

Republic of the Philippines
House of Representatives
Congress of the Philippines
Quezon City
EIGHTEENTH CONGRESS
First Regular Session
House Bill No. 2497



Introduced by Representative Doy C. Leachon

EXPLANATORY NOTE

This bill seeks to amend and extend the twenty-five (25) years franchise granted to Calapan Telephone System, Inc. which will expire on 2022 pursuant to Republic Act No. 8351. Calapan Telephone System Inc. shall be granted authority to construct, establish, install, maintain and operate and carry on the business of providing basic telephone service or other means related to the foregoing, in the Province of Oriental Mindoro, for public domestic telecommunications.

In 1997, Calapan Telephone System, Inc. was granted authority to operate telephone services and since then has been actively operating as a telephone system provider in the Province of Oriental Mindoro. The business segments of the company offer a range of telecom services across municipalities of Oriental Mindoro.

In recognition of Calapan Telephone System's commitment to providing massive digital transformation program in the province, the immediate renewal of its franchise is recommended to ensure the uninterrupted and improved delivery of its services to the constituents of Oriental Mindoro.

For these considerations, the passage of this bill is earnestly sought.


DOY C. LEACHON

Representative
First District, Province of Oriental Mindoro

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**AN ACT AN EXTENDING FOR TWENTY-FIVE YEARS THE
FRANCHISE GRANTED TO CALAPAN TELEPHONE SYSTEM, INC.
(FORMERLY THE CALAPAN TELEPHONE SYSTEM, INC.),
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8351,
ENTITLED AN ACT GRANTING THE CALAPAN TELEPHONE
SYSTEM, INC., A FRANCHISE TO CONSTRUCT ESTABLISH,
INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE
NETWORK IN THE PROVINCE OF ORIENTAL MINDORO**

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

SECTION 1.Section 1 of Republic Act No. 8351 is hereby
amended to read as follows:

"SECTION. 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Calapan Telephone System, Inc. (formerly the Calapan Telephone System, Inc.), hereunder referred to as the grantee, its successors or assigns, a franchise to construct, establish, install, maintain and operate for commercial purposes and in the public interest, local exchange network, including public calling stations or pay telephone stations or wireless local loop and for such purpose provide basic telephone service or other means related to the foregoing now known to science or which in the future may be developed, in the Province of Oriental Mindoro, for public domestic telecommunications."

SECTION 2.Section 7 of Republic Act No. 8351 is hereby
amended to read as follows:

"SEC. 7. *Term of Franchise.* – The franchise shall be extended and in effect for a period of twenty-five (25) years from the date of the effectivity of this Act, unless sooner revoked or cancelled. In the event the grantee fails to operate continuously for two (2) years, this franchise shall be deemed ipso facto revoked."

SECTION 3.Section 8 of Republic Act No. 8351 is hereby amended to read as follows:

"SEC. 8. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in Writing to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon giving the acceptance, the grantee shall exercise the privileges granted under this Act. Refusal or failure to accept the franchise within the prescribed period shall render the franchise void."

SECTION 4.Section 11 of Republic Act No. 8351 is hereby amended to read as follows:

"SEC. 11. *Tax Provisions.* – The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the telephone service system transacted under this franchise by the grantee, its successors or assigns: *Provided*, that the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Sec. 2 of Executive Order No. 72, unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with, and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue."

SECTION 5.A new section is hereby inserted after Section 16 of Republic Act No. 8351 to read as follows:

"SEC. 17. *Equality Clause.* – If any franchise for telephone service system is awarded or granted by the Congress of the Philippines, or any amendment or revision to any franchise for telephone services,

subsequent to the approval of this Act, with terms, privileges, exemptions, exceptions and conditions that are more favorable and beneficial than those contained in or otherwise granted under this Act, the the same terms, privileges, exemptions, exceptions or continuous shall *Ipsa Facto*, accrue to the herein grantee and be deemed part of this Act."

SECTION 6. The present Sections 17, 18 and 19 of Republic Act No. 8351 is hereby numbered as Sections 18, 19 and 20, respectively.

SECTION 7. Applicability Clause. – All other provisions of Republic Act No. 8351 which are not inconsistent with the provisions of this Act and remain unrepealed shall continue to be in full force and effect.

SECTION 8. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved.