

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **4081**



Introduced by **HON. GUS S. TAMBUNTING**

EXPLANATORY NOTE

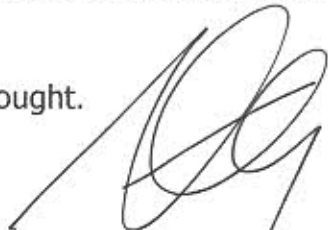
It is provided under Article II, Section 20 of the Declaration of Principles of the 1987 Philippines Constitution that the State recognizes the indispensable role of the private sector, encouraging private enterprise, and providing incentives to needed investments.

This piece of legislation seeks to balance and correct the influx of incentives to dormant industries or sectors. It aims to make best use of incentive provisions to encourage investments and create a more harmonious and progressive local and foreign business economy.

The Philippine economy as reported by Moody's is likely to grow the fastest in Asia. The International Monetary Fund raised its 2014 economic growth forecast for the Philippines to 6.5 percent.

The passage of this bill will provide for the impetus in creating a balance between the current advantage of the Philippines as fertile investments and incentives laws.

Hence, approval of this measure is earnestly sought.



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AN ACT
REPEALING THE INCENTIVE PROVISIONS OF INDUSTRY AND SECTOR
SPECIFIC AND INVESTMENTS AND INCENTIVES RELATED LAWS, AND FOR
OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known as the "Repeal of Investment Incentives Laws".

SECTION 2. *Declaration of Policy.* – It is the policy of the State to encourage investments to accelerate the sound development of the national economy through, among others, a cohesive investment incentives regime that is clear, consistent, competitive and simple to administer for the guidance of domestic and foreign investors.

Accordingly, amendment of the incentive provisions of industries, sectors and investment related laws is required for a unified and strategic approach in the great incentives.

SECTION 3. The provisions pertaining to incentives of the following laws are hereby repealed:

- a) Sections 83, 90, 91 and 93 of Republic Act NO. 7942, otherwise known as the "Philippine Mining Act of 1995";
- b) Section 9 of Republic Act No. 8497, otherwise known as the "Downstream Oil Deregulation Act of 1998";
- c) Section 45 of Republic Act No. 9003 otherwise known as the "Ecological Solid Waste Management Act of 2007";
- d) Section 36 (f) of Presidential Decree No. 705, also known as the "Revised Forestry Code of the Philippines";

- e) Section 26 Republic Act No. 9275, otherwise known as "the Philippine Clean Water Act of 2004";
- f) Section 12 of Republic Act No. 8047, also known as the "Book Publishing Industry Development Act of the Philippines";
- g) Sections 15 to 26 of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008";
- h) Sections 16 and 17 of Presidential Decree No. 972, also known as "Coal Development Act of 1976";
- i) Sections 16 to 17 of Presidential Decree No. 1442 entitled "An Act to promote the exploration and Development of Geothermal resources";
- j) Sections 6 and 7 of Republic Act NO. 7156, otherwise known as the "Iron and Steel Industry Act";
- k) Sections 10 and 11 of Republic Act No. 7156, otherwise known as the "Mini-hydroelectric Power Incentive Act";
- l) Sections 19 and 20 of Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992";
- m) Section 2 of Republic Act No. 9301, entitled "An Act Amending Republic Act NO. 7471, entitled An Act to Promote the Development of Philippine Overseas Shipping, and for other purposes";
- n) Sections 1, 2, 3 and 4 of Republic Act No. 7109, entitled "An Act Granting Privileges to Local Water Districts";
- o) Section 18 of Republic Act NO. 7884, entitled "National Dairy Development Act of 1995";
- p) Section 1 of Republic Act No. 9281, entitled "An Act to Strengthen Agriculture and Fisheries Modernization in the Philippines by extending the Effectivity of Tax Incentives and its Mandated Funding Support, Amending for this Purpose Sections 109 and 112 of Republic Act NO. 8435";
- q) Section 3 of Republic Act No. 9290, also known as the "Footwear, Leather Goods and Tannery Industries Development Act";
- r) Section 4 of Republic Act No. 9295, also known as the "Domestic Shipping Development Act of 2004";
- s) Section 14 of Republic Act No. 7308, also known as the "Seed Industry Development Act of 1992";

- t) Section 9 (e), (f), and (i) of Republic Act No. 7900 also known as the "High Value Crops Development Act of 1995";
- u) Section 35 (b), (c), (d) of Republic Act 8550, also known as "The Philippine Fisheries Code of 1998";
- v) Section 3 of Republic Act 8502, otherwise known as the "Jewelry Industry Development Act of 1998";
- w) Section 14 (a) of Republic Act 7076, also known as the "People's Small Scale Mining Act of 1991";
- x) Section 24 of Republic Act No. 10068, also known as the "Organic Agriculture Act of 2010";
- y) Section 23 of Republic Act No. 7925, also known as the Public Telecommunications Policy Act of the Philippines"; and
- z) Section 12 of Republic Act No. 7718, entitled "An Act Amending Certain Sections of Republic Act No. 6957, entitled An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector, and for Other Purposes";

SECTION 4. *Investments Priorities Plan (IPP)*. – The Board of Investments (BOI) created and existing under Executive Order No. 226, upon consultation with the Office of the President, concerned IPAs and appropriate government agencies and the private sector, shall formulate an IPP to be submitted to the President for his approval, which shall be valid for a period of three (3) years.

In the listing of the activity in the IPP, the following shall be complied with:

- 1) The activity shall be covered by the current Medium Term Philippine Development Plan (MTPDP) and Medium Term Philippine Investment Plan (MTPIP) or its equivalent.
- 2) The activity shall satisfy the following conditions:
 - a. Substantial amount of investments
 - b. Considerable generation of employment
 - c. Use of modern or new technology
 - d. Installation of adequate environmental protection system

Provided, That items 2 (a) and 2 (b) above shall be present in all activities, and the threshold amount of investment and employment generation required for a specific activity shall be subject to a periodic review every three (3) years taking into consideration international standards and other indicators.

- 3) The activity must comply with the specific qualification requirements and/or conditions for a particular sector or industry as set by the BOI and other limitations it may determine.

SECTION 5. *Amendments.* – Subject to publication requirements and the criteria for investment priority determination, the BOI may, at any time, include additional areas in the IPP, alter any of the terms of the declaration of an investment area, and temporarily or permanently suspend activities on the IPP if it considers that such activity is no longer a priority. In no case, however, shall any amendment of the IPP impair the incentives conferred on a registered enterprise. The Board shall not accept applications in an area of investment prior to the approval of the same as a preferred area or after approval of its deletion as a preferred area of investment in the IPP.

SECTION 6. *Publication.* – Upon approval of the IPP, in whole or in part, or upon approval of an amendment thereof, the IPP or the amendment, specifying and declaring the areas of investment shall be published in at least one (1) newspaper of general circulation and all such areas shall be open for application until publication of an amendment or deletion thereof.

SECTION 7. *Vested Rights.* – Notwithstanding any provision of law to the contrary, incentives granted to existing registered enterprises pursuant to contracts or agreements entered into by government agencies, instrumentalities, and corporations shall continue to be legally binding in accordance with the term and conditions stated in their respective contracts or agreements, as provided under the laws covered herein.

SECTION 8. *Separability Clause.* – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SECTION 9. *Repealing Clause.* – All laws, decrees, orders, proclamations, rules and regulations or other issuances or parts thereof inconsistent with the provision of this Act are hereby repealed or modified accordingly.

SECTION 10. *Effectivity.* – This Act shall take fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation.

Approved,