or forward linkages.

Category C – Registered export enterprise shall be entitled to a six-year income tax holiday *Provided, however,* that if the export enterprise complies with the following; (1) large capital investments or sizeable employment generation; or (2) use high level of technology; or (3) located outside of Metro Manila, it shall be entitled to an eight-year income tax holiday.

Registered enterprise embarking on new investments that are listed in the current Investment Priorities Plan (IPP) shall be entitled to incentives provided herein pertaining to the new investments and subject to such terms and conditions as the BOI may determine.

For this purpose, a registered enterprise shall be defined as any person, natural or juridical, licensed to do business in the Philippines and registered with the Sangley Point Development Authority (SPDA) to transact business within the Sangley Point Special Economic Zone. A registered export enterprise shall be defined as any registered enterprise engaged directly or indirectly in the production, manufacture or trade of products or services which earns at least seventy percent (70%) of its normal operating revenues from the sale of its products or services abroad for foreign currency. A registered domestic enterprise, meanwhile, shall be defined as any registered enterprise not falling under the definition of a registered export enterprise.

Additional investments in the project shall be entitled to the income tax holidays corresponding to such investments as may be determined by the BOI. Additional income tax holiday may be granted for as long as the investment is made on the same project: *Provided,* that the project is listed in the IPP at the same time the additional investment in the project is made: *Provided, further,* That the entitlement period for additional investments shall not exceed three times the period provided under this subsection: *Provided, however,* That the total ITH period for an export enterprise availing of an eight-year ITH shall not exceed twenty (20) years. Any unused incentives shall therefore be deemed forfeited if not used during the incentive period.

Enterprise registered with the SPDA are required to share in the special development fund of the BOI for investment promotion projects of the government equivalent to one percent (1%) of the ITH granted for every application.

The Bureau of Internal Revenue (BIR) shall require registered enterprise availing of ITH or Net Operating Loss Carryover (NOLCO) to secure a certificate of eligibility from the SPDA before submitting its income tax return (ITR) with the SPDA for validation.

Failure to secure certification and/or to file the ITH or NOLCO availment for validation by the SPDA forty-five (45) days from the last day of each statutory filing days for ITR shall cause the forfeiture of the availment for the taxable period.

(B) Net Operating Loss Carryover (NOLCO). – Net operating loss of the business or enterprise during the first three years from the start of commercial operations which have not been previously offset as deduction from the gross income

1 shall be carried over as a deduction from gross income for the next five consecutive
2 years immediately following the year of such loss: *Provided, however,* That operating
3 loss resulting from availment of incentives provided in this Act shall not be entitled to
4 NOLCO.

5
6 Registered enterprise availing of the ITH as herein provided shall not be entitled
7 to avail of the NOLCO.

8
9 (C) Imposition of a tax rate of five percent (5%) on Gross Income Earned (GIE)
10 – Except for real property tax on land, no local and national taxes as prescribed under
11 Republic Act No. 8424, also known as “The National Internal Revenue Code of 1997,
12 as Amended” such as income tax, excise tax and franchise taxes, shall be imposed
13 on registered enterprises operating within the Sangley Point Ecozone. In lieu thereof,
14 five percent (5%) of the gross income earned shall be paid as follows:

- 15
16 (a) Three percent (3%) to the national government; and
17 (b) Two percent (2%) shall be remitted by the business establishments to the
18 treasurer’s office of the municipality or city where the enterprise is located.
19

20 All persons and service establishments in the Sangley Point Ecozone shall be
21 subject to national and local taxes under the National Internal Revenue Code of 1997,
22 as amended, and the Local Government Code.
23

24 (D) Accelerated Depreciation. – Accelerated depreciation of plant, machinery
25 and equipment that are reasonably needed and actually used for the production and
26 transport of goods and services may be allowed using a rate exceeding twice the rate
27 which would have been used had the annual allowance been computed in accordance
28 with the rules and regulations prescribed by the Secretary of Finance and the
29 provisions of the National Internal Revenue Code of 1997, as amended.
30

31 (E) Capital Equipment Incentives. – (1) Importations of capital equipment
32 spare parts, tools and dye, or those required for pollution abatement and control,
33 cleaner production and waste reduction including consignment thereof by registered
34 enterprises upon the affectivity of this law, shall be exempted to the extent of one
35 hundred percent (100%) of the taxes and customs duties: *Provided,* That the imported
36 items thereof shall be used exclusively by the registered enterprise in its registered
37 activity: *Provided, further,* That the importation of machinery and equipment and
38 accompanying parts shall comply with the following conditions:
39

- 40 (i) They are not manufactured domestically in sufficient quantity, of
41 comparable quality and at reasonable prices;
42 (ii) They are reasonably needed and will be used exclusively by the
43 registered enterprise in the manufacture of its products, unless prior
44 approval of the SPDA is secured for the part time utilization of said
45 equipment in a nonregistered activity to maximize usage thereof or the
46 proportionate taxes and duties are paid on a specific equipment and
47 machinery being permanently used for nonregistered activities; and
48
49 (iii) Approval of the SPDA was obtained by the registered enterprise for the
50 importation of such machinery, equipment and spare parts.

1
2
3 Approval of the SPDA must be secured before any sale, transfer or disposition
4 of the imported capital equipment, machinery or spare parts is made: *provided* that if
5 such sale, transfer or disposition is made within first five years from date of importation,
6 any of the following conditions must be present:
7

- 8 (1) the same is made to another enterprise enjoying tax and duty exemption on
9 imported capital equipment;
10
11 (2) the same is made to another enterprise, upon the payment of any taxes and
12 duties on the net book value of the capital equipment to be sold;
13
14 (3) the exportation of the capital equipment, machinery, spare parts or source
15 documents or those required for pollution abatement and control; or
16
17 (4) the proven technical obsolescence of the said equipment, machinery or
18 spare parts.
19

20 When the aforementioned sale, transfer or disposition is made under any of the
21 conditions provided for in the foregoing paragraphs other than paragraph (2) herein,
22 the registered firm shall not pay the taxes and duties waived on such items: *Provided,*
23 *further,* That if the registered enterprises sell, transfer or dispose the aforementioned
24 imported items without prior approval within five years from the date of importation,
25 the registered enterprise and the vendee, transferee or assignee shall be solidarily
26 liable to pay twice the amount of the tax duty exemption given it: *Provided, finally,* That
27 even if the sale, transfer or disposition of the capital equipment, machinery or spare
28 parts is approved after five years from the date of importation, the registered
29 enterprises are still to pay the taxes and duties based on the net book value of the
30 capital equipment, machinery or spare parts if any of the registration terms and
31 conditions has been violated. Otherwise, they shall no longer be subject to the
32 payment of the taxes and duties waived thereon.
33

- 34 (2) The purchase of machinery, capital equipment, raw materials, supplies,
35 parts and semi-finished products to be used in the fabrication of machinery
36 and capital equipment by a registered export-oriented enterprise from a
37 domestic manufacturer shall be subject to zero percent (0%) value-added
38 tax.
39

40 The registered export-oriented enterprise shall be granted a tax credit
41 equivalent to the amount of duties that would have been waived on the machinery,
42 capital equipment, raw materials, supplies, parts and semi-finished products used in
43 the fabrication of machinery and capital equipment, had these items been imported
44 upon its submission to the Department of Finance (DOF) of the bill of materials
45 evidencing the transaction value of such and other pertinent documents, for
46 verification and proper endorsement.
47

48 The availment by a registered export enterprises of the incentives stated under
49 the immediately preceding two paragraphs shall be subject to the following conditions:
50 (a) that said capital equipment, machinery and spare parts will be used exclusively by

1 the registered enterprise in its registered activity; (b) that the capital equipment or
2 machinery where the raw materials, supplies, parts and semi-finished products were
3 used would have qualified for tax and duty-free importation; and (c) that the approval
4 of the SPDA is obtained by the registered enterprise. If the registered enterprise sells,
5 transfers or dispose of these machineries, capital equipment and spare parts, the
6 provision in the preceding paragraphs for such disposition shall apply.

7
8 This incentive shall be deemed waived if application for tax credit under this
9 subsection was not filed within one year from the date of delivery.

10
11 (F) The importation of source documentations by information technology-
12 registered enterprises shall be eligible for tax and duty free importation.

13
14 (G) Raw Materials Incentives- Every registered export-oriented enterprise
15 shall enjoy a tax credit equivalent to the internal revenue taxes and customs duties
16 paid on the supplies, raw materials and semi-manufactured products provided the
17 same are not sufficient in quantity, quality or are not competitively priced in the
18 Philippines and which are used in the manufacture, processing or production of its
19 export products forming part thereof, exported directly and indirectly by the registered
20 export-oriented enterprise, based on the actual taxes and duties paid for such
21 materials/supplies/semi-manufactured products by the registered enterprise.

22
23 The incentive shall be deemed waived if application for tax credit under this
24 subsection was not filed within one year from the date of exportation of the final
25 product.

26
27 (H) Incentives on Breeding Stocks and Genetic Materials.- Importation of
28 breeding stocks and genetic materials within ten (10) years from the date of
29 registration of commercial operation of the enterprise shall be exempt from
30 all taxes and duties: Provided, that such breeding stocks and genetic
31 materials are reasonably needed in the registered activity and approved by
32 the SPDA.

33
34 The availment of the incentives by the registered enterprise shall be subject to
35 the following: (a) that the said breeding stocks and genetic materials would have been
36 qualified for tax and duty-free importation under the preceding paragraph; (b) that the
37 breeding stocks and genetic materials are reasonably needed in the registered activity;
38 (c) that approval of the SPDA has been obtained by the registered enterprise; and (d)
39 that the purchase is made within ten (10) years from the date of registration of
40 commercial operation of the registered enterprise.

41
42 This incentive shall be deemed waived if application for tax credit under this
43 subsection is not filed within one year from the date of delivery.

44
45 (I) Exemption from Wharfage Dues. - The provisions of law to the contrary
46 notwithstanding, exports by a registered enterprise shall be exempted from wharfage
47 dues.

48
49 (J) Deferred Imposition of the Minimum Corporate Income Tax.- The Minimum
50 Corporate Income Tax (MCIT) of two percent (2%) of the gross income as of the end

1 of the taxable year shall be imposed when the MCIT is greater than the income tax
2 computed under the NIRC of 1997, as amended, for the taxable year: *Provided,*
3 *however,* That said MCIT shall be imposed only after the enterprise's entitlement
4 period to the income tax-based incentives has expired.
5

6 (K) Tax Treatment of Merchandise in the Sangley Point Ecozone.- (a)
7 Domestic merchandise sent from the Sangley Point Ecozone to areas outside the said
8 ecozone shall, whether or not combined with or made part of other articles likewise of
9 local origin or manufactured in the Philippines while in the export processing zone, be
10 subject to internal revenue laws of the Philippines as domestics goods sold,
11 transferred or disposed of for local consumption.
12

13 (a) Merchandise sent from the Sangley Point Ecozone to areas outside the said
14 ecozone shall, whether or not combined with or made part of other articles
15 while in the zone, be subject to rules and regulations governing imported
16 merchandise. The duties and taxes shall be based on the value of said
17 imported materials (except when the final product is exempt).
18

19 (b) Articles produced or manufactured in the Sangley Point Ecozone and
20 exported therefrom shall, on subsequent importation into the customs
21 territory, be subject to the import laws applicable to like articles
22 manufactured in a foreign country.
23

24 (c) Unless the contrary is shown, merchandise taken out of the Sangley
25 Point Ecozone shall be considered for tax purposes to have been sent to
26 customs territory.
27

28 (L) Tax Treatment of Raw Materials and Capital Equipment in the Sangley
29 Point Ecozone. - Importations of raw materials and capital equipment shall be treated
30 in the Omnibus Investments Code.
31

32 (M) Importations of raw materials and capital equipment shall be treated as in
33 the Omnibus Investments Code. Registered export-oriented enterprise shall have
34 access to the utilization of the bonded warehousing system in accordance with the
35 rules and regulations of the Bureau of Customs.
36

37 (N) Employment of foreign Nationals.- Subject to the provisions of Section 29
38 of Commonwealth Act No. 613, as amended, a registered enterprise may employ
39 foreign nationals in supervisory or technical positions for a period not exceeding ten
40 (10) years from its registration: *Provided,* That when the majority of the capital stock
41 of a registered enterprise is owned by foreign investors the positions of the president,
42 treasurer and general manager or their equivalents may be retained by foreign
43 nationals beyond the period set forth herein and such officer is the owner or a
44 stockholder owning at least ten percent (10%) of the outstanding capital stock of the
45 registered enterprise and he remains the owner or maintains his stockholdings therein.
46

47 Foreign nationals under employment contract within the purview of this
48 incentive, their spouses and unmarried children under twenty-one (21) years of age,
49 who are not excluded by Section 29 of Commonwealth Act No. 613, as amended, shall
50 be permitted to enter and reside in the Philippines during the period of employment of

1 such foreign nationals. They shall be entitled to a multiple entry visa, valid for a period
2 of three years, and shall be allowed to enter and leave the Philippines without further
3 documentary requirements other than valid passports or other travel documents in the
4 nature of passports. The validity of the multiple entry visa shall be extendible yearly.

5
6 The said foreign nationals admitted under this provision, as well as their
7 respective spouses and dependents shall be exempt from: (a) obtaining alien
8 certificates of registration and immigration clearance certificates; and (b) securing the
9 Alien Employment Permit (AEP) and all types of clearances, permits, licenses or their
10 equivalents required by any government department or agency.

11
12 **SECTION 8. *Incentive to Investors*** - Any foreign national covered under
13 subsection (M) of Section 6 of this Act, who invests an amount of US \$150,000.00
14 either in cash and/or equipment, in a registered enterprise shall be entitled to an
15 investor's visa: Provided that,

16
17 (1) He is at least eighteen (18) years of age:

18
19 (2) He has not been convicted of a crime involving moral turpitude;

20
21 (3) He is not afflicted with any loathsome, dangerous or contagious disease;
22 and

23
24 (4) He has not been institutionalized for any mental disorder or disability;

25
26 *Provided, further,* that in securing the investor's visa, the alien-applicant shall
27 be entitled to the same privileges provided for under subsection (M), Section 6 hereof.

28
29 As a holder of investor's visa, an alien shall be entitled to reside in the
30 Philippines while his investment subsists. For this purpose, he should submit an
31 annual report, in the form duly prescribed for the purpose, to prove that he has
32 maintained his investments in the country. Should said alien withdraw his investments
33 from the Philippines, then the investor's visa issued to him shall automatically expire.

34
35 **SECTION 9. *Administration, Implementation and Monitoring of Incentives***
36 - The SPDA shall be responsible for the administration and implementation of the
37 incentives granted to its respective registered enterprises: Provided, That any
38 incentive administration policy adopted by the BOI for registered enterprises shall be
39 uniformly applied by the SPDA.

40
41 The following are the duties and responsibilities of the SPDA in the
42 administration of incentives:

43
44 (A) To adopt consistent procedures of administering incentives in accordance
45 with the guidelines established by the BOI;

46
47 (B) To adopt and implement systems and procedures affecting trade and
48 customs policies in accordance with the requirements established by the
49 Department of Finance (DOF) and the BOI;

1 (C) To submit information on registered enterprises to the DOF and the BOI as
2 required by any of these agencies to ascertain consistency of investment
3 policies and incentives, including their implementation as provided in
4 paragraph (A) herein, and to ensure proper implementation of systems and
5 procedures affecting trade and customs policies as provided in paragraph
6 (B) herein; and
7

8 (D) To perform all other duties and responsibilities as may be required by the
9 President of the Philippines.
10

11 For proper monitoring, the BOI shall create a single database of all incentives
12 provided by all incentives granting agencies, including the SPDA, and all information
13 thereto. Double entry accounting shall be done by the BOI in recording all incentives
14 granted by the government for transparency purposes.
15

16 **SECTION 10. *Extension of Period of Availment*** - The availment period of the
17 incentives provided herein may be extended by the SPDA, in the event that the
18 registered enterprise suffers operational force majeure or any event equivalent thereto
19 impairing its viability: Provided, That the availment period shall not exceed the duration
20 of the said force majeure or equivalent event.
21

22 **SECTION 11. *Duration of Incentives*** - Enterprises registered with the SPDA
23 may enjoy ITH or NOLCO granted by the latter prior to the availment of the five percent
24 (5%) GIE.
25

26 Fiscal incentives under this Act shall be terminated after a cumulative period of
27 twenty (20) years from the date of registration or start of commercial operation,
28 whichever is applicable, except that it could be extended with regard to industries
29 deemed indispensable to national development.
30

31 The industries exempted from this provision shall be recommended by the BOI,
32 with the concurrence of the Secretaries of the Departments of Finance and Trade and
33 Industry.
34

35 **SECTION 12. *Creation of the Sangley Point Development Authority*** - There
36 is hereby created a body corporate to be known as the *Sangley Point Development*
37 *Authority*, hereinafter referred to as the SPDA, which shall manage and operate, in
38 accordance with the provisions of this act, the Sangley Point Special Economic Zone.
39 This corporate franchise shall expire in fifty (50) years counted from the first day of the
40 fifth (5th) calendar year after the effectivity of this Act, unless otherwise extended by
41 Congress. It shall be organized within one hundred eighty (180) days after the
42 effectivity of this Act.
43

44 **SECTION 13. *Principal Office of the SPDA*** - The Sangley Point Development
45 Authority shall maintain its principal office in the City of Cavite, but it may establish
46 branches within the Philippines as may be necessary for the proper conduct of its
47 business.
48

1 **SECTION 14. Powers and Functions of the Sangley Point Development**

2 **Authority** - The Sangley Point Development Authority shall have the following powers
3 and functions:

- 4
- 5 (a) To operate, administer, manage and develop the Sangley Point Ecozone
6 according to the principles and provisions set forth in this Act;
- 7
- 8 (b) To register, regulate and supervise the enterprises in the Sangley Point
9 Ecozone in an efficient and decentralized manner, subject to existing laws;
- 10
- 11 (c) To coordinate with local government units and exercise general supervision
12 over the development plans, activities and operations of the Sangley Point
13 Ecozone;
- 14
- 15 (d) To regulate and undertake the establishment, operation and maintenance
16 of utilities, other services and infrastructure in the Sangley Point Ecozone
17 such as but not limited to heat, light and power, water supply,
18 telecommunications, transport, toll roads and bridges, port services, etc.
19 and fix just, reasonable and competitive rates, fares, charges and prices
20 thereof;
- 21
- 22 (e) To construct, acquire, own, lease, operate and maintain on its own or
23 through contracts, franchise, licenses, bulk purchase from the private sector
24 or permits under any of the schemes allowed in Republic Act No. 6957 (the
25 Build-Operate-Transfer Law, as amended by R.A. No. 7718), or joint
26 venture, adequate facilities and infrastructures required or needed for the
27 operation and development of the Sangley Point Ecozone, in coordination
28 with appropriate national and local government authorities and in conformity
29 with applicable laws thereon;
- 30
- 31 (f) To operate on its own, either directly or through a license to other tourism-
32 related activities, including games, amusements, recreational and sports
33 facilities;
- 34
- 35 (g) Subject to the approval of the President of the Philippines and the Monetary
36 Board of the Bangko Sentral ng Pilipinas and upon the recommendation of
37 the Department of Finance, to raise or borrow adequate and necessary
38 funds from local or foreign sources to finance its projects and programs
39 under this Act. And for that purposes to issue bonds, promissory notes, and
40 other forms of securities, and to secure the same by a guarantee, pledge,
41 mortgage, deed of trust, or an assignment of all or part of its property or
42 assets;
- 43
- 44 (h) To protect, preserve, maintain and develop the virgin forests, beaches, coral
45 and coral reefs and maintain ecological balance within the Sangley Point
46 Ecozone;
- 47
- 48 (i) To create, operate and/or contract to operate such functional units of offices
49 of the SPDA as it may deem necessary;
- 50

- 1 (j) To adopt, alter and use a corporate seal; make contracts, lease, own, or
2 otherwise dispose of personal or real property; sue and be sued; and
3 otherwise carry out its functions and duties as provided for this Act;
4
5 (k) To issue certificates of origin for products manufactured or processed in the
6 Sangley Point Ecozone in accordance with prevailing rules of origin, and the
7 pertinent regulations of the PEZA, the DTI and/or the Department of Finance
8 (DOF);
9
10 (l) To issue working visas renewable every two (2) years to foreign executives
11 and foreign technicians with highly specialized skills which no Filipinos
12 possesses, as certified by the Department of Labor and Employment;
13
14 (m) To report to the Bureau of Immigration the names of the foreigners who have
15 been granted permanent resident status and working visas within thirty (30)
16 days after issuance of such grant;
17
18 (n) To exercise such powers as may be essential, necessary or incidental to
19 the powers granted to it hereunder as well as those that shall enable it to
20 carry out implement and accomplish the purposes, objectives and policies
21 of this Act; and
22 (o) To issue rules and regulations consistent with the provisions of this Act as
23 may be necessary to accomplish and implement the purposes, objectives
24 and policies provided therein.
25

26 **SECTION 15. *Banking Rules and Regulations*** - Existing Laws and
27 rules/regulations of the Bangko Sentral ng Pilipinas (BSP) shall apply to banks and
28 financial institutions to be established in the Sangley Point Ecozone, such as those
29 governing exchange and other concurrent account transactions (trade and non-trade),
30 local and foreign borrowings, foreign investments, establishment and operation of local
31 and foreign banks, foreign currency deposit units, offshore banking units and other
32 financial institutions under the supervision of the BSP.
33

34 **SECTION 16. *Remittance of earnings*** - In the case of foreign investments, a
35 registered enterprise in the SPDA shall have the right to remit earnings from the
36 investments in the currency in which the investments was originally made and at the
37 exchange rate prevailing at the time of remittance, subject to provisions of Section 74
38 of Republic Act No. 265, as amended.
39

40 **SECTION 17. *Board of Directors of the Sangley Point Development***
41 ***Authority*** - The powers of the Sangley Point Development Authority shall be vested
42 in and exercised by a Board of Directors, hereinafter referred to as the Board, which
43 shall be composed of the following:
44

- 45 (a) The Chairman who shall, at the same time be the administrator of the SPDA;
46
47 (b) A Vice Chairman who shall come from among the members of the Board;
48
49 (c) Members consisting of:
50

- (1) The Governor of the Province of Cavite
- (2) The Congressional Representative of the district covering the site of the Sangley Point Ecozone;
- (3) The Mayor of the City of Cavite, Province of Cavite;
- (4) One representative from the domestic investors;
- (5) One representative from foreign investors;
- (6) Three representatives from the private sector and
- (7) The Chairman of the Philippine Reclamation Authority.

The Governor, the Congressional Representative and the Mayor of the City of Cavite Province of Cavite shall serve as ex officio members of the Board, whose term in the Board corresponds to their terms as elected officials.

The Chairman and the members of the Board, , except the ex officio members, shall be appointed by the President of the Philippines to serve for a term of seven (7) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, voluntary resignation or removal for cause, the replacement shall serve only the unexpired portion of the term.

Except for the representatives of the foreign investor, no person shall be appointed by the President of the Philippines as a member of the Board unless he is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree-holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least ten (10) years relevant working experience preferably in the field of management or public administration.

The members of the Board shall each receive per diem for every board meeting, Provided, however, That the total per diem collected each month shall not exceed the equivalent per diem for four (4) meetings. Unless and until the President of the Philippines has fixed a higher per diem for the members of the Board, such per diem shall not be more than Ten thousand pesos (P10, 000.00) for every Board meeting.

SECTION 18. Powers and Duties of the Chairman-Administrator - The Chairman-Administrator shall have the following powers and duties:

- (a) To direct and manage the affairs of the SPDA in accordance with the policies of the Board;
- (b) To establish the internal organization of the SPDA including the hiring of consultants such as legal or technical under such conditions that the Board may prescribed;
- (c) To submit an annual budget and necessary supplemental budget of the Board for its approval;

- 1 (d) To submit within thirty (30) days after the close of each fiscal year an annual
2 report to the Board and such other reports as may be required;
3
4 (e) To submit to the Board for its approval policies, systems, procedures, rules
5 and regulations that are essential to the operation of the Sangley Point
6 Ecozone.
7 (f) To create a mechanism in coordination with relevant agencies for the
8 promotion of industrial peace, the protection of the environment, and the
9 advancement of the quality of life in the Sangley Point Ecozone; and
10 (g) To perform such other duties as may be assigned to him by the Board or
11 which are necessary or incidental to his office.
12

13 **SECTION 19. *Organization and Personnel*** - the Board of Directors of the
14 SPDA shall provide for an organization and staff of its officers and employees. Upon
15 recommendation of the Chairman-Administrator, the Board shall appoint and fix the
16 remuneration and other emoluments of its officers and employees in accordance with
17 existing laws; Provided, That the Board shall have exclusive and final authority to
18 promote, transfer, assign or reassign officers and employees of the SPDA any
19 provision of existing law to the contrary notwithstanding: Provided, further, That the
20 Chairman-Administrator may carry out removal of such officers and employees.
21

22 The officers and employees of the SPDA, including all members of the Board,
23 shall not engage directly or indirectly in partisan activities nor take part in any election,
24 except to vote.
25

26 No officer or employee of the SPDA, subject to civil service laws and
27 regulations, shall be removed or suspended except for cause, as provided by law.
28

29 **SECTION 20. *Ipsa Facto Clause*** - Sections 30-41 of Republic Act No. 7916,
30 shall ipso facto apply to the Sangley Point Special Economic Zone.
31

32 **SECTION 21. *Capitalization*** - The Sangley Point Development Authority shall
33 have an authorized capital stock of one billion (1,000,000,000) no par shares with a
34 minimum issue of Ten Pesos (P10.00) each, the majority shares of which shall be
35 subscribed and paid for by the National Government and the local government units
36 (LGUs) embracing the Sangley Point Special Economic Zone. The Board of Directors
37 of the SPDA may, with the written concurrence of the Secretary of Finance, sell shares,
38 representing not more than forty per centum (40%) of the capital stock of the SPDA to
39 the general public under such policy as the Board and the Secretary of Finance may
40 determine. The National Government and the LGUs shall, in no case, own less than
41 sixty per centum (60%) of the total issued and outstanding capital of the Sangley Point
42 Development Authority.
43

44 The amount necessary to subscribed and pay for the shares of the national
45 government to the capital stock of the SPDA shall be included in the annual General
46 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
47 allotment and other local funds.
48

1 **SECTION 22. *Supervision*** - The Sangley Point Economic Zone shall be under
2 the direct control and supervision of the Philippine Economic Zone Authority (PEZA)
3 for purposes of policy direction and coordination.
4

5 **SECTION 23. *Relationship with the Regional Development Council*** - The
6 Sangley Point Development Authority shall determine the development goals for the
7 Sangley Point Ecozone within the framework of national development plans, policies
8 and goals. The Administrator shall, upon approval by the Board, submit the Sangley
9 point Ecozone plans, programs and projects to the Regional Development Council for
10 inclusion and inputs to the overall regional development plan,
11

12 **SECTION 24. *Relationship with Local Government Units*** - Except as herein
13 provided, the local government units comprising the Sangley Point Special Economic
14 Zone shall retain their basic autonomy and identity. In case of any conflict between the
15 SPDA and the Province of Cavite on matters affecting the Sangley Point Ecozone
16 other than defense and security matters, the decision of the SPDA shall prevail.
17

18 **SECTION 25. *Interpretation/Construction*** - The powers, authorities and
19 functions that are vested in the SPDA are intended to decentralize government
20 functions and authority and promote an efficient and effective working relationship
21 between the Sangley Point Ecozone, the national government, and the local
22 government units.
23

24 **SECTION 26. *Auditing*** - The Commission on Audit shall appoint a
25 representative who shall be a full time auditor of the SPDA and assign such number
26 of personnel as may be necessary to assist said representative in the performance of
27 his/her duties. The salaries and emoluments of the assigned auditor and personnel
28 shall be in accordance with pertinent laws, rules and regulations.
29

30 **SECTION 27. *Separability Clause*** - If any provision of this Act shall be held
31 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
32 full force and effect.
33

34 **SECTION 28. *Repealing Clause*** - All laws, executive orders and issuance, or
35 any part thereof, which are inconsistent herewith are hereby repealed or amended
36 accordingly.
37

38 **SECTION 29. *Effectivity Clause*** - This Act shall take effect upon its publication
39 in the Official Gazette or in at least one newspaper of general circulation.
40

41 Approved,