

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session  
**2084**  
**HOUSE BILL NO.** \_\_\_\_\_



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**Introduced by Representative Junie E. Cua**

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This bill covers the second package of the Duterte Administration's comprehensive tax reform program. It complements the recently-passed Tax Reform for Acceleration and Inclusion (TRAIN) Act (RA 10963) by lowering the corporate income tax rate, reforming the corporate income tax system, and broadening the tax base by modernizing investment tax incentives to enhance fairness, improve competitiveness, plug tax leakages, and achieve fiscal sustainability.

Specifically, this bill endeavors to address the following major policy issues:

1. The Philippines' corporate income tax system is characterized by a high rate and a narrow base. Despite having the highest corporate income tax rate in the ASEAN region at 30%, its collection efficiency is one of the lowest. This is because of very generous tax incentives that are given in perpetuity and in lieu of other taxes, and thus seriously erode the tax base.
2. The country's investment tax incentive system is very complex. It has 14 investment promotion agencies and more than 300 laws that grant various types of investment and non-investment incentives with little regard to cost-efficiency and effectiveness. All these result in a tax incentive system that is less transparent, less targeted, not time-bound, and not performance based.
3. The outdated tax code lacks adequate provisions to address transfer pricing and other anti-avoidance practices.
4. Ironically, the DOF, which is the steward of the government's fiscal health and mandated to formulate sound fiscal policy, has very little involvement in the formulation and grant of tax incentives to the registered business enterprises. This is contrary to international best

practice where the finance minister holds a significant role in the decision making process regarding the design and grant of tax incentives.

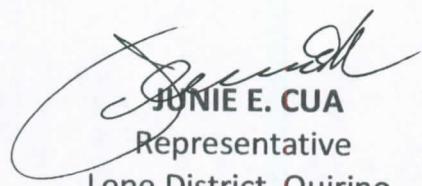
The cost to the country of this defective system is significant. In 2015, the Department of Finance estimates that the investment tax incentive system costs the government some P301 billion in forgone income tax, VAT (gross of refund), and customs duty. This estimate does not yet include forgone local taxes and leakages that arise from tax avoidance and tax evasion due to the complicated system. While the country benefits from these incentives in terms of investment, jobs, exports, and country-side development, the staggering cost at more than 2% of GDP warrants the government to review its incentives system by making them time-bound, performance-based, transparent, and targeted to ensure that redundant incentives are removed, the benefits fully outweigh the cost, and fiscal prudence is maintained at all times.

Specifically, despite being the most generous provider of incentives in the region, the Philippines' investment tax incentives have not translated into much higher investment and export performance. The Philippines has one of the lowest export share to GDP among the ASEAN5, while the share of foreign direct investment to GDP, while increasing in recent years, remains lackluster relative to its neighbors. The answer to this conundrum lies in the fact that investment and exports are mainly influenced by a country's ability to provide efficient infrastructure, modern logistics, effective governance, low cost of doing business, and a productive work force. In general, while some tax incentives can help the country improve its competitiveness, they are not the real solution and they often serve as band-aid solution to the ills of the country's inability to provide infrastructure and basic services. In this regard, the Duterte Administrations seeks to reform the tax system so that it can generate more tax revenues fairly to fund the priority programs that will make the country attractive to investors without giving away redundant and costly tax incentives.

With tax incentives modernized and the tax base expanded, the corporate income tax rate can be reduced to correct the current inequitable and unjust system that benefits a few industries while negatively impacting the rest of the business community, which pay the regular corporate income tax rate. The reduction of the corporate income tax rate would be a very much welcome relief that will benefit all corporate taxpayers, whether large or small, and whether domestic or foreign, and will enhance the competitiveness of our

investment climate. In the end, this bill aims to benefit not just the government, but more importantly, the Filipino taxpayers who have been diligently complying with their tax obligations by making the tax system more progressive, efficient, and simpler.

In view of the foregoing, urgent approval of this bill is earnestly sought.



JUNIE E. CUA  
Representative  
Lone District, Quirino

Republic of the Philippines  
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**AN ACT AMENDING SECTIONS 4, 5, 20, 22, 25, 27, 28, 34, 40, 50, 73, 112, 117, 119, 203, 204, 222, 237, 237-A, 255, 256, 257, 258, 260, 261, 262, 263, 264, 265, 266, 275, 282, 290 AND ADDING SECTIONS 6-A AND A NEW TITLE XIII UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES**

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

1        SECTION 1. *Title.* This Act shall be known as the "Corporate Income Tax and  
2 Reform Act."

3  
4        SEC. 2. Section 4 of the National Internal Revenue Code of 1997, as  
5 amended, is hereby further amended to read as follows:

6  
7        "SEC. 4. *Power of the Commissioner to Interpret Tax Laws and to Decide Tax Cases.* – The power to interpret the provisions of the Code and other tax laws shall be under the exclusive and original jurisdiction of the Commissioner, subject to review by the Secretary of Finance: *PROVIDED, THAT THE POWER TO INTERPRET THE PROVISIONS OF TITLE XIII OF THIS CODE, SHALL BE UNDER THE*

1           **EXCLUSIVE AND ORIGINAL JURISDICTION OF THE SECRETARY OF**  
2           **FINANCE.**

3  
4           The power to decide disputed assessments, refunds of internal  
5           revenue taxes, fees or other charges, penalties imposed in relation  
6           thereto, or other matters arising under this Code or other laws or  
7           portions thereof administered by the Bureau of Internal Revenue is  
8           vested in the Commissioner, subject to the exclusive appellate  
9           jurisdiction of the Court of Tax Appeals.  
10

11           SEC. 3. Section 5 of the National Internal Revenue Code of 1997, as  
12           amended, is hereby further amended to read as follows:  
13

14           *"SEC. 5. Power of the Commissioner to Obtain Information and to*  
15           *Summon, Examine, and Take Testimony of Persons.* – In ascertaining  
16           the correctness of any return, or in making a return when none has  
17           been made, or in determining the liability of any person for any  
18           internal revenue tax, or in collecting any such liability, or in  
19           evaluating tax compliance, the Commissioner is authorized:  
20

21           (A) xxx  
22

23           (B) xxx  
24

25           (C) xxx  
26

27           (D) xxx; [ and ]  
28

29           (E) xxx; AND  
30

31           **(F) IN CASE THE INFORMATION OR RECORDS REQUESTED ARE**  
32           **NOT FURNISHED WITHIN THE PERIOD PRESCRIBED IN THE WRITTEN**  
33           **NOTICE, OR WHEN THE INFORMATION OR RECORDS SUBMITTED**  
34           **ARE INCOMPLETE, THE COMMISSIONER OR HIS DULY AUTHORIZED**  
35           **REPRESENTATIVE, SHALL ISSUE A SUBPOENA DUCES TECUM**  
36           **STATING THEREIN THE RELEVANT FACTS, SPECIFYING THE**  
37           **PARTICULAR DOCUMENTS OR RECORDS NOT MADE AVAILABLE**  
38           **AND THE TAXPAYER LIABLE OR THE THIRD PARTY/OFFICE**  
39           **CONCERNED: PROVIDED, THAT INFORMATION OR RECORDS DULY**  
40           **RECEIVED OR ALREADY WITHIN THE CUSTODY OF THE BUREAU, AS**

1 THEREAFTER DECLARED BY THE PERSON SUBJECT OF THE  
2 *SUBPOENA DUCES TECUM*, SHALL BE REMOVED THEREFROM.  
3  
4

5 THE SERVICE OF A *SUBPOENA DUCES TECUM* SHALL BE  
6 EFFECTED BY THE REVENUE OFFICERS ASSIGNED TO INVESTIGATE  
7 THE CASE. HOWEVER, SUCH SERVICE MAY BE MADE BY ANY OTHER  
8 INTERNAL REVENUE OFFICER AUTHORIZED FOR THE PURPOSE.  
9

10 THE *SUBPOENA DUCES TECUM* SHALL BE SERVED  
11 PERSONALLY OR BY MAIL, OR IF NOT PRACTICABLE, IT SHALL BE  
12 SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH THE  
13 RULES OF THE COURT.  
14

15 A CRIMINAL ACTION SHALL BE INSTITUTED FOR FAILURE TO  
16 OBEY THE *SUBPOENA DUCES TECUM*.  
17

18 BOOKS, RECORDS, AND DOCUMENTS SUBMITTED AS A  
19 RESULT OF A *SUBPOENA DUCES TECUM* SHALL BE UNDER THE  
20 CUSTODIANSIP OF THE RECEIVING OFFICER WHO SHALL BE  
21 RESPONSIBLE FOR ITS SAFEKEEPING AND PRESERVATION, SUBJECT  
22 TO APPLICABLE RULES.  
23

24 SEC. 4. A new section shall be inserted as Section 6-A of the National  
25 Internal Revenue Code of 1997, as amended, to read as follows:  
26

27 "**SEC. 6-A. – SERVICE OF LETTER OF AUTHORITY, AUDIT AND  
ASSESSMENT NOTICES ISSUED BY THE BUREAU.** - THE NOTICE TO  
28 THE TAXPAYER HEREIN REQUIRED MAY BE SERVED BY THE  
29 COMMISSIONER OR HIS DULY AUTHORIZED REPRESENTATIVE  
30 THROUGH PERSONAL SERVICE AT HIS REGISTERED ADDRESS. IN CASE  
31 PERSONAL SERVICE IS NOT PRACTICABLE, THE NOTICE SHALL BE  
32 SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH THE  
33 RULES OF THE COURT.  
34

35  
36 SEC. 5. Section 20 of the National Internal Revenue Code of 1997, as  
37 amended, is hereby further amended to read as follows:  
38  
39

1        "SEC. 20. *Submission of Report and Pertinent Information by the*  
2        *Commissioner.* –

3  
4        (A) xxx  
5

6        **(B) SUBMISSION OF TAX-RELATED INFORMATION TO THE**  
7        **DEPARTMENT OF FINANCE.** – THE COMMISSIONER SHALL, UPON  
8        THE REQUEST OF THE SECRETARY OF FINANCE SPECIFICALLY  
9        IDENTIFYING THE NEEDED INFORMATION AND JUSTIFICATION FOR  
10      SUCH REQUEST, FURNISH THE SECRETARY PERTINENT TAXPAYER  
11      INFORMATION: *PROVIDED, HOWEVER,* THAT THE SECRETARY AND  
12      THE RELEVANT OFFICERS HANDLING SUCH SPECIFIC INFORMATION  
13      SHALL BE COVERED BY THE PROVISIONS OF SECTION 270, UNLESS  
14      TAXPAYER CONSENTS IN WRITING TO SUCH DISCLOSURE.

15  
16        [ (B) ] (C) *Report to Oversight Committee.* - The Commissioner  
17      shall, with reference to Section 204 of this Code, submit to the  
18      Oversight Committee referred to in Section 290 hereof, through the  
19      Chairmen of the Committee on Ways and Means of the Senate and  
20      House of Representatives, a report on the exercise of his powers  
21      pursuant to the said Section, every six (6) months of each calendar  
22      year."

23  
24        SEC. 6. Section 22 of the National Internal Revenue Code of 1997, as  
25      amended, is hereby further amended to read as follows:

26  
27        SEC. 22. Definitions. - xxx

28  
29        "(A) xxx

30  
31        (B) xxx

32  
33        (C) xxx

34  
35        (D) xxx

36  
37        (E) The term '*nonresident citizen*' means;

1                             (1) A citizen of the Philippines who establishes to the  
2 satisfaction of the Commissioner the fact of his physical presence  
3 abroad with a definite intention to reside therein.

5                             (2) A citizen of the Philippines who leaves the Philippines  
6 during the taxable year to reside abroad, either as an immigrant or  
7 for employment on a permanent basis.

9                             (3) A citizen of the Philippines who works and derives income  
10 from abroad and whose employment thereat requires him to be  
11 physically present abroad [ most of the time ] **FOR 183 DAYS OR**  
12 **MORE** during the taxable year.

14                             (4) A citizen who has been previously considered as  
15 nonresident citizen and who arrives in the Philippines at any time  
16 during the taxable year to reside permanently in the Philippines shall  
17 likewise be treated as a nonresident citizen for the taxable year in  
18 which he arrives in the Philippines with respect to his income derived  
19 from sources abroad until the date of his arrival in the Philippines.

21                             (5) The taxpayer shall submit proof to the Commissioner to  
22 show his intention of leaving the Philippines to reside permanently  
23 abroad or to return to and reside in the Philippines as the case may  
24 be for purpose of this Section.

26                             xxx."

28                             SEC. 7. Section 25 (A) (1) of the National Internal Revenue Code of 1997, as  
29 amended, is hereby further amended to read as follows:

31                             "SEC. 25. Tax on Nonresident Alien Individual. -

33                             (A) *Non-resident Alien Engaged in trade or Business Within the Philippines.* -

35                             (1) *In General.* – A nonresident alien individual engaged in trade or  
36 business in the Philippines shall be subject to an income tax in  
37 the same manner as an individual citizen and a resident alien  
38 individual, on taxable income received from all sources within  
39 the Philippines. A nonresident alien individual who shall come  
40 to the Philippines and stay therein for an aggregate period of

more than one hundred eighty THREE [(180)] (183) days OR MORE during any calendar year shall be deemed a 'nonresident alien doing business in the Philippines.' Section 22 (G) of this Code notwithstanding.

SEC. 8. Section 27 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

*"SEC. 27. Rates of Income tax on Domestic Corporations. –*

(A) *In General.* - Except as otherwise provided in this Code, AN INCOME TAX RATE OF PERCENT (30%), is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22(B) of this Code and taxable under this Title as a corporation, organized in, or existing under the laws of the Philippines: [ *Provided*, that effective January 1, 2009, the rate of income tax shall be thirty percent (30%). ] PROVIDED, THAT THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029. PROVIDED FURTHER, THAT THE SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED BY THE PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF GDP EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC), IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED REDUCTION IN THE CIT RATE, BASED ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL PROGRAM.

In the case of corporations adopting the fiscal-year accounting period, the taxable income shall be computed without regard to the specific date when specific sales, purchases and other transactions occur. Their income and expenses for the fiscal year shall be deemed to have been earned and spent equally for each month of the period.

1           The corporate income tax rate shall be applied on the amount  
2           computed by multiplying the number of months covered by the new  
3           rate within the fiscal year by the taxable income of the corporation  
4           for the period, divided by twelve.

5  
6           [ *Provided, further,* That the President, upon the  
7           recommendation of the Secretary of Finance, may effective January  
8           1, 2000, allow corporations the option to be taxed at fifteen percent  
9           (15%) of gross income as defined hereinafter the following conditions  
10          have been satisfied:

- 11
- 12
- 13           (1) A tax effort ratio of twenty percent (20%) of Gross  
14           National Product (GNP);
- 15
- 16           (2) A ratio of forty percent (40%) of income tax  
17           collection to total tax revenues;
- 18
- 19           (3) A VAT tax effort of four percent (4%) of GNP; and
- 20
- 21           (4) A 0.9 percent (0.9%) ratio of the Consolidated Public  
22           Sector Financial Position (CPSFP) to GNP.]

23           xxx

24           (B)xxx

25           (C)xxx

26           (D)xxx

27           (E)xxx

28           SEC. 9. Section 28 of the National Internal Revenue Code of 1997, as  
29           amended, is hereby further amended to read as follows:

30           “SEC. 28. *Rates of Income Tax on Foreign Corporations.* –

31           (A) *Tax on Resident Foreign Corporations.* -

1  
2       (1) *In General.* - Except as otherwise provided in this Code, a  
3 corporation organized, authorized, or existing under the laws of any  
4 foreign country, engaged in trade or business within the Philippines,  
5 shall be subject to an income tax equivalent to **THIRTY PERCENT**  
6 (**30%**) [ thirty-five percent (35%) ] of the taxable income derived in  
7 the preceding taxable year from all sources within the Philippines: [  
8 *Provided*, That effective January 1, 2009, the rate of income tax shall  
9 be thirty percent (30%). ] **PROVIDED, THAT THE RATE OF**  
10 **CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT (28%)**  
11 **BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT (26%)**  
12 **BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT (24%)**  
13 **BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT (22%)**  
14 **BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%)**  
15 **BEGINNING JANUARY 1, 2029. PROVIDED FURTHER, THAT THE**  
16 **SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED BY THE**  
17 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**  
18 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF GDP**  
19 **EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE**  
20 **DBCC, IN THE PRECEEDING YEAR PRIOR TO THE SCHEDULED**  
21 **REDUCTION IN THE CIT RATE, BASED ON THE ANNUAL REVIEW OF**  
22 **THE MEDIUM TERM FISCAL PROGRAM.**

23  
24       In the case of corporations adopting the fiscal-year accounting  
25 period, the taxable income shall be computed without regard to the  
26 specific date when sales, purchases and other transactions occur.  
27 Their income and expenses for the fiscal year shall be deemed to  
28 have been earned and spent equally for each month of the period.

29  
30       The corporate income tax rate shall be applied on the amount  
31 computed by multiplying the number of months covered by the new  
32 rate within the fiscal year by the taxable income of the corporation  
33 for the period, divided by twelve.

34  
35       [ *Provided, however,* That a resident foreign corporation shall  
36 be granted the option to be taxed at fifteen percent (15%) on gross  
37 income under the same conditions, as provided in Section 27 (A). ]

38  
39       (2) xxx  
40

1                         (3) xxx  
2

3                         [ (4) *Offshore Banking Units.* - The provisions of any law to the  
4 contrary notwithstanding, income derived by offshore banking units  
5 authorized by the Bangko Sentral ng Pilipinas (BSP), from foreign  
6 currency transactions with nonresidents, other offshore banking  
7 units, local commercial banks, including branches of foreign banks  
8 that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to  
9 transact business with offshore banking units shall be exempt from  
10 all taxes except net income from such transactions as may be  
11 specified by the Secretary of Finance, upon recommendation of the  
12 Monetary Board which shall be subject to the regular income tax  
13 payable by banks: Provided, however, That any interest income  
14 derived from foreign currency loans granted to residents other than  
15 offshore banking units or local commercial banks, including local,  
16 branches of foreign banks that may be authorized by the BSP to  
17 transact business with offshore banking units, shall be subject only to  
18 a final tax at the rate of ten percent (10%).  
19

20                         Any income of nonresidents, whether individuals or  
21 corporations, from transactions with said offshore banking units shall  
22 be exempt from income tax. ]  
23

24                         [ (5) ] (4) *Tax on Branch Profits Remittances.* - Any profit  
25 remitted by a branch to its head office shall be subject to a tax of  
26 fifteen percent (15%) which shall be based on the total profits  
27 applied or earmarked for remittance without any deduction for the  
28 tax component thereof [ (except those activities which are registered  
29 with the Philippine Economic Zone Authority) ]. Xxx  
30

31                         [ (6) *Regional or Area Headquarters and Regional Operating*  
32 *Headquarters of Multinational Companies.* -  
33

34                         (a) Regional or area headquarters as defined in Section 22(DD)  
35 shall not be subject to income tax.  
36

37                         (b) Regional operating headquarters as defined in Section  
38 22(EE) shall pay a tax of ten percent (10%) of their taxable income.]  
39

1 [ (7) ] (5) *Tax on Certain Incomes Received by a Resident*  
2 *Foreign Corporation.* –

3  
4 (a) Interest from Deposits and Yield or any other Monetary  
5 Benefit from Deposit Substitutes, Trust Funds and Similar  
6 Arrangements and Royalties. – Interest from any currency bank  
7 deposit and yield or any other monetary benefit from deposit  
8 substitutes and from trust funds and similar arrangements and  
9 royalties derived from sources within the Philippines shall be subject  
10 to a final income tax at the rate of twenty percent (20%) of such  
11 interest: Provided, however, That interest income derived by a  
12 resident foreign corporation from a depository bank under the  
13 expanded foreign currency deposit system shall be subject to a final  
14 income tax at the rate of **FIFTEEN PERCENT (15%)** [ seven and one-  
15 half percent ( $7\frac{1}{2}\%$ ) ] of such interest income.

16  
17 (b) Income Derived under the Expanded Foreign Currency Deposit  
18 System.

19 xxx

20  
21 (c) Capital Gains from Sale of Shares of Stock Not Traded in the  
22 Stock Exchange. – A final tax at the rate [ s prescribed below ] **OF**  
23 **FIFTEEN PERCENT (15%)** is hereby imposed upon the net capital gains  
24 realized during the taxable year from the sale, barter, exchange or  
25 other disposition of shares of stock in a domestic corporation except  
26 shares sold or disposed of through the stock exchange:.

27  
28 [ Not over P100,000 5%  
29 On any amount in excess of P100,000 10% ]

30  
31 (d) Intercorporate Dividends.- xxx

32  
33 (B) *Tax on Nonresident Foreign Corporation.* –

34  
35 (1) *In General.* - Except as otherwise provided in this Code, a  
36 foreign corporation not engaged in trade or business in the  
37 Philippines shall pay a tax equal to **THIRTY PERCENT (30%)** [ thirty-  
38 five percent (35%) ] of the gross income received during each

taxable year from all sources within the Philippines, such as interests, dividends, rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5 (c): [Provided, That effective January 1, 2009, the rate of income tax shall be thirty percent (30%).] **PROVIDED, THAT THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029. PROVIDED FURTHER, THAT THE SCHEDULED DECREASE IN THE RATE MAY BE SUSPENDED BY THE PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT OF GDP EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY THE DBCC, IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED REDUCTION IN THE CIT RATE, BASED ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL PROGRAM.**

(2) *Nonresident Cinematographic Film Owner, Lessor or Distributor.* - A cinematographic film owner, lessor, or distributor shall pay a tax of twenty-five percent (25%) of its gross income from all sources within the Philippines.

(3) xxx

(4) xxx

(5) *Tax on Certain Incomes Received by a Nonresident Foreign Corporation.* –

(a) *Interest on Foreign Loans.* – xxx

(b) *Intercorporate Dividends.* – A final withholding tax at the rate of fifteen percent (15%) is hereby imposed on the amount of cash and/or property dividends received from a domestic corporation, which shall be collected and paid as provided in Section 57 (A) of this Code, subject to the

1 condition that the country in which the nonresident foreign  
2 corporation is domiciled, shall allow a credit against the tax  
3 due from the nonresident foreign corporation taxes deemed to  
4 have been paid in the Philippines equivalent to [ twenty  
5 percent (20%) ] **FIFTEEN PERCENT (15%)** which represents the  
6 difference between the regular income tax [ of thirty-five  
7 percent (35%) ] and the fifteen percent (15%) tax on dividends  
8 as provided in this subparagraph: *Provided*, that **EFFECTIVE**  
9 **JANUARY 1, 2021**, [ effective January 1, 2009 ], the credit  
10 against the tax due shall be equivalent to [ fifteen percent  
11 (15%), which represents ] the difference between the regular  
12 income tax **RATE** [ of thirty percent (30%) ] and the fifteen  
13 percent (15%) tax on dividends.

14  
15 (c) *Capital Gains from Sale of Shares of Stock not*  
16 *Traded in the Stock Exchange.* – A final tax at the rate[s  
17 prescribed below ] **OF FIFTEEN PERCENT (15%)** is hereby  
18 imposed upon the net capital gains realized during the taxable  
19 year from the sale, barter, exchange or other disposition of  
20 shares of stock in a domestic corporation, except shares sold,  
21 or disposed of through the stock exchange.[ :  
22

23	Not over	P100,000	5%
24	On any amount in excess of	P100,000	10% ]"

26 SEC. 10. Section 34 of the National Internal Revenue Code of 1997, as  
27 amended, is hereby further amended to read as follows:

28  
29 “SEC. 34. *Deductions from Gross Income.* - Except for taxpayers  
30 earning compensation income arising from personal services  
31 rendered under an employer-employee relationship where no  
32 deductions shall be allowed under this Section, in computing taxable  
33 income subject to income tax under Sections 24 (A); 25 (A); 26; 27  
34 (A), (B) and (C); and 28 (A) (1), there shall be allowed the following  
35 deductions from gross income;

36 (A) *Expenses.* -

37  
38 (1) *Ordinary and Necessary Trade, Business or Professional*  
39 *Expenses.*-

1  
2       x xx  
3

4       (2) xxx  
5

6           (B) *Interest.*-  
7

8           (1) *In General.* - The amount of interest paid or incurred  
9       within a taxable year on indebtedness in connection with the  
10      taxpayer's profession, trade or business shall be allowed as  
11      deduction from gross income: *Provided, however,* That the  
12      taxpayer's otherwise allowable deduction for interest expense  
13      shall be reduced by [ forty-two percent (42%) ]**THIRTY THREE**  
14      **PERCENT (33%)** of the interest income subjected to final tax [ :  
15      *Provided,* That effective January 1, 2009, the percentage shall  
16      be thirty-three percent (33%). ]: **PROVIDED, FURTHER, THAT**  
17      **THE FOLLOWING PERCENTAGES SHALL APPLY IF THE**  
18      **CORPORATE INCOME TAX RATE AS PROVIDED IN SECTIONS 27**  
19      **(A) AND 28(A)(1) IS ADJUSTED AS FOLLOWS:**

20  
21           **IF RATE IS 28%, INTEREST EXPENSE REDUCTION RATE IS 29%**

22  
23           **IF RATE IS 26%, THE INTEREST EXPENSE REDUCTION RATE IS**  
24      **23%**

25           **IF RATE IS 24%, THE INTEREST EXPENSE REDUCTION RATE IS**  
26      **16%**

27           **IF RATE IS 22%, THE INTEREST EXPENSE REDUCTION RATE IS**  
28      **9%**

29           **IF RATE IS 20%, THE INTEREST EXPENSE REDUCTION RATE IS**  
30      **0%**

31  
32           **PROVIDED, FINALLY, THAT IF THE TAX ON INTEREST INCOME**  
33      **IS ADJUSTED IN THE FUTURE, THE INTEREST EXPENSE**  
34      **REDUCTION RATE SHALL BE ADJUSTED ACCORDINGLY BASED**  
35      **ON THE PRESCRIBED STANDARD FORMULA AS DEFINED IN**  
36      **THE RULES AND REGULATIONS TO BE PROMULGATED BY THE**  
37      **SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF**  
38      **THE COMMISSIONER.**

39  
40           (2) xxx

- 1  
2       (C) *Taxes.* - xxx  
3  
4       (D) *Losses.* - xxx  
5  
6       (E) *Bad Debts.* – xxx  
7  
8       (F) *Depreciation.* - xxx  
9  
10      (G) *Depletion of Oil and Gas Wells and Mines.* - xxx  
11  
12      (H) *Charitable and Other Contributions.* - xxx  
13  
14      (I) *Research and Development.* - xxx  
15  
16      (J) *Pension Trusts.* - xxx  
17  
18      (K) *Additional Requirements for Deductibility of Certain Payments.* -  
19      xxx

20  
21      (L) *Optional Standard Deduction (OSD).* – In lieu of the  
22      deductions allowed under the preceding Subsections, an  
23      individual subject to tax under Section 24, other than a  
24      nonresident alien, [ may elect a standard deduction in an  
25      amount not exceeding forty percent (40%) of his gross sales or  
26      gross receipts, as the case maybe. In the case of a ] **AND A**  
27      corporation **CLASSIFIED AS MICRO, SMALL OR MEDIUM-SIZED**  
28      **ENTERPRISE (MSME) AS DETERMINED BY THE DEPARTMENT**  
29      **OF TRADE AND INDUSTRY AND** subject to tax under Sections  
30      27(A) and 28 (A)(1), [ it ] may elect a standard deduction in an  
31      amount not exceeding forty percent (40%) of its gross income  
32      as defined in Section 32 of this Code: Unless the taxpayer  
33      signifies in his return his intention to elect the optional  
34      standard deduction, he shall be considered as having availed  
35      himself of the deductions allowed in the preceding  
36      Subsections. Such election when made in the return shall be  
37      irrevocable for the taxable year for which the return is made:  
38      *Provided*, That an individual who is entitled to and claimed for  
39      the optional standard deduction shall not be required to  
40      submit with his tax return such financial statements otherwise

1 required under this Code: *Provided, further,* That except when  
2 the Commissioner otherwise permits, the said individual shall  
3 keep such records pertaining to his gross sales or gross  
4 receipts, or the said corporation shall keep such records  
5 pertaining to his gross income as defined in Section 32 of this  
6 Code during the taxable year, as may be required by the rules  
7 and regulations promulgated by the Secretary of Finance,  
8 upon, recommendation of the Commissioner.

9

10 Notwithstanding the provision of the preceding Subsections,  
11 the Secretary of Finance, upon recommendation of the  
12 Commissioner, after a public hearing shall have been held for this  
13 purpose, may prescribe by rules and regulations, limitations or  
14 ceilings for any of the itemized deductions under Subsections (A) to  
15 (J) of this Section: *Provided,* That for purposes of determining such  
16 ceilings or limitations, the Secretary of Finance shall consider the  
17 following factors: (1) adequacy of the prescribed limits on the actual  
18 expenditure requirements of each particular industry; and (2) effects  
19 of inflation on expenditure levels: *Provided, further,* That no ceilings  
20 shall further be imposed on items of expense already subject to  
21 ceilings under present law."

22

23 SEC. 11. Section 40(C)(2) of the National Internal Revenue Code of 1997, as  
24 amended, is hereby further amended to read as follows:

25

26 "SEC. 40. *Determination of Amount and Recognition of Gain or Loss.*

27

28 (A)x xx

29

30 (B)x xx

31

32 (C) *Exchange of Property. –*

33 (1) xxx

34

35 (2) *Exception.* - No gain or loss shall be recognized TO A  
36 CORPORATION OR ON ITS STOCK OR SECURITIES IF SUCH  
37 CORPORATION IS A PARTY TO A REORGANIZATION AND  
38 EXCHANGES PROPERTY, [ if ] in pursuance of a plan of [  
39 merger or consolidation ] REORGANIZATION SOLELY FOR  
40 STOCK OR SECURITIES IN ANOTHER CORPORATION THAT IS A

1           **PARTY TO THE REORGANIZATION. A REORGANIZATION IS**  
2           **DEFINED AS:**

3  
4           (a) A corporation, which is a party to a  
5           merger or consolidation, exchanges property  
6           solely for stock in a corporation, which is a party  
7           to the merger or consolidation; or

8  
9           (b) [ A shareholder exchanges stock in a  
10          corporation, which is a party to the merger or  
11          consolidation, solely for the stock of another  
12          corporation also a party to the merger or  
13          consolidation; or ] **THE ACQUISITION BY ONE**  
14          **CORPORATION, IN EXCHANGE SOLELY FOR ALL**  
15          **OR A PART OF ITS VOTING STOCK, OR IN**  
16          **EXCHANGE SOLELY FOR ALL OR A PART OF THE**  
17          **VOTING STOCK OF A CORPORATION WHICH IS IN**  
18          **CONTROL OF THE ACQUIRING CORPORATION, OF**  
19          **STOCK OF ANOTHER CORPORATION IF,**  
20          **IMMEDIATELY AFTER THE ACQUISITION, THE**  
21          **ACQUIRING CORPORATION HAS CONTROL OF**  
22          **SUCH OTHER CORPORATION WHETHER OR NOT**  
23          **SUCH ACQUIRING CORPORATION HAD CONTROL**  
24          **IMMEDIATELY BEFORE THE ACQUISITION;**

25  
26          (c) [ A security holder of a corporation,  
27          which is a party to the merger or consolidation,  
28          exchanges his securities in such corporation,  
29          solely for stock or securities in such corporation, a  
30          party to the merger or consolidation. ] **THE**  
31          **ACQUISITION BY ONE CORPORATION, IN**  
32          **EXCHANGE SOLELY FOR ALL OR A PART OF ITS**  
33          **VOTING STOCK OR IN EXCHANGE SOLELY FOR**  
34          **ALL OR A PART OF THE VOTING STOCK OF A**  
35          **CORPORATION WHICH IS IN CONTROL OF THE**  
36          **ACQUIRING CORPORATION, OR SUBSTANTIALLY**  
37          **ALL OF THE PROPERTIES OF ANOTHER**  
38          **CORPORATION, BUT IN DETERMINING WHETHER**  
39          **THE EXCHANGE IS SOLELY FOR STOCK THE**  
40          **ASSUMPTION BY THE ACQUIRING CORPORATION**

1                   OF A LIABILITY OF THE OTHER SHALL BE  
2                   DISREGARDED;

4                   (D) A RECAPITALIZATION; OR

6                   (E) A REINCORPORATION

8                   No gain or loss shall also be recognized if property is  
9                   transferred to a corporation by a person in exchange for stock or unit  
10                  of participation in such a corporation of which as a result of such  
11                  exchange said person, alone or together with others, not exceeding  
12                  four (4) persons, [ gains control of said corporation ] **AND,**  
13                  **IMMEDIATELY AFTER, SUCH PERSON OR PERSONS ARE IN CONTROL**  
14                  **OF SAID CORPORATION:** *Provided*, that stocks issued for services  
15                  shall not be considered as issued in return for property.

17                  IN ALL OF THE ABOVE INSTANCES, THE TRANSACTION OR  
18                  ARRANGEMENT MUST BE UNDERTAKEN FOR A LEGITIMATE OR  
19                  **BONA FIDE BUSINESS PURPOSE AND NOT SOLELY FOR THE**  
20                  **PURPOSE OF AVOIDING OR ESCAPING THE BURDEN OF TAXATION.**

22                  THE PROVISION OF SECTION 50 OF THIS CODE SHALL BE  
23                  APPLIED AND ENFORCED IN CASES WHERE THE TRANSACTION OR  
24                  ARRANGEMENT ENTERED INTO IS FOUND TO BE NOT FOR  
25                  LEGITIMATE OR **BONA FIDE BUSINESS PURPOSE.**

27                  SALE OR EXCHANGES OF PROPERTY USED FOR BUSINESS FOR  
28                  SHARES OF STOCK COVERED UNDER THIS SUBSECTION SHALL NOT  
29                  BE SUBJECT TO VALUE ADDED TAX (VAT).

31                  xxx"

33                  SEC. 12. Section 50 of the National Internal Revenue Code of 1997, as  
34                  amended, is hereby further amended to read as follows:

36                  "SEC. 50. [*Allocation of Income and Deductions.* In the case of  
37                  two or more organizations, trades or businesses (whether or not  
38                  incorporated and whether or not organized in the Philippines) owned  
39                  or controlled directly or indirectly by the same interests, the  
40                  Commissioner is authorized to distribute, apportion or allocate gross

1 income or deductions between or among such organization, trade or  
2 business, if he determined that such distribution, apportionment or  
3 allocation is necessary in order to prevent evasion of taxes or clearly  
4 to reflect the income of any such organization, trade or business. ]  
5 **AUTHORITY OF THE COMMISSIONER TO DISTRIBUTE, APPORTION,**  
6 **ALLOCATE, AND IMPUTE INCOME AND DEDUCTIONS TO DISREGARD**  
7 **AND COUNTERACT TAX AVOIDANCE ARRANGEMENTS.** – IN CASE OF  
8 TWO OR MORE ORGANIZATIONS, TRADES OR BUSINESSES,  
9 WHETHER OR NOT ORGANIZED IN THE PHILIPPINES, OWNED OR  
10 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS,  
11 THE COMMISSIONER IS AUTHORIZED TO DISTRIBUTE, APPORTION,  
12 ALLOCATE, OR IMPUTE INCOME OR DEDUCTIONS BETWEEN OR  
13 AMONG SUCH ORGANIZATIONS, TRADES OR BUSINESSES, IF THE  
14 COMMISSIONER DETERMINES THAT SUCH DISTRIBUTION,  
15 APPORTIONMENT, ALLOCATION, OR IMPUTATION IS NECESSARY IN  
16 ORDER TO PREVENT EVASION OF TAXES OR TO CLEARLY REFLECT  
17 THE INCOME OF ANY SUCH ORGANIZATION, TRADE, OR BUSINESS.  
18

19 IN CASES WHERE THE TRANSACTION OR ARRANGEMENT IS  
20 MOTIVATED BY OBTAINING TAX BENEFIT OR ADVANTAGE WITH NO  
21 COMMERCIAL REALITY OR ECONOMIC EFFECT, SUCH AS (A)  
22 DIRECTLY OR INDIRECTLY ALTERING THE INCIDENCE OF ANY  
23 INCOME TAX; (B) DIRECTLY OR INDIRECTLY RELIEVING A PERSON  
24 FROM LIABILITY TO PAY INCOME TAX OR FROM A POTENTIAL OR  
25 PROSPECTIVE LIABILITY TO FUTURE INCOME TAX; OR (C) DIRECTLY  
26 OR INDIRECTLY AVOIDING, POSTPONING, OR REDUCING ANY  
27 LIABILITY TO INCOME TAX, OR ANY POTENTIAL OR PROSPECTIVE  
28 LIABILITY TO FUTURE INCOME TAX, THEN THE COMMISSIONER IS  
29 AUTHORIZED TO DISREGARD AND CONSIDER SUCH TRANSACTION  
30 OR ARRANGEMENT AS VOID FOR INCOME TAX PURPOSES, AND  
31 MAY ADJUST THE TAXABLE INCOME OF A PERSON AFFECTED BY THE  
32 ARRANGEMENT IN A WAY THE COMMISSIONER DEEMS  
33 APPROPRIATE, IN ORDER TO COUNTERACT A TAX ADVANTAGE  
34 OBTAINED BY THE PERSON FROM OR UNDER THE ARRANGEMENT.  
35  
36

37 SEC. 13. Sec. 73 of the National Internal Revenue Code of 1997, as  
38 amended, is hereby amended to read as follows:  
39

40 “SEC. 73. *Distribution of Dividends or Assets by Corporations.* -

1  
2       (A) *Definition of Dividends.* - The term '*dividends*' when used in  
3 this Title means any distribution made by a corporation to its  
4 shareholders out of its earnings or profits and payable to its  
5 shareholders, whether in money or in other property.

6  
7       [ Where a corporation distributes all of its assets in complete  
8 liquidation or dissolution, the gain realized or loss sustained by the  
9 stockholder, whether individual or corporate, is a taxable income or a  
10 deductible loss, as the case may be. ]

11  
12       (B) *Stock Dividend.* - A stock dividend representing the transfer  
13 of surplus to capital account shall not be subject to tax. However, if a  
14 corporation cancels or redeems stock issued as a dividend at such  
15 time and in such manner as to make the distribution and cancellation  
16 or redemption, in whole or in part, essentially equivalent to the  
17 distribution of a taxable dividend, the amount so distributed in  
18 redemption or cancellation of the stock shall be considered as  
19 taxable income to the extent that it represents a distribution of  
20 earnings or profits.

21  
22       **(C) LIQUIDATING DIVIDENDS. – LIQUIDATING DIVIDENDS ARE  
23 DIVIDENDS REPRESENTING THE REMAINING GAINS REALIZED OR  
24 LOSS SUSTAINED BY THE STOCKHOLDER IN A COMPLETE  
25 LIQUIDATION OR DISSOLUTION BY A CORPORATION AND SHALL BE  
26 CONSIDERED AS TAXABLE INCOME OR A DEDUCTIBLE LOSS, AS THE  
27 CASE MAY BE.**

28  
29       [ (C) ] (D) *Dividends Distributed are Deemed Made from Most  
30 Recently Accumulated Profits.* - Any distribution made to the  
31 shareholders or members of a corporation shall be deemed to have  
32 been made from the most recently accumulated profits or surplus,  
33 and shall constitute a part of the annual income of the distributee for  
34 the year in which received.

35  
36       [ (D) ] (E) *Net Income of a Partnership Deemed Constructively  
37 Received by Partners.* - The taxable income declared by a partnership  
38 for a taxable year which is subject to tax under Section 27 (A) of this  
39 Code, after deducting the corporate income tax imposed therein,  
40 shall be deemed to have been actually or constructively received by

1 the partners in the same taxable year and shall be taxed to them in  
2 their individual capacity, whether actually distributed or not."

3

4 SEC. 14. Sec. 112 (A) (B) of the National Internal Revenue Code of 1997, as  
5 amended, is hereby further amended to read as follows:

6

7 "SEC. 112. Refunds [ or Tax Credits ] of Input Tax. –

8

9        "(A) Zero-rated or Effectively Zero-rated Sales. - Any VAT-  
10 registered person, whose sales are zero-rated or effectively zero-  
11 rated may, within two (2) years after the close of the taxable quarter  
12 when the sales were made, apply for [ the issuance of a tax credit  
13 certificate or ] refund of creditable input tax due or paid attributable  
14 to such sales, except transitional input tax, to the extent that such  
15 input tax has not been applied against output tax: Provided,  
16 however, That in the case of zero-rated sales under Section  
17 106(A)(2)(a)(1) ,(2) and [ (b) ] and Section 108 (B)(1) and (2), the  
18 acceptable foreign currency exchange proceeds thereof had been  
19 duly accounted for in accordance with the rules and regulations of  
20 the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where  
21 the taxpayer is engaged in zero-rated or effectively zero-rated sale  
22 and also in taxable or exempt sale of goods or properties or services,  
23 and the amount of creditable input tax due or paid cannot be directly  
24 and entirely attributed to any one of the transactions, it shall be  
25 allocated proportionately on the basis of the volume of sales.  
26 Provided, finally, that for a person making sales that are zero-rated  
27 under Section 108(B)(6), the input taxes shall be allocated ratably  
28 between his zero-rated and non-zero-rated sales.

29

30        "(B) Cancellation of VAT Registration. - A person whose  
31 registration has been cancelled due to retirement from or cessation  
32 of business, or due to changes in or cessation of status under Section  
33 106(C) of this Code may, within two (2) years from the date of  
34 cancellation, apply for REFUND. [ the issuance of a tax credit  
35 certificate for any unused input tax. which may be used in payment  
36 of his other internal revenue taxes]

37

38 SEC. 15. SEC. 117 of the National Internal Revenue code of 1997, as  
39 amended, is hereby amended to read as follows:

1           “SEC 117. *Percentage Tax on Domestic Carriers and Keepers of*  
2 *Garages.* –Cars for rent or hire driven by the lessee; transportation  
3 contractors, including persons who transport passengers for hire, and  
4 other domestic carriers by land for the transport of passengers  
5 (except **OWNERS/OPERATORS OF TRICYCLES OPERATING NOT**  
6 **MORE THAN TWO (2) UNITS**, owners of bancas, and owners of  
7 animal-drawn two-wheeled vehicle), and keepers of garages shall pay  
8 a tax equivalent to three percent (3%) of their quarterly gross  
9 receipts.

10           xxx”

11           SEC. 16. Sec. 119 of the National Internal Revenue Code of 1997, as  
12 amended, is hereby amended to read as follows:

13           “SEC. 119. *Tax on Franchises.* - Any provision of general or special law  
14 to the contrary notwithstanding, there shall be levied, assessed and  
15 collected in respect to all **EXISTING** franchise agreement or law  
16 pertaining **TO** franchises on radio and/or television broadcasting  
17 companies [whose annual gross receipts of the preceding year do not  
18 exceed Ten million pesos (P10,000,000.00) ], subject to Section 236  
19 of this Code, a **FRANCHISE** tax of three percent (3%) and on gas and  
20 water utilities, a **FRANCHISE** tax of two percent (2%) on the gross  
21 receipts derived from the business covered by the law granting the  
22 franchise: Provided, however, That radio and/OR television  
23 broadcasting companies referred to in this Section shall [ have an  
24 option to] be registered as a value-added taxpayer and pay the tax  
25 due thereon [ : Provided, further, That once the option is exercised,  
26 said option shall not be irrevocable ].

27           xxx”

28           SEC. 17. Sec. 203 of the National Internal Revenue Code of 1997, as  
29 amended, is hereby amended to read as follows:

30           “SEC. 203. *Period of Limitation Upon Assessment and Collection.* –  
31 Except as provided in Section 222, internal revenue taxes “Except as  
32 provided in Section 222, internal revenue taxes shall be assessed  
33 within [three (3)] **FIVE (5)** years after the last day prescribed by law  
34 of the filing of the return, and no proceeding in court without  
35 assessment for the collection of such taxes shall be begun after the

1 expiration of such period: Provided, That in a case where a return is  
2 filed beyond the period prescribed by law, the [three (3)] **FIVE (5)**  
3 year period shall be counted from the day the return was filed. For  
4 purposes of this Section, a return filed before the last day prescribed  
5 by law for the filing thereof shall be considered filed on such last  
6 day."

7

8 SEC. 18. Sec. 204 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby amended to read as follows:

10

11 "SEC. 204. *Authority of the Commissioner to Compromise, Abate and*  
12 *Refund or Credit Taxes.* – The Commissioner may –

13

14 (A) *Compromise the payment of any internal revenue tax, when:*

15

16 (1) A reasonable doubt as to the validity of the claim against  
17 the taxpayer exists; or

18

19 (2) The financial position of the taxpayer demonstrates a clear  
20 inability to pay the assessed tax.

21

22 The compromise settlement of any tax liability shall be subject to the  
23 following minimum amounts:

24

25 For cases of financial incapacity, a minimum compromise rate  
26 equivalent to ten percent (10%) of the basic assessed tax; and

27

28 For other cases, a minimum compromise rate equivalent to forty  
29 percent (40%) of the basic assessed tax.

30

31 Where the basic tax involved exceeds [ One ] **TEN** million pesos [  
32 **(P1,000.000)**] **(P10,000,000)** or where the settlement offered is less  
33 than the prescribed minimum rates, the compromise shall be subject  
34 to the approval of the Evaluation Board which shall be composed of  
35 the Commissioner and the four (4) Deputy Commissioners.

36

37 xxx"

38

39 SEC. 19. Sec. 222 of the National Internal Revenue Code of 1997, as  
40 amended, is hereby amended to read as follows:

1  
2        "*SEC. 222. Exceptions as to Period of Limitation of Assessment and*  
3        *Collection of Taxes..-*

4  
5                (a) xxx

6  
7                (b) If before the expiration of the time prescribed in Section  
8                203 for the assessment of the tax, [ both the Commissioner  
9                and ] the taxpayer [ have agreed ] **APPLIES WITH THE**  
10              **COMMISSIONER** in writing to its assessment after such time,  
11              the tax may be assessed within the period  
12              [agreed upon] **SPECIFIED IN THE APPLICATION WHICH SHALL**  
13              **NOT EXCEED SIX (6) MONTHS AT ANY ONE TIME.** The  
14              **FOREGOING** period [ so agreed upon ] may be extended by  
15              subsequent written [ agreement ]**APPLICATION** made before  
16              the expiration of the period previously [ agreed upon ]  
17              **APPLIED FOR.**

18  
19              xxx"

20  
21        SEC. 20. Sec. 237 of the National Internal Revenue Code of 1997, as  
22        amended, is hereby amended to read as follows:

23  
24        "*SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. –*

25  
26              (A) *Issuance. –* xxx

27  
28        "Within five (5) years from the effectivity of this Act and upon the  
29        establishment of a system capable of storing and processing the  
30        required date, the Bureau shall require taxpayers engaged in the  
31        export of goods and service, taxpayers engaged in e-commerce, and  
32        taxpayers under the jurisdiction of the Large Taxpayers Service to  
33        issue **AND TRANSMIT** electronic receipts or sales or commercial  
34        invoices [ in lieu of manual receipts or sales or commercial invoices ]**THRU DESIGNATED ELECTRONIC CHANNELS WITH A PUBLIC**  
35        **CERTIFICATION SYSTEM ACCREDITED BY THE BUREAU**, subject to  
36        the rules and regulations to be issued by the Secretary of Finance  
37        upon recommendation of the Commissioner [ and after a ] following  
38        a public hearing [ shall have been ] held for this purpose: Provided,  
39        That taxpayers not covered by the mandate of this provision may

1 issue electronic receipts of sales or commercial invoices in lieu of  
2 manual receipts or sales or commercial invoices. **PROVIDED**  
3 **FURTHER, SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED**  
4 **BY THE SECRETARY OF FINANCE, THE COMMISSIONER MAY**  
5 **REQUIRE ANY TAXPAYER TO COMPLY WITH THE PROVISIONS OF**  
6 **THIS SECTION.**

7  
8 The original of each receipt or invoice shall be issued to the  
9 purchaser, customer, or client at the time the transaction is effected,  
10 who, if engaged in the business or in the exercise of profession, shall  
11 keep and preserve the same in his place of business for a period of  
12 [three (3)] **FIVE (5)** years from the close of the taxable year in which  
13 such invoice or receipt was issued, while the duplicate shall be kept  
14 and preserved by the issuer, also in his place of business, for a like  
15 period: *Provided*, that in case of electronic receipts or sales or  
16 commercial invoices, digital record of the same [shall be kept by the  
17 purchaser, customer or client and the issuer for the same period  
18 above stated] **BEARING THE APPROVED ELECTRONIC TAX**  
19 **TRANSACTION NUMBER SHALL BE SUFFICIENT COMPLIANCE.**

20  
21 The Commissioner may, in meritorious cases, exempt any person  
22 subject to internal revenue tax from compliance with the provision of  
23 this Section."

24  
25 SEC. 21. Sec. 237-A of the National Internal Revenue Code of 1997, as  
26 amended, is hereby amended to read as follows:

27  
28 **"SEC. 237-A. Electronic Sales Reporting System.** – Within five (5)  
29 years from the effectivity of this Act and upon the establishment of a  
30 system capable of storing and processing the required data, the  
31 Bureau shall require taxpayers engaged in the export of goods and  
32 services, taxpayers engaged in e-commerce, and taxpayers under the  
33 jurisdiction of the Large Taxpayers Service to **USE A SYSTEM**  
34 **CAPABLE OF ISSUING ELECTRONIC RECEIPTS OR SALES OR**  
35 **COMMERCIAL INVOICES, COLLECT TRANSACTION RECORDS, AND**  
36 **TRANSMIT THE SAME THROUGH THE DESIGNATED ELECTRONIC**  
37 **CHANNELS OF THE BUREAU IN THE FORMAT REQUIRED**[  
38 electronically report their sales data to the Bureau of through the use  
39 of electronic point of sales systems, ] subject to the rules and  
40 regulations to be issued by the Secretary of Finance upon

recommendation of the Commissioner of Internal Revenue: *Provided*, That the **POINT OF SALE (POS) machines, VALUE ADDED NETWORK (VAN) TERMINALS, fiscal devices, and fiscal memory devices WITH CAPACITY TO MAKE SUCH TRANSMISSION** shall be at the expense of the taxpayers: ***PROVIDED, FURTHER, SUBJECT TO THE RULES AND REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE, THE COMMISSIONER MAY REQUIRE ANY TAXPAYER TO COMPLY WITH THE PROVISIONS OF THIS SECTION.***

**IN YEAR ONE TO YEAR FOUR OF THE IMPLEMENTATION PERIOD, A TAXPAYER WHO ADOPTS THE REQUIRED SYSTEM SHALL BE GRANTED A TAX CREDIT OF 0.1% OF THE PURCHASE VALUE, NET OF VALUE ADDED TAX, FOR EVERY ELECTRONIC RECEIPT OR SALE OR COMMERCIAL INVOICE TRANSMITTED THROUGH THE DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC TAX TRANSACTION NUMBER.**

**IN SUPPORT OF THE ELECTRONIC SALES REPORTING SYSTEM, THE BUREAU OF INTERNAL REVENUE MAY GRANT TAX INCENTIVES FOR ELECTRONICALLY TRACEABLE PAYMENTS (ETP) IN THE FORM OF ALLOWABLE DEDUCTIBLE EXPENSE OF UP TO 10% OF THE ETP MADE BY THE TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ETP DEDUCTIBLE EXPENSE PER TAXPAYER MAYBE SET BY THE COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF FINANCE.**

**ELECTRONICALLY TRACEABLE PAYMENTS REFER TO CREDIT CARD, DEBIT CARD, OR OTHER METHODS OF PAYMENT WITH A SYSTEM TO VERIFY OR LINK THE PAYMENT TO THE IDENTITY OF PAYOR.**

**THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND INVOICE LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL INVOICES TRANSMITTED THROUGH THE DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC TAX TRANSACTION NUMBER.**

The data processing of sales and purchase data shall comply with the provisions of Republic Act No. 10173, otherwise known as the "Data Privacy Act" and Section 270 of the NIRC, as amended, on unlawful

1 divulgence of taxpayer information and such other laws relating to  
2 the confidentiality of information.

3

4 The Bureau shall also establish policies, risk management  
5 approaches, actions, training, and technologies to protect the cyber  
6 environment, organization, and data in compliance with Republic Act  
7 No. 10175 or the "Cybercrime Prevention Act of 2012."

8

9 SEC. 22. Sec. 255 of the National Internal Revenue Code of 1997, as  
10 amended, is hereby amended to read as follows:

11

12 "SEC. 255. *Failure to File Return, Supply Correct and Accurate*  
13 *Information, Pay Tax Withhold and Remit Tax and Refund Excess*  
14 *Taxes Withheld on Compensation.* - Any person required under this  
15 Code or by rules and regulations promulgated thereunder to pay any  
16 tax make a return, keep any record, or supply correct the accurate  
17 information, who willfully fails to pay such tax, make such return,  
18 keep such record, or supply correct and accurate information, or  
19 withhold or remit taxes withheld, or refund excess taxes withheld on  
20 compensation, at the time or times required by law or rules and  
21 regulations shall, in addition to other penalties provided by law, upon  
22 conviction thereof, be punished by a fine of not less than [Ten  
23 thousand pesos (P10,000) ] **ONE HUNDRED THOUSAND (P100,000)**  
24 **BUT NOT MORE THAN ONE MILLION TWO HUNDRED THOUSAND**  
25 **PESOS (P1,200,000)** and suffer imprisonment of not less than one (1)  
26 year but not more than ten (10) years.

27

28 Any person who attempts to make it appear for any reason that he or  
29 another has in fact filed a return or statement, or actually files a  
30 return or statement and subsequently withdraws the same return or  
31 statement after securing the official receiving seal or stamp of receipt  
32 of internal revenue office wherein the same was actually filed shall,  
33 upon conviction therefore, be punished by a fine of not less than [  
34 Ten thousand pesos (P10,000) but not more than Twenty thousand  
35 pesos (P20,000) ] **ONE HUNDRED THOUSAND PESOS (P100,000)**  
36 **BUT NOT MORE THAN ONE MILLION TWO HUNDRED THOUSAND**  
37 **PESOS (P1,200,000)** and suffer imprisonment of not less than one (1)  
38 year but not more than three (3) years."

1        SEC. 23. Sec. 256 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby amended to read as follows:

4        “SEC. 256. *Penal Liability of Corporations.* - Any corporation,  
5 association or general co-partnership liable for any of the acts or  
6 omissions penalized under this Code, in addition to the penalties  
7 imposed herein upon the responsible corporate officers, partners, or  
8 employees shall, upon conviction for each act or omission, be  
9 punished by a fine of not less than [Fifty thousand pesos (P50,000)  
10 but not more than One hundred thousand pesos (P100,000)] **TWO**  
11 **HUNDRED THOUSAND PESOS (P200,000) BUT NOT MORE THAN**  
12 **TWO MILLION FOUR HUNDRED THOUSAND PESOS (P2,400,000).**”

14       SEC. 24. Sec. 257 of the National Internal Revenue Code of 1997, as  
15 amended, is hereby amended to read as follows:

17       “SEC. 257. *Penal Liability for Making False Entries, Records or*  
18 *Reports, or Using Falsified or Fake Accountable Forms.* –

20       (A) Any financial officer or independent Certified Public Accountant  
21 engaged to examine and audit books of accounts of taxpayers under  
22 Section 232 (A) and any person under his direction who:

24              (1) Willfully falsifies any report or statement bearing on any  
25 examination or audit, or renders a report, including exhibits,  
26 statements, schedules or other forms of accountancy work  
27 which has not been verified by him personally or under his  
28 supervision or by a member of his firm or by a member of his  
29 staff in accordance with sound auditing practices; or

31              (2) Certifies financial statements of a business enterprise  
32 containing an essential misstatement of facts or omission in  
33 respect of the transactions, taxable income, deduction and  
34 exemption of his client; or

36       (B) Any person who:

38              (1) Not being an independent Certified Public Accountant  
39 according to Section 232(B) or a financial officer, examines and  
40 audits books of accounts of taxpayers; or

- 1
- 2       (2) Offers to sign and certify financial statements without  
3                   audit; or
- 4
- 5       (3) Offers any taxpayer the use of accounting bookkeeping  
6                   records for internal revenue purposes not in conformity with  
7                   the requirements prescribed in this Code or rules and  
8                   regulations promulgated thereunder; or
- 9
- 10      (4) Knowingly makes any false entry or enters any false or  
11                   fictitious name in the books of accounts or record mentioned  
12                   in the preceding paragraphs; or
- 13
- 14      (5) Keeps two (2) or more sets of such records or books of  
15                   accounts; or
- 16
- 17      (6) In any way commits an act or omission, in violation of the  
18                   provisions of this Section; or
- 19
- 20      (7) Fails to keep the books of accounts or records mentioned in  
21                   Section 232 in a native language, English or Spanish, or to  
22                   make a true and complete translation as required in Section  
23                   234 of this Code, or whose books of accounts or records kept  
24                   in a native language, English or Spanish, and found to be at  
25                   material variance with books or records kept by him in another  
26                   language; or
- 27
- 28      (8) Willfully attempts in any manner to evade or defeat any tax  
29                   imposed under this Code, or knowingly uses fake or falsified  
30                   revenue official receipts, Letters of Authority, certificates  
31                   authorizing registration, Tax Credit Certificates, Tax Debit  
32                   Memoranda and other accountable forms shall, upon  
33                   conviction for each act or omission, be punished by a fine not  
34                   less than [Fifty thousand pesos (P50,000) but not more than  
35                   One hundred thousand pesos (P100,000)] **THREE HUNDRED**  
36                   **THOUSAND PESOS (P300,000) BUT NOT MORE THAN ONE**  
37                   **MILLION TWO HUNDRED THOUSAND PESOS (P1,200,000)** and  
38                   suffer imprisonment of not less than two (2) years but not  
39                   more than six (6) years.
- 40

1       If the offender is a Certified Public Accountant, his certificate as a  
2       Certified Public Accountant shall be automatically revoked or  
3       cancelled upon conviction.

5       In the case of foreigners, conviction under this Code shall result in  
6       [his] **THEIR** immediate deportation after serving sentence, without  
7       further proceedings for deportation.”

9       SEC. 25. Sec. 258 of the National Internal Revenue Code of 1997, as  
10      amended, is hereby amended to read as follows:

12      “SEC. 258. *Unlawful Pursuit of Business.* - Any person who carries on  
13      any business for which an annual registration fee is imposed without  
14      paying the tax as required by law shall, upon conviction for each act  
15      or omission, be punished by a fine of not less than [ Five  
16      thousand pesos (P5,000) but not more than Twenty thousand pesos  
17      (P20,000) ] **FIFTY THOUSAND PESOS (P50,000) BUT NOT MORE**  
18      **THAN THREE HUNDRED THOUSAND PESOS (P300,000)** and suffer  
19      imprisonment of not less than six (6) months but not more than two  
20      (2) years: *Provided*, That in the case of a person engaged in the  
21      business of distilling, rectifying, repacking, compounding or  
22      manufacturing any article subject to excise tax, he shall, upon  
23      conviction for each act or omission, be punished by a fine of not less  
24      than [ Thirty thousand pesos (P30,000) but not more than Fifty  
25      thousand pesos (P50,000) ] **THREE HUNDRED THOUSAND PESOS**  
26      **(P300,000) BUT NOT MORE THAN SEVEN HUNDRED THOUSAND**  
27      **PESOS (P700,000)** and suffer imprisonment of not less than two (2)  
28      years but not more than four (4) years.”

30      SEC. 26. Sec. 260 of the National Internal Revenue Code of 1997, as  
31      amended, is hereby amended to read as follows:

33      “SEC. 260. *Unlawful Possession of Cigarette Paper in Bobbins or Rolls,*  
34      *Etc.* - It shall be unlawful for any person to have in his possession  
35      cigarette paper in bobbins or rolls, cigarette tipping paper or  
36      cigarette filter tips, without the corresponding authority therefor  
37      issued by the Commissioner. Any person, importer, manufacturer of  
38      cigar and cigarettes, who has been found guilty under this Section,  
39      shall, upon conviction for each act or omission, be punished by a fine  
40      of not less than [ Twenty thousand pesos (P20,000) but not

1 more than One hundred thousand pesos (P100,000) ] **ONE MILLION**  
2 **FIVE HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT MORE**  
3 **THAN FIFTEEN MILLION PESOS (P15,000,000)** and suffer  
4 imprisonment for a term of not less than six (6) years and one (1) day  
5 but not more than twelve (12) years.”  
6

7 SEC. 27. Sec. 261 of the National Internal Revenue Code of 1997, as  
8 amended, is hereby amended to read as follows:  
9

10 “SEC. 261. *Unlawful Use of Denatured Alcohol.* - Any person who for  
11 the purpose of manufacturing any beverage, uses denatured alcohol  
12 or alcohol specially denatured to be used for motive power or  
13 withdrawn under bond for industrial uses or alcohol knowingly  
14 misrepresented to be denatured to be unfit for oral intake or who  
15 knowingly sells or offers for sale any beverage made in whole or in  
16 part from such alcohol or who uses such alcohol for the manufacture  
17 of liquid medicinal preparations taken internally, or knowingly sells  
18 or offers for sale such preparations containing as an ingredient such  
19 alcohol, shall upon conviction for each act or omission be punished  
20 by a fine of not less than than[Twenty thousand pesos (P20,000) but  
21 not more than One hundred thousand pesos (P100,000) ] **ONE**  
22 **MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT**  
23 **MORE THAN FIFTEEN MILLION PESOS (P15,000,000)** and suffer  
24 imprisonment for a term of not less than six (6) years and one (1) day  
25 but not more than twelve (12) years.  
26

27 Any person who shall unlawfully recover or attempt to recover by  
28 distillation or other process any denatured alcohol or who knowingly  
29 sells or offers for sale, conceals or otherwise disposes of alcohol so  
30 recovered or redistilled shall be subject to the same penalties  
31 imposed under this Section.”  
32

33 SEC. 28. Sec. 262 of the National Internal Revenue Code of 1997, as  
34 amended, is hereby amended to read as follows:  
35

36 “SEC. 262. *Shipment or Removal of Liquor or Tobacco Products under*  
37 *False Name or Brand or as an Imitation of any Existing or Otherwise*  
38 *Known Product Name or Brand.* - Any person who ships, transports or  
39 removes spirituous, compounded or fermented liquors, wines or any  
40 manufactured products of tobacco under any other than the proper

1 name or brand known to the trade as designating the kind and  
2 quality of the contents of the cask, bottle or package containing the  
3 same or as an imitation of any existing or otherwise known product  
4 name or brand or causes such act to be done, shall, upon conviction  
5 for each act or omission, be punished by a fine of not less than [  
6 Twenty thousand pesos (P20,000) but not more than One hundred  
7 thousand pesos (P100,000) ] **ONE MILLION FIVE HUNDRED**  
8 **THOUSAND PESOS (P1,500,000)** **BUT NOT MORE THAN FIFTEEN**  
9 **MILLION PESOS (P15,000,000)** and suffer imprisonment of not less  
10 than six (6) years and one (1) day but not more than twelve (12)  
11 years.”

12  
13 SEC. 29. Sec. 263 of the National Internal Revenue Code of 1997, as  
14 amended, is hereby amended to read as follows:

16 “SEC. 263. *Unlawful Possession or Removal of Articles Subject to*  
17 *Excise Tax without Payment of the Tax.*- Any person who owns  
18 and/or is found in possession of imported articles subject to excise  
19 tax, the tax on which has not been paid in accordance with law, or  
20 any person who owns and/or is found in possession of imported tax-  
21 exempt articles other than those to whom they are legally issued  
22 shall be punished by:

24 (a) A fine of not less than [ One thousand pesos (P1,000) ]**TWENTY**  
25 **FIVE THOUSAND PESOS (P25,000)** [ nor ] **BUT NOT** more than [ Two  
26 thousand pesos (P2,000) ]**SEVENTY FIVE THOUSAND PESOS**  
27 **(P75,000)** and suffer imprisonment of not less than [ sixty (60) days  
28 but not more than one hundred (100) days ]**THIRTY (30) DAYS BUT**  
29 **NOT MORE THAN SIX (6) MONTHS** if the appraised value, to be  
30 determined in the manner prescribed in the [ Tariff and Customs  
31 Code ]**CUSTOMS MODERNIZATION AND TARIFF ACT**, including  
32 duties and taxes, of the articles does not exceed [ One thousand  
33 pesos (P1,000). ]**TWO HUNDRED FIFTY THOUSAND PESOS**  
34 **(P250,000).**

35  
36 (b) A fine of not less than [ Ten thousand pesos (P10,000) ]**SEVENTY**  
37 **FIVE THOUSAND PESOS (P75,000)** but not more than [ Twenty  
38 thousand pesos (P20,000) ]**ONE HUNDRED FIFTY THOUSAND PESOS**  
39 **(P150,000)** and suffer imprisonment of not less than [ two (2) years  
40 but not more than four (4) years ]**SIX (6) MONTHS AND ONE (1) DAY**

1           **BUT NOT MORE THAN ONE (1) YEAR** if the appraised value, to be  
2           determined in the manner prescribed in the [ Tariff and Customs  
3           Code ]**CUSTOMS MODERNIZATION AND TARIFF ACT**, including  
4           duties and taxes, of the articles exceeds [ One thousand pesos  
5           (P1,000) ]**TWO HUNDRED FIFTY THOUSAND PESOS (P250,000)** but  
6           does not exceed [ Fifty thousand pesos (P50,000) ]**FIVE HUNDRED**  
7           **THOUSAND PESOS (P500,000);**

8  
9           (c) A fine of not less than [ Thirty thousand pesos (P30,000) ]**ONE**  
10          **HUNDRED FIFTY THOUSAND PESOS (P150,000)** but not more than [  
11          Sixty thousand pesos (P60,000) ]**THREE HUNDRED THOUSAND**  
12          **PESOS (P300,000)** and suffer imprisonment of not less than [  
13          four (4) years but not more than six (6) years ],**ONE (1) YEAR AND**  
14          **ONE (1) DAY BUT NOT MORE THAN THREE (3) YEARS**, if the  
15          appraised value, to be determined in the manner prescribed in the [  
16          Tariff and Customs Code ]**CUSTOMS MODERNIZATION AND TARIFF**  
17          ACT, including duties and taxes of the articles is more than [  
18          Fifty thousand pesos (P50,000) but does not exceed One hundred  
19          fifty thousand pesos (P150,000) ]**FIVE HUNDRED THOUSAND PESOS**  
20          **(P500,000) BUT DOES NOT EXCEED ONE MILLION PESOS**  
21          **(P1,000,000); or**

22  
23          (d) A fine of not less than [ Fifty thousand pesos (P50,000) ]**THREE**  
24          **HUNDRED THOUSAND PESOS (P300,000)** but not more than [ One  
25          hundred thousand pesos (P100,000) ]**ONE MILLION FIVE HUNDRED**  
26          **THOUSAND PESOS (P1,500,000)** and suffer imprisonment of [ not  
27          less than ten (10) years but not more than twelve (12) years ]**THREE (3) YEARS AND ONE (1) DAY BUT NOT MORE THAN SIX (6) years**, if  
28          the appraised value, to be determined in the manner prescribed in  
29          the [ Tariff and Customs Code ]**CUSTOMS MODERNIZATION AND**  
30          **TARIFF ACT**, including duties and taxes, of the articles exceeds [ One  
31          hundred fifty thousand pesos (P150,000) ]**IS MORE THAN ONE**  
32          **MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN FIVE**  
33          **MILLION PESOS (P5,000,000.00);**

34  
35  
36          (e) **A FINE OF NOT LESS THAN ONE MILLION FIVE HUNDRED**  
37          **THOUSAND PESOS (P 1,500,000.00) BUT NOT MORE THAN FIFTEEN**  
38          **MILLION PESOS (P15,000,000.00), AND SUFFER IMPRISONMENT OF**  
39          **NOT LESS THAN SIX (6) YEARS AND ONE (1) DAY BUT NOT MORE**  
40          **THAN TWELVE (12) YEARS, IF THE APPRAISED VALUE, TO BE**

1 DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS  
2 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES AND TAXES,  
3 OF THE ARTICLES IS MORE THAN FIVE MILLION PESOS (P5,000,000)  
4 BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000);  
5

6 (F) A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS (P  
7 15,000,000.00) BUT NOT MORE THAN FIFTY MILLION PESOS  
8 (P50,000,000), AND SUFFER IMPRISONMENT OF NOT LESS THAN  
9 TWELVE (12) YEARS AND ONE (1) DAY BUT NOT MORE THAN  
10 TWENTY (20) YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED  
11 IN THE MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION  
12 AND TARIFF ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES  
13 IS MORE THAN FIFTY MILLION PESOS (P50,000,000.00) BUT NOT  
14 MORE THAN TWO HUNDRED MILLION PESOS (P200,000,000); OR  
15

16 (G) IF THE APPRAISED VALUE OF THE GOODS UNLAWFULLY  
17 IMPORTED TO BE DETERMINED IN THE MANNER PRESCRIBED  
18 UNDER IN THE CUSTOMS MODERNIZATION AND TARIFF ACT,  
19 INCLUDING DUTIES AND TAXES, EXCEEDS TWO HUNDRED MILLION  
20 PESOS (P200,000,000) OR IF THE AGGREGATE AMOUNT OF THE  
21 APPRAISED VALUE OF THE GOODS WHICH ARE THE SUBJECT OF  
22 UNLAWFUL IMPORTATION COMMITTED IN MORE THAN ONE  
23 INSTANCE, INCLUDING DUTIES AND TAXES, EXCEEDS TWO  
24 HUNDRED MILLION PESOS (P200,000,000), THE SAME SHALL BE  
25 PUNISHABLE WITH A PENALTY OF TWENTY YEARS ONE DAY BUT  
26 NOT MORE THAN THIRTY YEARS AND A FINE OF NOT LESS THAN  
27 FIFTY MILLION PESOS (P50,000,000.00).  
28

29 Any person who is found in possession of locally manufactured  
30 articles subject to excise tax, the tax on which has not been paid in  
31 accordance with law, or any person who is found in possession of  
32 such articles which are exempt from excise tax other than those to  
33 whom the same is lawfully issued shall be punished with a fine of not  
34 less than (10) times the amount of excise tax due on the articles  
35 found but not less than [ Five hundred pesos (P500) ]**TWENTY FIVE**  
36 **THOUSAND PESOS (P25,000)** and suffer imprisonment of not less  
37 than two (2) years but not more than four (4) years.  
38

39 Any manufacturer, owner or person in charge of any article  
40 subject to excise tax who removes or allows or causes the unlawful

removal of any such articles from the place of production or bonded warehouse, upon which the excise tax has not been paid at the time and in the manner required, and any person who knowingly aids or abets in the removal of such articles as aforesaid, or conceals the same after illegal removal shall, for the first offense, be punished with a fine of not less than ten (10) times the amount of excise tax due on the articles but not less than [ One thousand pesos (P1,000) ]**TWENTY FIVE THOUSAND (P25,000)** and suffer imprisonment of not less than [ one (1) year but not more than two (2) years ] **TWO (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS.**

The mere unexplained possession of articles subject to excise tax, the tax on which has not been paid in accordance with law, shall be punishable under this Section."

SEC. 30. Sec. 264 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

*"SEC. 264. Failure or refusal to Issue Receipts or Sales or Commercial Invoices, Violations related to the Printing of such Receipts or Invoices and Other Violations. -*

(a) Any person who, being required under Section 237 to issue receipts or sales or commercial invoices, fails or refuses to issue such receipts or invoices, issues receipts or invoices that do not truly reflect and/or contain all the information required to be shown therein, or uses multiple or double receipts or invoices, shall, upon conviction for each act or omission, be punished by a fine of not less than [ One thousand pesos (P1,000) but not more than Fifty thousand pesos (P50,000) ]**ONE HUNDRED THOUSAND PESOS (P100,000) BUT NOT MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000)** and suffer imprisonment of not less than [ two (2) years but not more than four (4) years ] **FOUR (4) YEARS BUT NOT MORE THAN EIGHT (8) YEARS.**

(b) Any person who commits any of the acts enumerated hereunder shall be penalized in the same manner and to the same extent as provided for in this Section:

1  
2       (1) Printing of receipts or sales or commercial invoices  
3       without authority from the Bureau of Internal Revenue;  
4       or

5  
6       (2) Printing of double or multiple sets of invoices or  
7       receipts; or

8  
9       (3) Printing of unnumbered receipts or sales or  
10      commercial invoices, not bearing the name, business  
11      style, Taxpayer Identification Number, and business  
12      address of the person or entity."

13  
14      SEC. 31. Sec. 265 of the National Internal Revenue Code of 1997, as  
15      amended, is hereby amended to read as follows:

16  
17      "SEC. 265. *Offenses Relating to Stamps.* - Any person who commits  
18      any of the acts enumerated hereunder shall, upon conviction  
19      thereof, be punished by a fine of not less than [ Twenty thousand  
20      pesos (P20,000) ] **SEVEN HUNDRED THOUSAND PESOS**  
21      (**P700,000.00**) but not more than [ Fifty thousand pesos (P50,000) ]  
22      **ONE MILLION TWO HUNDRED THOUSAND PESOS (P1,200,000)** and  
23      suffer imprisonment of not less than four (4) years but not more than  
24      eight (8) years:

25  
26      (a) Making, importing, selling, using or possessing without express  
27      authority from the Commissioner, any die for printing or making  
28      stamps, labels, tags or playing cards;

29  
30      (b) Erasing the cancellation marks of any stamp previously  
31      used, or altering the written figures or letters or cancellation  
32      marks on internal revenue stamps;

33  
34      (c) Possessing false, counterfeit, restored or altered stamps,  
35      labels or tags or causing the commission of any such offense by  
36      another;

37  
38      (d) Selling or offering for sale any box or package containing  
39      articles subject to excise tax with false, spurious or counterfeit

1                   stamps or labels or selling from any such fraudulent box,  
2                   package or container as aforementioned; or  
3

4                   (e) Giving away or accepting from another, or selling, buying or  
5                   using containers on which the stamps are not completely  
6                   destroyed."

7

8                   SEC.32. Sec. 266 of the National Internal Revenue Code of 1997, as  
9                   amended, is hereby amended to read as follows:

10

11                  "SEC. 266. *Failure to Obey Summons.* - Any person who, being duly  
12                  summoned to appear to testify, or to appear and produce books of  
13                  accounts, records, memoranda or other papers, or to furnish  
14                  information as required under the pertinent provisions of this Code,  
15                  neglects to appear or to produce such books of accounts, records,  
16                  memoranda or other papers, or to furnish such information, shall,  
17                  upon conviction, be punished by a fine of not less than [ Five  
18                  thousand pesos (P5,000) ] **ONE HUNDRED THOUSAND PESOS**  
19                  (**P100,000**) but not more than [ ten thousand pesos (P10,000) ]  
20                  **THREE HUNDRED THOUSAND PESOS (P300,000)**) and suffer  
21                  imprisonment of not less than [ one (1) year but not more than two  
22                  (2) years.]

23

24                  SEC. 33. Sec. 275 of the National Internal Revenue Code of 1997, as  
25                  amended, is hereby amended to read as follows:

26

27                  "SEC. 275. *Violation of Other Provisions of this Code or Rules and*  
28                  *Regulations in General.* - Any person who violates any provision of  
29                  this Code or any rule or regulation promulgated by the Department  
30                  of Finance, for which no specific penalty is provided by law, shall,  
31                  upon conviction for each act or omission, be punished by a fine of  
32                  not more than [ One thousand pesos (P1,000) ] **TEN THOUSAND**  
33                  **PESOS (P10,000)** or suffer imprisonment of not more than  
34                  [ six (6) months ] **TWO (2) YEARS**, or both."

35

36                  SEC. 34. A new section is hereby inserted after Section 282 of the National  
37                  Internal Revenue Code of 1997, as amended, to read as follows:

38

39                  "**SEC. 282-A. VIOLATION OF THE PROVISIONS OF THIS CODE**  
40                  **AMOUNTING TO ECONOMIC SABOTAGE.** – ANY VIOLATION OF

1 SECTION 254 OF THIS CODE THAT UNDERMINES, WEAKENS OR  
2 RENDERS INTO DISREPUTE THE ECONOMIC SYSTEM OR VIABILITY  
3 OF THE COUNTRY OR TENDS TO BRING OUT SUCH EFFECTS, IN LIEU  
4 OF THE PENALTY SET IN THE PRECEDING PROVISIONS, SHALL  
5 CONSTITUTE ECONOMIC SABOTAGE, AND, UPON CONVICTION FOR  
6 EACH ACT OR OMISSION, BE PUNISHED BY A FINE OF NOT LESS  
7 THAN FIFTY MILLION (P50,000,000) AND RECLUSION TEMPORAL.

8

9

10 SEC. 35. Sec. 290 of the National Internal Revenue Code of 1997, as  
11 amended, is hereby further amended to read as follows:

12

13 "SEC. 290. Congressional Oversight Committee. –

14

15 XXX

16

17 The Committee shall, among others, in aid of legislation:

- 18
- 19 (1) XXX;  
20 (2) XXX;  
21 (3) XXX; [and]  
22 (4) XXX[.];

23

24 (5) REVIEW THE PERFORMANCE OF FUNCTIONS OF THE  
25 INVESTMENT PROMOTION AGENCIES AND THE FISCAL INCENTIVES  
26 REVIEW BOARD, PARTICULARLY IN THE GRANT OF INCENTIVES TO  
27 REGISTERED ENTERPRISES AND IN THE REVIEW AND EVALUATION  
28 OF GRANTED INCENTIVES, RESPECTIVELY, AS WELL AS IN THE  
29 FORMULATION OF THE STRATEGIC INVESTMENTS PRIORITY PLAN;  
30 AND

31

32 XXX"

33

34 SEC. 36. A new title is hereby inserted beginning Section 291, Title XIII of  
35 the National Internal Revenue Code of 1997, as amended, to read as follows:

36

37 "TITLE XIII

38

39 CHAPTER I

1                   **GENERAL PROVISIONS ON TAX INCENTIVES**

2

3                   **SEC 291. SCOPE AND COVERAGE.** – THIS TITLE SHALL COVER ALL  
4 EXISTING INVESTMENT PROMOTION AGENCIES (IPAS) AS DEFINED IN THIS  
5 CODE OR RELATED LAWS, AND ALL OTHER IPAS AND OTHER SIMILAR  
6 AUTHORITIES THAT MAY BE CREATED BY LAW.

7                   THE IPAS SHALL MAINTAIN THEIR FUNCTIONS AND POWERS AS  
8 PROVIDED UNDER THE SPECIAL LAWS GOVERNING THEM EXCEPT ON THE  
9 EXTENT MODIFIED BY THE PROVISIONS OF THIS CODE.

10                  **SEC. 292. GOVERNING PROVISION FOR IPAS.** – ALL IPAS VESTED  
11 WITH THE POWER TO CONFER AND ADMINISTER INCENTIVES SHALL  
12 GRANT TAX INCENTIVES PROVIDED IN THIS TITLE TO REGISTERED  
13 ENTERPRISES ONLY TO THE EXTENT OF THEIR APPROVED REGISTERED  
14 PROJECTS OR ACTIVITIES UNDER THE STRATEGIC INVESTMENT PRIORITY  
15 PLAN (SIPP). THE PERIOD OF AVAILMENT OF INCENTIVES SHALL BE  
16 RECKONED FROM THE START OF COMMERCIAL OPERATION.

17                  INCOME OR SALES DERIVED FROM NON-REGISTERED ACTIVITY OR  
18 PROJECT SHALL BE SUBJECT TO APPROPRIATE TAXES UNDER THIS CODE.

19                  UNLESS OTHERWISE PROVIDED IN THIS CODE, VALUE-ADDED TAX  
20 SHALL FOLLOW THE DESTINATION PRINCIPLE WHERE EXPORTS ARE ZERO-  
21 RATED AND DOMESTIC SALES ARE SUBJECT TO THE REGULAR VALUE-  
22 ADDED TAX RATE.

23                  **SEC. 293. DEFINITIONS - WHEN USED IN THIS TITLE TO AVAIL OF  
24 INCENTIVES:**

25                  (A) THE TERM '*ANNUAL FISCAL INCENTIVES REPORT*' REFERS TO THE  
26 DETAILED REPORT ON FISCAL INCENTIVES AVAILED IN A TAXABLE YEAR  
27 AND BENEFITS CORRESPONDING THERETO. THE REPORT SHALL CONTAIN  
28 FIRM- OR ENTITY-LEVEL DATA SUCH AS BUT NOT LIMITED TO THE ACTUAL  
29 AMOUNT OF INVESTMENTS, TAXES WITHHELD AND FOREGONE,  
30 EMPLOYMENT IMPACT, AND EXPORTS, IMPORTS AND DOMESTIC INPUTS.

31                  (B) THE TERM '*CAPITAL EQUIPMENT*' REFERS TO MACHINERY,  
32 EQUIPMENT, MAJOR COMPONENTS THEREOF, FITTINGS AND

1                   ACCOMPANIMENTS WHICH ARE DIRECTLY AND REASONABLY NEEDED IN  
2                   THE REGISTERED ACTIVITY OF THE REGISTERED ENTERPRISE.

3  
4                   (C) THE TERM '*FISCAL INCENTIVES*' SHALL MEAN TAX INCENTIVES  
5                   SUCH AS INCOME TAX HOLIDAY, REDUCED INCOME TAX RATE,  
6                   ADDITIONAL INCOME TAX DEDUCTIONS, CUSTOMS DUTY EXEMPTION,  
7                   VAT EXEMPTION AND ZERO-RATING, LOCAL TAX EXEMPTIO, AND OTHER  
8                   EXEMPTIONS AND SPECIAL RATE AS MAY BE PROVIDED BY LAW TO  
9                   REGISTERED BUSINESS ENTERPRISES AND OTHER REGISTERED ENTITIES.

10  
11                  (D) THE TERM '*INVESTMENT PROMOTION AGENCIES (IPAS)*' SHALL  
12                  REFER TO GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE ORDER,  
13                  DECREE OR OTHER ISSUANCE, IN CHARGE OF PROMOTING INVESTMENTS,  
14                  ADMINISTERING TAX AND NON-TAX INCENTIVES, AND/OR OVERSEEING  
15                  THE OPERATIONS FOR THE DIFFERENT ECONOMIC ZONES AND FREEPORTS  
16                  IN ACCORDANCE WITH THEIR RESPECTIVE CHARTERS. THESE INCLUDE THE  
17                  BOARD OF INVESTMENTS (BOI), REGIONAL BOARD OF INVESTMENTS  
18                  AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),  
19                  PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES CONVERSION  
20                  AND DEVELOPMENT AUTHORITY (BCDA), SUBIC BAY METROPOLITAN  
21                  AUTHORITY (SBMA), CLARK DEVELOPMENT CORPORATION (CDC), JOHN  
22                  HAY MANAGEMENT CORPORATION (JHMC), Poro Point Management  
23                  Corporation (PPMC), CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA),  
24                  ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY (ZCSEA),  
25                  PHIVIDEK INDUSTRIAL AUTHORITY (PIA), AURORA PACIFIC ECONOMIC  
26                  ZONE AND FREEPORT AUTHORITY (APECO), AUTHORITY OF THE FREEPORT  
27                  AREA OF BATAAN (AFAB), TOURISM INFRASTRUCTURE AND ENTERPRISE  
28                  ZONE AUTHORITY (TIEZA), AND ALL OTHER SIMILAR AUTHORITIES  
29                  EXISTING OR THAT MAY BE CREATED BY LAW.

30  
31                  (E) THE TERM '*OTHER GOVERNMENT AGENCIES ADMINISTERING  
32                  FISCAL INCENTIVES (OGA)*' SHALL REFER TO GOVERNMENT AGENCIES  
33                  OTHER THAN IPAS WHICH REGISTER OR ADMINISTER FISCAL INCENTIVES  
34                  OF ANY KIND TO ANY SPECIFIC ENTITIES AND/OR CLASS OF PERSONS  
35                  PURSUANT TO ANY LAW. THESE SHALL INCLUDE, BUT SHALL NOT BE  
36                  LIMITED TO THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA),  
37                  DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD),  
38                  COMMISSION ON HIGHER EDUCATION (CHED), BUREAU OF INTERNAL  
39                  REVENUE (BIR), DEPARTMENT OF AGRARIAN REFORM (DAR),  
40                  DEPARTMENT OF AGRICULTURE (DA), DEPARTMENT OF

1 TRANSPORTATION AND COMMUNICATIONS (DOTC), CIVIL AVIATION  
2 AUTHORITY OF THE PHILIPPINES (CAAP), DEPARTMENT OF PUBLIC  
3 WORKS AND HIGHWAYS (DPWH), REGIONAL GOVERNMENT-  
4 AUTONOMOUS REGION IN MUSLIM MINDANAO, REGIONAL  
5 GOVERNMENT- CORDILLERA ADMINISTRATIVE REGION, DEPARTMENT OF  
6 TOURISM (DOT), BANGKO SENTRAL NG PILIPINAS (BSP), NATIONAL  
7 BOOK DEVELOPMENT BOARD (NBDB), BOY SCOUT OF THE PHILIPPINES,  
8 GIRL SCOUT OF THE PHILIPPINES, DEPARTMENT OF FINANCE (DOF),  
9 BUREAU OF CUSTOMS (BOC), NATIONAL TELECOMMUNICATIONS  
10 COMMISSION (NTC), PRESIDENTIAL COMMUNICATIONS OPERATIONS  
11 OFFICE (PCOO), NATIONAL COUNCIL FOR CHILDREN'S TELEVISION (NCCT),  
12 NATIONAL COMMISSION FOR CULTURE AND THE ARTS (NCCA),  
13 NATIONAL HISTORICAL COMMISSION OF THE PHILIPPINES (NHCP), FILM  
14 DEVELOPMENT COUNCIL, NATIONAL COUNCIL FOR DISABILITY AFFAIRS,  
15 SECURITIES AND EXCHANGE COMMISSION (SEC), COMMISSION ON  
16 HIGHER EDUCATION (CHED), DEPARTMENT OF EDUCATION (DEPED),  
17 DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), TECHNICAL  
18 EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA),  
19 COMMISSION ON ELECTIONS (COMELEC), NATIONAL ELECTRIFICATION  
20 ADMINISTRATION (NEA), NATIONAL POWER CORPORATION (NPC),  
21 DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR),  
22 NATIONAL DISASTER AND RISK REDUCTION MANAGEMENT COUNCIL  
23 (NDRRMC), DEPARTMENT OF FOREIGN AFFAIRS (DFA), DEPARTMENT OF  
24 HEALTH (DOH), PHILIPPINE RED CROSS, HOUSING AND URBAN  
25 DEVELOPMENT COORDINATING COUNCIL (HUDCC), NATIONAL  
26 GOVERNMENT CENTER ADMINISTRATION COMMITTEE, HOUSING AND  
27 LAND USE REGULATORY BOARD (HLURB), NATIONAL COMMISSION ON  
28 INDIGENOUS PEOPLE (NCIP), QUEZON CITY DEVELOPMENT AUTHORITY,  
29 SOCIAL SECURITY SYSTEM (SSS), GOVERNMENT SERVICE INSURANCE  
30 SYSTEM (GSIS), PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC),  
31 SUPREME COURT (SC), DEPARTMENT OF LABOR AND EMPLOYMENT  
32 (DOLE), OVERSEAS WORKERS WELFARE ADMINISTRATION (OWWA),  
33 PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA),  
34 DEPARTMENT OF JUSTICE (DOJ), DEPARTMENT OF INTERIOR AND LOCAL  
35 GOVERNMENT (DILG), NATIONAL ANTI-POVERTY COMMISSION (NAPC),  
36 PARTIDO DEVELOPMENT ADMINISTRATION, PHILIPPINE VETERANS  
37 AFFAIRS OFFICE (PVAO), DEPARTMENT OF NATIONAL DEFENSE (DND),  
38 PHILIPPINE PORTS AUTHORITY (PPA), PHILIPPINE SPORTS COMMISSION  
39 (PSC), NATIONAL YOUTH COMMISSION, AND HUMAN RIGHTS  
40 VIOLATIONS VICTIM'S MEMORIAL COMMISSION, AMONG OTHERS.

1  
2       (F) THE TERM '*OTHER REGISTERED ENTITIES (OREs)*' REFER TO ANY  
3 INDIVIDUAL, PARTNERSHIP, ORGANIZATION, CORPORATION, PHILIPPINE  
4 BRANCH OF A FOREIGN CORPORATION, OR OTHER ENTITY  
5 INCORPORATED AND/OR ORGANIZED AND EXISTING UNDER PHILIPPINE  
6 LAWS, AND REGISTERED WITH OTHER OGAS ADMINISTERING FISCAL  
7 INCENTIVES.

8  
9       (G) THE TERM '*REGISTERED BUSINESS ENTERPRISE (RBE)*' SHALL  
10 MEAN INDIVIDUAL, PARTNERSHIP, CORPORATION, PHILIPPINE BRANCH  
11 OF A FOREIGN CORPORATION, OR OTHER ENTITY ORGANIZED AND  
12 EXISTING UNDER PHILIPPINE LAWS AND REGISTERED WITH AN IPA AS  
13 DEFINED UNDER REPUBLIC ACT (RA) NO. 10708, OR THE TIMTA LAW:  
14 *PROVIDED, HOWEVER, THAT THE TERM "REGISTERED ENTERPRISE" SHALL*  
15 *NOT INCLUDE ANY OF THE FOLLOWING SERVICE ENTERPRISES SUCH AS,*  
16 *BUT NOT LIMITED TO, THOSE ENGAGED IN CUSTOMS BROKERAGE,*  
17 *TRUCKING OR FORWARDING SERVICES, JANITORIAL SERVICES, SECURITY*  
18 *SERVICES, INSURANCE, BANKING, AND OTHER FINANCIAL SERVICES,*  
19 *CONSUMERS' COOPERATIVES, CREDIT UNIONS, CONSULTANCY SERVICES,*  
20 *RETAIL BUSINESS, RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS*  
21 *MAY BE DETERMINED BY THE FISCAL INCENTIVES REVIEW BOARD (FIRB)*  
22 *OR IPA BOARD, IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR*  
23 *OUTSIDE THE ECOZONES, DULY ACCREDITED AND/OR LICENSED BY ANY*  
24 *OF THE IPAS AND WHOSE INCOME DELIVERED WITHIN THE ECONOMIC*  
25 *ZONES SHALL BE SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL*  
26 *REVENUE CODE (NIRC) OF 1997, AS AMENDED.*

27  
28       (H) THE TERM '*SPECIAL ECONOMIC ZONE*' OR '*ECOZONE*' SHALL  
29 REFER TO A SELECTED AREA, WHICH SHALL BE OPERATED AND MANAGED  
30 AS A SEPARATE CUSTOMS TERRITORY THAT IS HIGHLY DEVELOPED OR  
31 HAS THE POTENTIAL TO BE DEVELOPED INTO AN AGRO-INDUSTRIAL,  
32 INDUSTRIAL, INFORMATION TECHNOLOGY, OR TOURIST/RECREATIONAL,  
33 WHOSE METES AND BOUNDS ARE FIXED OR DELIMITED BY PRESIDENTIAL  
34 PROCLAMATIONS AND WITHIN A SPECIFIC GEOGRAPHICAL AREA. AN  
35 ECOZONE MAY CONTAIN ANY OR ALL OF THE FOLLOWING: INDUSTRIAL  
36 ESTATES (IES), EXPORT PROCESSING ZONES (EPZS), ICT PARKS AND  
37 CENTERS, AND FREE TRADE ZONES: *PROVIDED, HOWEVER, THAT AREAS*  
38 *WHERE MINING EXTRACTIONS ARE UNDERTAKEN SHALL NOT BE*  
39 *DECLARED AS ECOZONES: PROVIDED, FURTHER, THAT VERTICAL*  
40 *ECONOMIC ZONES, SUCH AS BUT NOT LIMITED TO BUILDINGS, SELECTED*

1 FLOORS WITHIN BUILDINGS, AND SELECTED AREAS ON A FLOOR, SHOULD  
2 COMPLY WITH THE MINIMUM CONTIGUOUS LAND AREA AS DETERMINED  
3 BY THE FIRB.

4

5 (I) THE TERM '*SPECIAL PROJECTS/ACTIVITIES*' SHALL REFER TO  
6 PROJECTS/ACTIVITIES DEFINED AS FOLLOWS:

7

8 (1) REGISTERED PROJECTS WITH INVESTMENT AMOUNT OF FIFTY  
9 MILLION PESOS (PHP 50,000,000) AND ABOVE, AS MAY BE  
10 ADJUSTED IN THE IMPLEMENTING RULES AND REGULATIONS;

11

12 (2) REGISTERED PROJECTS OR ACTIVITIES THAT ARE:

13

14 (2.1) "*ENVIRONMENTALLY RISKY PROJECTS*" SUCH AS BUT  
15 NOT LIMITED TO:

16

17 (a) THOSE FALLING WITHIN THE SCOPE OF THE  
18 ENVIRONMENTAL IMPACT STATEMENT (EIS)  
19 SYSTEM ESTABLISHED UNDER PD NO. 1586 AND  
20 PROCLAIMED PURSUANT TO PRESIDENTIAL  
21 PROCLAMATION (PP) NO. 2146, AS AMENDED BY PP  
22 NO. 803, OR AS MAY BE AMENDED IN THE FUTURE:

23

24 (i) ENVIRONMENTALLY CRITICAL PROJECTS (ECP)  
25 WHICH HAVE A HIGH POTENTIAL FOR  
26 NEGATIVE ENVIRONMENTAL IMPACTS AND  
27 WHOSE PROPONENTS ARE REQUIRED TO  
28 SUBMIT ENVIRONMENTAL IMPACT  
29 STATEMENTS (EIS), SUCH AS BUT NOT  
30 LIMITED TO: (A) HEAVY INDUSTRIES (NON-  
31 FERROUS METAL INDUSTRIES, IRON AND  
32 STEEL MILLS, PETROLEUM AND  
33 PETROCHEMICAL INDUSTRIES, AND SMELTING  
34 PLANTS); (B) RESOURCE EXTRACTIVE  
35 INDUSTRIES (MAJOR MINING AND  
36 QUARRYING PROJECTS, FORESTRY PROJECTS,  
37 DIKES AND FISHPOND DEVELOPMENT  
38 PROJECTS); (C) INFRASTRUCTURE PROJECTS  
39 (MAJOR DAMS, MAJOR POWER PLANTS,

1 MAJOR RECLAMATION PROJECTS, MAJOR  
2 ROAD AND BRIDGES); AND (D) GOLF COURSE  
3 PROJECTS.

- 4
- 5 (ii) PROJECTS LOCATED IN ENVIRONMENTALLY  
6 CRITICAL AREAS (ECA) WHOSE PROJECT  
7 PROPONENT IS REQUIRED TO SUBMIT AN EIS  
8 LATER, IF DEEMED NECESSARY, IS REQUIRED.  
9 SUCH AREAS INCLUDE BUT ARE NOT LIMITED  
10 TO: (A) ALL AREAS DECLARED BY LAW AS  
11 NATIONAL PARKS, WATERSHED RESERVES,  
12 WILDLIFE PRESERVES, AND SANCTUARIES; (B)  
13 AREAS SET ASIDE AS AESTHETIC POTENTIAL  
14 TOURIST SPOTS; (C) AREAS WHICH  
15 CONSTITUTE THE HABITAT FOR ANY  
16 ENDANGERED OR THREATENED SPECIES OF  
17 INDIGENOUS PHILIPPINE WILDLIFE (FLORA  
18 AND FAUNA); (D) AREAS OF UNIQUE  
19 HISTORIC, ARCHEOLOGICAL OR SCIENTIFIC  
20 INTEREST; (E) AREAS WHICH ARE  
21 TRADITIONALLY OCCUPIED BY CULTURAL  
22 COMMUNITIES OR TRIBES (INDIGENOUS  
23 CULTURAL COMMUNITIES); (F) AREAS  
24 FREQUENTLY VISITED AND/OR HARD-HIT BY  
25 NATURAL CALAMITIES (GEOLOGIC HAZARDS,  
26 FLOODS, TYPHOONS, VOLCANIC ACTIVITY,  
27 ETC.); (G) AREAS WITH CRITICAL SLOPES; (H)  
28 AREAS CLASSIFIED AS PRIME AGRICULTURAL  
29 LANDS; (I) RECHARGED AREAS OF AQUIFERS;  
30 (J) WATER BODIES CHARACTERIZED BY ONE  
31 OR ANY COMBINATION OF THE FOLLOWING  
32 CONDITIONS: (I.) TAPPED FOR DOMESTIC  
33 PURPOSES, (II) WITHIN THE CONTROLLED  
34 AND/OR PROTECTED AREAS DECLARED BY  
35 APPROPRIATE AUTHORITIES, (III) WHICH  
36 SUPPORT WILDLIFE AND FISHERY ACTIVITIES;  
37 (K) MANGROVE AREAS CHARACTERIZED BY  
38 ONE OR ANY COMBINATION OF THE  
39 FOLLOWING CONDITIONS: (I) WITH PRIMARY

1 PRISTINE AND DENSE YOUNG GROWTH, (II)  
2 ADJOINING MOUTH OF MAJOR RIVER  
3 SYSTEMS, (III) NEAR OR ADJACENT TO  
4 TRADITIONAL PRODUCTIVE FRY OR FISHING  
5 GROUNDS, (IV) WHICH ACT AS NATURAL  
6 BUFFERS AGAINST SHORE EROSION, STRONG  
7 WINDS AND STORM FLOODS, (V) ON WHICH  
8 PEOPLE ARE DEPENDENT FOR THEIR  
9 LIVELIHOOD; AND (L) CORAL REEFS  
10 CHARACTERIZED BY ONE OR ANY  
11 COMBINATION OF THE FOLLOWING  
12 CONDITIONS: (I) WITH FIFTY PERCENT (50%)  
13 AND ABOVE LIVE CORALLINE COVER, (II)  
14 SPAWNING AND NURSERY GROUNDS FOR  
15 FISH, (III) WHICH ACT AS NATURAL  
16 BREAKWATER OF COASTLINES.

17

18 (b) PROJECTS AND ACTIVITIES THAT REQUIRE THE  
19 IMPORTATION, MANUFACTURE, PROCESSING, SALE,  
20 DISTRIBUTION, USE AND DISPOSAL OF CHEMICAL  
21 SUBSTANCES AND MIXTURES THAT PRESENT  
22 UNREASONABLE RISK AND/OR INJURY TO HEALTH  
23 AND/OR ENVIRONMENT UNDER RA 6969,  
24 OTHERWISE KNOWN AS THE "TOXIC SUBSTANCES  
25 AND HAZARDOUS AND NUCLEAR WASTES CONTROL  
26 ACT OF 1990";

27

28 (c) INDUSTRIES THAT DISCHARGE REGULATED  
29 EFFLUENTS AND ARE REQUIRED TO SECURE A  
30 DISCHARGE PERMIT FROM THE DENR UNDER RA  
31 9275, OTHERWISE KNOWN AS THE "PHILIPPINE  
32 CLEAN WATER ACT OF 2004";

33

34 (2.2) "HEALTH RISKY PROJECTS" OR THOSE FALLING UNDER  
35 THE SCOPE OF THE PHILIPPINE NATIONAL FRAMEWORK  
36 AND GUIDELINES FOR ENVIRONMENTAL HEALTH  
37 IMPACT ASSESSMENT SUCH AS PROJECTS THAT HAVE  
38 HEALTH-SENSITIVE COMPONENTS AND THOSE  
39 LOCATED IN HEALTH-SENSITIVE PROJECT LOCATIONS

1 AS DETERMINED BY THE DEPARTMENT OF HEALTH  
2 (DOH), OTHER GOVERNMENT AGENCIES AND  
3 RELEVANT ENTITIES, WITHOUT PREJUDICE TO THE  
4 ESTABLISHMENT OF A HEALTH IMPACT ASSESSMENT  
5 (HIA) SYSTEM IN THE FUTURE, AND ISSUANCE OF A  
6 PRESIDENTIAL PROCLAMATION ON THE MATTER.

7

8 (2.3) "ECONOMICALLY RISKY PROJECTS" OR PROJECTS THAT  
9 POSE RISKS TO ECONOMIC STABILITY WHICH INCLUDE  
10 THOSE THAT HAVE HIGH RELIANCE ON IMPORTS, LIMIT  
11 COMPETITION, AND ARE POTENTIALLY SPECULATIVE IN  
12 NATURE.

13

14 (3) REGISTERED PROJECTS OR ACTIVITIES WHOSE APPROVAL IN  
15 THE IPA BOARD LEVEL DOES NOT MEET THE MINIMUM  
16 REQUIRED VOTES OF AT LEAST TWO-THIRDS.

17

18 (J) THE TERM '*TAX SUBSIDY OR TAX EXPENDITURE SUBSIDY*' SHALL  
19 REFER TO SUBSIDY GIVEN TO NATIONAL GOVERNMENT AGENCIES, GOCCS  
20 AND GOVERNMENT INSTRUMENTALITIES, STATE UNIVERSITIES AND  
21 COLLEGES (SUCS), AND OTHER GOVERNMENT ENTITIES AS MAY BE  
22 PROVIDED UNDER THE ANNUAL GENERAL APPROPRIATIONS ACT (GAA),  
23 IN LIEU OF PAYMENT OF TAXES AND CUSTOM DUTIES, CHARGEABLE  
24 AGAINST THE TAX EXPENDITURE FUND.

25

## CHAPTER II

26

### TAX AND DUTY INCENTIVES

27

30 SEC. 294. *INCENTIVES.* - REGISTERED PROJECTS OR ACTIVITIES  
31 UNDER THE STRATEGIC INVESTMENTS PRIORITY PLAN SHALL BE  
32 QUALIFIED TO ANY OF THE FOLLOWING INCENTIVES:

33

34 (A) INCOME TAX INCENTIVES

35

36 (1) *INCOME TAX HOLIDAY (ITH).* – THE ITH SHALL BE GRANTED FOR  
37 A PERIOD NOT EXCEEDING THREE (3) YEARS: *PROVIDED*, THAT  
38 AFTER THE EXPIRATION OF THE ITH, THE FOLLOWING INCENTIVES  
39 MAY BE APPLIED FOR A PERIOD NOT EXCEEDING FIVE (5) YEARS,

1 WHICH INCLUDES THE PERIOD OF ITH AVAILMENT, EXCEPT THOSE  
2 PROVIDED UNDER SECTIONS 294 (7) and (9), 295, 296, AND 297.  
3

4 (2) ***REDUCED CORPORATE INCOME TAX.*** - A REDUCED TAX RATE OF  
5 EIGHTEEN PERCENT (18%) OF THE TAXABLE INCOME AS DEFINED  
6 UNDER SECTION 31 OF THIS CODE. ***PROVIDED,*** THAT IN THE CASE  
7 OF REGISTERED ENTERPRISES WITHIN ECONOMIC ZONES AND  
8 FREEPORTS, THAT TAX SHALL BE PAID AS FOLLOWS:  
9

10 FIFTEEN PERCENT (15%) TO THE NATIONAL  
11 GOVERNMENT;

13 ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY  
14 REMITTED TO THE TREASURER'S OFFICE OF THE  
15 PROVINCE WHERE THE ENTERPRISE IS LOCATED, IN  
16 LIEU OF THE LOCAL BUSINESS TAX;

18 ONE POINT FIVE PERCENT (1.5%) TO BE DIRECTLY  
19 REMITTED TO THE TREASURER'S OFFICE OF THE  
20 MUNICIPALITY OR COMPONENT CITY WHERE THE  
21 ENTERPRISE IS LOCATED, IN LIEU OF THE LOCAL  
22 BUSINESS TAX;

24 ***PROVIDED,*** THAT IF THE ENTERPRISE IS UNDER THE  
25 JURISDICTION OF A HIGHLY URBANIZED CITY (HUC),  
26 THE 3% SHARE OF THE LGU SHALL BE DIRECTLY  
27 REMITTED TO THE TREASURER'S OFFICE OF THE HUC.

29 (3) ***DEPRECIATION ALLOWANCE OF THE ASSETS THAT IS ACQUIRED***  
30 ***FOR THE ENTITY'S PRODUCTION OF GOODS AND SERVICES***  
31 ***(QUALIFIED CAPITAL EXPENDITURE)*** ***OF TEN PERCENT (10%) FOR***  
32 ***BUILDINGS; AND TWENTY PERCENT (20%) FOR MACHINERIES AND***  
33 ***EQUIPMENT. PROVIDED,*** THAT DEPRECIATION MAY BE COMPUTED  
34 USING ACCELERATED DEPRECIATION METHOD ON RATE NOT  
35 EXCEEDING TWICE THE RATE WHICH WOULD HAVE BEEN USED HAD  
36 THE ANNUAL ALLOWANCE BEEN COMPUTED IN ACCORDANCE WITH  
37 THE RULES AND REGULATIONS PRESCRIBED BY THE SECRETARY OF  
38 FINANCE AND THE PROVISIONS OF THE NIRC OF 1997, AS  
39 AMENDED: ***PROVIDED FURTHER,*** THAT THE ASSETS ARE ACQUIRED  
40 DIRECTLY FOR THE ENTITY'S PRODUCTION OF GOODS AND

1 SERVICES OTHER THAN ADMINISTRATIVE AND OTHER SUPPORT  
2 SERVICES.

3

4 (4) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON THE  
5 INCREMENT OF LABOR EXPENSE: *PROVIDED*, THAT THIS DOES NOT  
6 INCLUDE INDIRECT LABOR, SALARIES AND WAGES, AND OTHER  
7 PERSONNEL COSTS INCURRED FOR ADMINISTRATIVE AND OTHER  
8 SUPPORT SERVICES.

9

10 (5) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL  
11 DEDUCTION ON THE INCREMENT OF RESEARCH AND  
12 DEVELOPMENT INCURRED IN THE TAXABLE YEAR: *PROVIDED*, THAT  
13 IT IS DIRECTLY RELATED TO THE REGISTERED ACTIVITIY/IES OF THE  
14 ENTITY, AND

15

16 (6) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL  
17 DEDUCTION ON THE INCREMENT OF TRAINING INCURRED IN THE  
18 TAXABLE YEAR: *PROVIDED*, THAT IT IS GIVEN TO THE EMPLOYEES  
19 ENGAGED DIRECTLY IN THE ENTITY'S PRODUCTION OF GOODS AND  
20 SERVICES: *PROVIDED, FURTHER*, THAT THE CONCERNED IPA HAS  
21 ISSUED A CORRESPONDING CERTIFICATE OF ENTITLEMENT UPON  
22 APPLICATION, AND A CERTIFICATE OF APPROVAL AFTER A REVIEW  
23 OF DOCUMENTATION OF TRAININGS SUBMITTED BY THE  
24 ENTERPRISE AT THE END OF THE TAXABLE YEAR, OTHERWISE, THIS  
25 INCENTIVE SHALL BE DEEMED WAIVED.

26

27 (7) UP TO ONE HUNDRED PERCENT (100%) DEDUCTION ON  
28 INFRASTRUCTURE DEVELOPMENT. – REGISTERED ENTERPRISES  
29 ESTABLISHING THEIR ACTIVITY IN AN AREA THAT THE STRATEGIC  
30 INVESTMENT PRIORITY PLAN (SIPP) DESIGNATES AS NECESSARY  
31 FOR COUNTRY-WIDE DEVELOPMENT OR IN AN AREA FOUND TO BE  
32 DEFICIENT IN INFRASTRUCTURE, PUBLIC UTILITIES, AND OTHER  
33 FACILITIES, SUCH AS IRRIGATION, DRAINAGE, OR OTHER SIMILAR  
34 WATERWORKS INFRASTRUCTURE, MAY DEDUCT FROM THE GROSS  
35 INCOME AN AMOUNT EQUIVALENT TO UP TO ONE HUNDRED  
36 PERCENT (100%) OF NECESSARY AND MAJOR INFRASTRUCTURE  
37 WORKS IT MAY HAVE UNDERTAKEN WITH THE PRIOR APPROVAL  
38 AND RECOMMENDATION OF THE IPA CONCERNED: *PROVIDED*,  
39 THAT THE TITLE TO ALL SUCH INFRASTRUCTURE WORKS SHALL

1           UPON COMPLETION, BE TRANSFERRED TO THE PHILIPPINE  
2           GOVERNMENT: *PROVIDED FURTHER*, THAT ANY AMOUNT NOT  
3           DEDUCTED FOR A PARTICULAR YEAR MAY BE CARRIED OVER FOR  
4           DEDUCTION FOR SUBSEQUENT YEARS NOT EXCEEDING FIVE (5)  
5           YEARS FROM COMMERCIAL OPERATION.

7           (8) **DEDUCTION FOR REINVESTMENT ALLOWANCE TO**  
8           **MANUFACTURING INDUSTRY.** – WHEN A MANUFACTURING  
9           REGISTERED ENTERPRISE REINVESTS ITS UNDISTRIBUTED PROFIT OR  
10          SURPLUS IN ANY OF THE ACTIVITIES LISTED IN THE SIPP, THE  
11          AMOUNT SO REINVESTED TO A MAXIMUM OF FIFTY PERCENT (50%)  
12          SHALL BE ALLOWED AS A DEDUCTION FROM ITS TAXABLE INCOME  
13          WITHIN A PERIOD OF FIVE (5) YEARS FROM THE TIME OF SUCH  
14          REINVESTMENT: *PROVIDED*, THAT PRIOR APPROVAL AND  
15          RECOMMENDATION BY THE IPA CONCERNED OF SUCH  
16          REINVESTMENT WAS OBTAINED BY THE REGISTERED ENTERPRISE  
17          PLANNING SUCH REINVESTMENT.

19          (9) **ENHANCED NET OPERATING LOSS CARRY-OVER (NOLCO).** -  
20          THE NET OPERATING LOSS OF THE REGISTERED ACTIVITY DURING  
21          THE FIRST THREE (3) YEARS FROM THE START OF COMMERCIAL  
22          OPERATION WHICH HAD NOT BEEN PREVIOUSLY OFFSET AS  
23          DEDUCTION FROM GROSS INCOME MAY BE CARRIED OVER AS  
24          DEDUCTION FROM GROSS INCOME WITHIN THE NEXT FIVE (5)  
25          CONSECUTIVE TAXABLE YEARS IMMEDIATELY FOLLOWING THE  
26          YEAR OF SUCH LOSS.

28          (10) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON  
29          THE INCREMENT OF DOMESTIC INPUT EXPENSE INCURRED IN THE  
30          TAXABLE YEAR: *PROVIDED*, THAT IT IS DIRECTLY RELATED TO AND  
31          ACTUALLY USED IN THE REGISTERED EXPORT ACTIVITY OF THE  
32          REGISTERED ENTITY.”

34          *PROVIDED*, THAT IN LIEU OF THE ITH UNDER SECTION 294 (A) (1) OR THE  
35          REDUCED TAX RATE OF EIGHTEEN PERCENT (18%) UNDER SECTION 294 (A)  
36          (2), THE TAX INCENTIVES UNDER SECTION 294 (A) (3), (4), (5), (6), (7), (8),  
37          (9), AND (10) MAY BE GRANTED ON AN INDUSTRY-SPECIFIC BASIS AS  
38          DETERMINED BY THE BOI IN THE STRATEGIC INVESTMENT PRIORITY PLAN.  
39          THE BOI SHALL PRESCRIBED THE LEVEL OF ADDITIONAL DEDUCTION FOR  
40          SELECTED INDUSTRIES.

1  
2 **PROVIDED, FURTHER, THAT IN NO SUCH CASE SHALL AN INCOME TAX**  
3 **INCENTIVE BE EXTENDED BEYOND THE INITIAL GRANT OF FIVE (5) YEARS,**  
4 **EXCEPT THOSE PROVIDED UNDER SECTION 294 (A)(7) AND (9), SECTIONS**  
5 **295, 296, AND 297.**

6  
7 **(B) EXEMPTION FROM CUSTOMS DUTY ON IMPORTATION OF CAPITAL**  
8 **EQUIPMENT AND RAW MATERIALS DIRECTLY AND EXCLUSIVELY USED IN**  
9 **THE REGISTERED ACTIVITY FOR A PERIOD NOT EXCEEDING FIVE (5) YEARS**  
10 **BY REGISTERED ENTERPRISES: PROVIDED, THAT THE FIVE YEARS LIMIT IN**  
11 **THIS SUBSECTION SHALL NOT APPLY TO SPECIAL ECONOMIC ZONES AS**  
12 **DEFINED UNDER THIS TITLE.**

13  
14 **PROVIDED, FURTHER, THAT EXPANSION OF REGISTERED ACTIVITIES MAY**  
15 **BE GRANTED DUTY EXEMPTION ON CAPITAL EQUIPMENT ONLY, SUBJECT**  
16 **TO THE FOLLOWING CONDITIONS:**

- 17  
18 (1) THE ACTIVITY IS STILL COVERED BY THE STRATEGIC  
19 INVESTMENTS PRIORITY PLAN (SIPP) OR IS AN INNOVATION  
20 PROJECT AS DEFINED IN THE STRATEGIC INVESTMENT  
21 PRIORITY PLAN;  
22  
23 (2) CUSTOMS DUTY EXEMPTION WILL ONLY APPLY ON THE  
24 INCREMENTAL PORTION OF THE ACTIVITY; AND  
25  
26 (3) THE CUSTOMS DUTY EXEMPTION EXTENSION SHALL NOT  
27 EXCEED FIVE (5) YEARS.

28  
29  
30 **SEC. 295. INCENTIVES FOR AGRIBUSINESS. AGRIBUSINESS PROJECTS**  
31 **OR ACTIVITIES OF REGISTERED ENTERPRISES LOCATED OUTSIDE METRO**  
32 **MANILA AND OTHER URBAN AREAS AS IDENTIFIED IN THE STRATEGIC**  
33 **INVESTMENT PRIORITY PLAN SHALL BE ENTITLED TO ADDITIONAL TWO (2)**  
34 **YEARS OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY**  
35 **BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.**

36  
37 **SEC. 296. PROJECTS LOCATED IN LESS DEVELOPED AREAS OR THOSE**  
38 **RECOVERING FROM ARMED CONFLICT OR A MAJOR DISASTER. PROJECTS**  
39 **OR ACTIVITIES OF REGISTERED ENTERPRISES LOCATING IN LESS**  
40 **DEVELOPED AREAS AS IDENTIFIED IN THE STRATEGIC INVESTMENT**

PRIORITY PLAN, OR THOSE RECOVERING FROM ARMED CONFLICT AND/OR A MAJOR DISASTER AS DETERMINED BY THE OFFICE OF THE PRESIDENT SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

**SEC. 297. RELOCATION PROJECTS OR ACTIVITIES.** REGISTERED PROJECTS OR ACTIVITIES PRIOR TO THE EFFECTIVITY OF THIS ACT RELOCATING FROM METRO MANILA AND SELECTED AREAS OF REGIONS III AND IV-A TO OTHER AREAS OF THE COUNTRY SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

### CHAPTER III

#### GOVERNANCE OF FISCAL INCENTIVES

**SEC. 298. COMPOSITION OF THE FIRB -** FOR PURPOSES OF THIS ACT, THE FISCAL INCENTIVES REVIEW BOARD OR FIRB CREATED UNDER PRESIDENTIAL DECREE (PD) NO. 776, AS AMENDED BY PD 1931 AND PD 1955, OFFICE OF THE PRESIDENT MEMORANDUM ORDER NO. 23, SERIES OF 1986 AND EXECUTIVE ORDER 93, SERIES OF 1986, SHALL BE RECONSTITUTED AS FOLLOWS:

- (A) **BOARD.** – THE BOARD SHALL BE COMPOSED OF THE SECRETARY OF FINANCE AS CHAIRPERSON, AND FOUR (4) MEMBERS CONSISTING OF: (1) THE EXECUTIVE SECRETARY OF THE OFFICE OF THE PRESIDENT; (2) THE SECRETARY OF TRADE AND INDUSTRY; (3) THE DIRECTOR-GENERAL OF THE NATIONAL ECONOMIC DEVELOPMENT AUTHORITY; AND (4) THE SECRETARY OF BUDGET AND MANAGEMENT;
- (B) **TECHNICAL COMMITTEE.** – THE TECHNICAL COMMITTEE SHALL BE COMPOSED OF AN UNDERSECRETARY OF FINANCE DESIGNATED BY THE SECRETARY OF FINANCE AS CHAIRPERSON AND SIX (6) MEMBERS CONSISTING OF: (1) A DEPUTY OR ASSISTANT DEPUTY EXECUTIVE SECRETARY OF THE OFFICE OF THE PRESIDENT; (2) AN UNDERSECRETARY OR ASSISTANT SECRETARY OF TRADE AND

1 INDUSTRY; (3) A DEPUTY OR ASSISTANT DIRECTOR GENERAL OF  
2 NATIONAL ECONOMIC DEVELOPMENT AUTHORITY; (4) AN  
3 UNDERSECRETARY OR ASSISTANT SECRETARY OF BUDGET AND  
4 MANAGEMENT; (5) THE COMMISSIONER OR DEPUTY  
5 COMMISSIONER OF INTERNAL REVENUE; AND (6) THE  
6 COMMISSIONER OR DEPUTY COMMISSIONER OF CUSTOMS.

7

8 (C) SECRETARIAT. – THE NATIONAL TAX RESEARCH CENTER (NTRC) SHALL  
9 BE THE SECRETARIAT OF THE FIRB. THE EXECUTIVE DIRECTOR OF  
10 NTRC SHALL ACT AS HEAD OF THE SECRETARIAT.

11

12 SEC. 299. *EXPANDED FUNCTIONS OF THE FIRB.* – THE POWERS AND  
13 FUNCTIONS OF THE FIRB WHICH SHALL BE VESTED IN AND EXERCISED BY  
14 THE BOARD SHALL BE EXPANDED AS FOLLOWS:

15

16 (A) TO EXERCISE OVERSIGHT FUNCTIONS OVER THE IPAS. FOR THIS  
17 PURPOSE, THE FIRB SHALL:

18

19 (1) SET AND REVIEW THE GENERAL POLICY WITH REGARD TO THE  
20 GRANT OF FISCAL INCENTIVES;

21

22 (2) REVIEW AND AUDIT THE COMPLIANCE OF IPAS AND OGAS TO  
23 THE GENERAL POLICY ON INCENTIVES SET BY THE FIRB AS  
24 MANDATED IN THIS ACT, THE STRATEGIC INVESTMENT  
25 PRIORITY PLAN, AND THE RESPECTIVE CHARTERS OF THE IPAS  
26 AND OGAS; AND IMPOSE SANCTIONS ON VIOLATION OR  
27 NON-COMPLIANCE OF IPAS AND OGAS SUCH AS BUT NOT  
28 LIMITED TO SUSPENSION OR CANCELATION OF THEIR POWER  
29 TO GRANT FISCAL INCENTIVES;

30

31 (3) CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF  
32 FISCAL INCENTIVES OF CONCERNED RBES AND ORES, AND  
33 ENDORSE THE SAME TO THE CONCERNED REVENUE AGENCIES  
34 FOR ASSESSMENT AND COLLECTION OF TAXES AND DUTIES  
35 DUE, INCLUDING FINES OR PENALTIES, IF WARRANTED, FOR  
36 THE FOLLOWING REASONS: (A) FAILURE TO MAINTAIN THE  
37 QUALIFICATIONS REQUIRED BY THE CONCERNED IPA OR BY  
38 THE FIRB FOR AVAILMENT OF INCENTIVES; AND (B)  
39 VIOLATION OF ANY PROVISIONS OF THIS ACT, RULES AND

1 REGULATIONS ISSUED UNDER THE RESPECTIVE CHARTERS OF  
2 THE IPAS, OR OF THE TERMS AND CONDITIONS OF  
3 REGISTRATION;

4

5 (4) REQUIRE IPAS AND OGAS TO SUBMIT, REGULARLY OR WHEN  
6 NECESSARY, SUMMARIES OF APPROVED INVESTMENT AND  
7 INCENTIVES GRANTED, AND FIRM- OR ENTITY-LEVEL FISCAL  
8 INCENTIVES AND BENEFITS DATA AS INPUT TO THE FIRB'S  
9 REVIEW AND AUDIT FUNCTION AND EVALUATION OF  
10 PERFORMANCE OF RECIPIENTS OF FISCAL INCENTIVES;

11

12 (5) PUBLISH THE NAMES OF THE RBES AND ORES WITH DETAILED  
13 ESTIMATED AMOUNT OF FISCAL INCENTIVES, TAX  
14 PAYMENTS, AND OTHER RELATED INFORMATION, INCLUDING  
15 BENEFITS DATA; AND

16

17 (6) IN THE CASE OF VERTICAL ZONES, DETERMINE THE MINIMUM  
18 CONTIGUOUS FLOOR AREA THAT ECONOMIC ZONES SHOULD  
19 COMPLY WITH, SUCH AS BUT NOT LIMITED TO BUILDINGS,  
20 SELECTED FLOORS WITHIN BUILDINGS, AND SELECTED AREAS  
21 ON A FLOOR.

22

23 (B) TO APPROVE OR DISAPPROVE THE GRANT OF FISCAL INCENTIVES TO  
24 SPECIAL PROJECTS/ACTIVITIES AS DEFINED IN THIS ACT UPON THE  
25 RECOMMENDATION OF THE IPA BOARD: *PROVIDED*, THAT FOR THESE  
26 SPECIAL PROJECTS/ACTIVITIES, THE IPA BOARD SHALL RECOMMEND  
27 TO THE FIRB THE APPROVAL OF SUCH GRANT OF FISCAL INCENTIVES  
28 ONLY AFTER A THOROUGH REVIEW OF THE APPLICATION;

29

30 (C) TO APPROVE APPLICATIONS FOR TAX SUBSIDIES TO GOCCS,  
31 GOVERNMENT INSTRUMENTALITIES (GIS), GOVERNMENT  
32 COMMISSARIES, AND STATE UNIVERSITIES AND COLLEGES (SUCS);

33

34 (D) TO CANCEL, SUSPEND, OR WITHDRAW THE ENJOYMENT OF TAX  
35 SUBSIDY OF CONCERNED GOCCS, GIS, GOVERNMENT  
36 COMMISSARIES, AND SUCS AND ENDORSE THE SAME TO THE  
37 CONCERNED REVENUE AGENCIES FOR ASSESSMENT AND COLLECTION  
38 OF TAXES AND DUTIES DUE, INCLUDING FINES OR PENALTIES, IF  
39 WARRANTED, FOR VIOLATIONS OF ANY OF THE CONDITIONS

1                   IMPOSED IN THE GRANT OF TAX SUBSIDY, OR PROVISIONS OF THIS  
2                   ACT, OR APPLICABLE RULES AND REGULATIONS;

- 3
- 4                   (E) TO CONDUCT REGULAR MONITORING AND EVALUATION OF  
5                   INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES IN  
6                   ACCORDANCE WITH SECTION 306 OF THIS ACT, SUCH AS USING COST-  
7                   BENEFIT ANALYSIS (CBA), TO DETERMINE THEIR IMPACT ON THE  
8                   ECONOMY AND WHETHER AGREED PERFORMANCE TARGETS ARE  
9                   MET;
- 10
- 11                  (F) TO CHECK AND VERIFY REGULARLY THE COMPLIANCE OF RBES WITH  
12                  SPECIAL PROJECTS/ACTIVITIES GRANTED FISCAL INCENTIVES BY THE  
13                  FIRB WITH THE TERMS AND CONDITIONS OF THEIR AVAILMENT, THE  
14                  RELEVANT PROVISIONS AND RULES AND REGULATIONS OF THIS ACT,  
15                  AND OTHER RELEVANT LAWS OR ISSUANCES;
- 16
- 17                  (G) TO DECIDE ON ISSUES, AFTER DUE HEARING, CONCERNING THE  
18                  APPROVAL, DISAPPROVAL, CANCELLATION, SUSPENSION,  
19                  WITHDRAWAL OR FORFEITURE OF FISCAL INCENTIVES OR TAX  
20                  SUBSIDY IN ACCORDANCE WITH THIS ACT;
- 21
- 22                  (H) TO REQUIRE THE SUBMISSION AND PRODUCTION OF DOCUMENTS,  
23                  RECORDS, BOOKS, OR OTHER DATA RELEVANT OR MATERIAL TO THE  
24                  EVALUATION OF APPLICATION FOR FISCAL INCENTIVES AND TAX  
25                  SUBSIDIES, FROM IPAS, OGAS, RBES, ORES, GOCCS, GIS,  
26                  GOVERNMENT COMMISSARIES, AND SUCS, LOCAL GOVERNMENT  
27                  UNITS (LGUS), AMONG OTHERS.
- 28
- 29                  (I) TO OBTAIN INFORMATION, SUMMON, EXAMINE, INQUIRE AND  
30                  RECEIVE FROM IPAS, OGAS, RBES, ORES, GOCCS, GIS, GOVERNMENT  
31                  COMMISSARIES, SUCS, AND LGUS, DOCUMENTS, RECORDS, BOOKS,  
32                  OR OTHER DATA RELEVANT OR MATERIAL TO THE RESOLUTION OF  
33                  ISSUES ARISING FROM THE APPROVAL, DISAPPROVAL,  
34                  CANCELLATION, SUSPENSION, WITHDRAWAL OR FORFEITURE OF  
35                  FISCAL INCENTIVES OR TAX SUBSIDY, OR IN IMPOSING PENALTIES  
36                  FOR VIOLATIONS OF THE TERMS AND CONDITIONS ON THE  
37                  AVAILMENT OF FISCAL INCENTIVES AND TAX SUBSIDY, OR ANY OF  
38                  THE PROVISIONS OF THIS ACT;
- 39

- 1                   (J) TO SUBMIT ANNUAL REPORTS TO THE OFFICE OF THE PRESIDENT, AS  
2                   PART OF THE BUDGET PROCESS COVERING ITS POLICY AND  
3                   ACTIVITIES IN THE ADMINISTRATION OF THIS ACT, INCLUDING  
4                   RECOMMENDATIONS ON FISCAL INCENTIVE POLICIES AND APPROVAL  
5                   OF FISCAL INCENTIVES;
- 6
- 7                   (K) TO FIX AND IMPOSE REASONABLE FEES AND CHARGES FOR THE  
8                   PROCESSING OF APPLICATIONS FOR FISCAL INCENTIVES OR TAX  
9                   SUBSIDIES: *PROVIDED, THAT THE PROCEEDS THEREOF SHALL ACCRUE*  
10                  *DIRECTLY AND AUTOMATICALLY TO THE FIRB.*
- 11
- 12                  (L) TO EXERCISE ALL OTHER POWERS NECESSARY OR INCIDENTAL TO  
13                  ATTAIN THE PURPOSES OF THIS ACT AND OTHER LAWS VESTING  
14                  ADDITIONAL FUNCTIONS ON THE FIRB; AND
- 15
- 16                  (M) TO PROMULGATE SUCH RULES AND REGULATIONS AS MAY BE  
17                  NECESSARY TO IMPLEMENT THE INTENT AND PROVISIONS OF THIS  
18                  ACT.

19

20                  *PROVIDED, THAT, AS CHAIR OF THE FIRB AND AS THE CUSTODIAN OF*  
21                  *FISCAL PRUDENCE AND RESPONSIBILITY, THE SECRETARY OF FINANCE*  
22                  *SHALL EXERCISE OVERSIGHT FUNCTIONS AND SHALL HAVE VETO POWER*  
23                  *OVER THE APPROVAL AND CANCELLATION OF TAX INCENTIVES UNDER*  
24                  *SEC. 302 HEREOF.*

25

26                  *PROVIDED, FURTHER, THAT THE SECRETARY OF FINANCE SHALL*  
27                  *AUTOMATICALLY BE THE CO-CHAIR OF ALL THE EXISTING AND FUTURE*  
28                  *IPAS.*

29

30                  *PROVIDED, FINALLY, THAT THE NATIONAL ECONOMIC AND*  
31                  *DEVELOPMENT AUTHORITY (NEDA) AND THE DEPARTMENT OF TRADE*  
32                  *AND INDUSTRY (DTI) SHALL BE MEMBERS OF ALL THE EXISTING AND*  
33                  *FUTURE IPAS.*

34

35                  **SEC. 300. ROLES AND RESPONSIBILITIES OF THE TECHNICAL COMMITTEE. –**  
36                  **THE TECHNICAL COMMITTEE SHALL HAVE THE FOLLOWING ROLES AND**  
37                  **RESPONSIBILITIES:**

- 1                   (A) TO EVALUATE APPLICATIONS FOR FISCAL INCENTIVES AND TAX  
2                   SUBSIDIES FORWARDED BY THE SECRETARIAT;
- 3
- 4                   (B) TO RECOMMEND TO THE BOARD THE APPROVAL, DISAPPROVAL,  
5                   SUSPENSION, OR WITHDRAWAL OF FISCAL INCENTIVES AND TAX  
6                   SUBSIDIES AND PERTINENT MATTERS RELATIVE THERETO;
- 7
- 8                   (C) TO ASSIST THE BOARD IN THE EFFECTIVE DISCHARGE OF ITS  
9                   FUNCTIONS AND RECOMMEND OTHER POLICIES AND MEASURES  
10                  DEEMED NECESSARY TO CARRY OUT THE OBJECTIVES OF THIS ACT;  
11                  AND
- 12
- 13                  (D) TO PERFORM OTHER FUNCTIONS AS MAY BE DIRECTED BY THE  
14                  BOARD.

15

16                  **SEC. 301. ROLES AND RESPONSIBILITIES OF THE SECRETARIAT.** – THE  
17                  SECRETARIAT SHALL HAVE THE FOLLOWING ROLES AND RESPONSIBILITIES:

- 18
- 19                  (A) TO RECEIVE, REVIEW, AND PROCESS APPLICATIONS ON FISCAL  
20                  INCENTIVES COVERING SPECIAL PROJECTS/ACTIVITIES OF  
21                  REGISTERED BUSINESS ENTERPRISES, SUBSIDIES OF GOCCS, GIS,  
22                  GOVERNMENT COMMISSIONARIES AND SUCS, AND OTHER MATTERS  
23                  REGARDING FISCAL INCENTIVES AND TAX SUBSIDIES, AND  
24                  RECOMMEND TO THE TECHNICAL COMMITTEE THE APPROVAL,  
25                  DISAPPROVAL, SUSPENSION, OR WITHDRAWAL OF FISCAL  
26                  INCENTIVES AND TAX SUBSIDIES AND OTHER PERTINENT MATTERS  
27                  RELATIVE THERETO;
- 28
- 29                  (B) TO ASSIST THE BOARD IN THE MONITORING AND EVALUATION OF  
30                  INVESTMENT AND NON-INVESTMENT FISCAL INCENTIVES AND TAX  
31                  SUBSIDIES IN ACCORDANCE WITH SECTION 306 OF THIS ACT;
- 32
- 33                  (C) TO MAINTAIN, ORGANIZE, AND SECURE DATA RECEIVED FROM  
34                  OTHER ENTITIES, SUCH AS BUT NOT LIMITED TO IPAS, OGAS, RBES,  
35                  AND ORES;
- 36
- 37                  (D) TO PREPARE THE AGENDA, MINUTES, TRANSCRIPTIONS OF THE  
38                  MEETINGS, AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED BY  
39                  THE BOARD OR THE TECHNICAL COMMITTEE;

- 1  
2       (E) TO ACT AS THE CUSTODIAN OF ALL FIRB RECORDS AND DOCUMENTS;  
3  
4       (F) TO COLLECT AND RECEIVE REASONABLE FEES AND CHARGES FOR THE  
5           PROCESSING OF APPLICATIONS FOR FISCAL INCENTIVES OR  
6           SUBSIDIES; AND  
7  
8       (G) TO PERFORM SUCH OTHER DUTIES AS MAY BE ASSIGNED BY THE  
9           TECHNICAL COMMITTEE AND THE BOARD.

10  
11       **SEC. 302. COVERAGE AND SCOPE OF THE POWER OF THE FIRB TO GRANT**  
12       **FISCAL INCENTIVES.** – THE FIRB HAS THE POWER TO GRANT FISCAL INCENTIVES  
13       TO THE FOLLOWING SPECIAL PROJECTS/ACTIVITIES AS DEFINED UNDER SEC.  
14       **293(I)** OF THIS ACT.

- 15  
16       (A) REGISTERED PROJECTS WITH INVESTMENT AMOUNT OF FIFTY  
17           MILLION PESOS (PHP 50,000,000) AND ABOVE;  
18  
19       (B) REGISTERED PROJECTS OR ACTIVITIES THAT POSE RISK TO THE  
20           ENVIRONMENT, HEALTH AND ECONOMIC STABILITY. THE FIRB  
21           JOINTLY WITH THE IPAS AND IN CONSULTATION WITH THE DOH,  
22           DENR, NEDA, AND OTHER CONCERNED AGENCIES SHALL DETERMINE  
23           WHICH PROJECTS AND ACTIVITIES FALL UNDER THIS CATEGORY AS  
24           MAY PROVIDED IN THE IMPLEMENTING RULES AND REGULATIONS  
25           OF THIS ACT; AND  
26  
27       (C) REGISTERED PROJECTS OR ACTIVITIES WHOSE APPROVAL IN THE IPA  
28           BOARD LEVEL DOES NOT MEET THE MINIMUM REQUIRED VOTES OF  
29           AT LEAST TWO-THIRDS. FOR THIS PURPOSE, THE IPA BOARD SHALL  
30           ELEVATE TO THE FIRB THESE TYPES OF PROJECTS OR ACTIVITIES  
31           TOGETHER WITH THE ENTIRE DOCKET, FOR APPROPRIATE ACTION.

32  
33       **SEC. 303. REVIEW OF APPLICATIONS FOR FISCAL INCENTIVES ON SPECIAL**  
34       **PROJECTS AND ACTIVITIES.** – AFTER A DETERMINATION THAT THE APPLICATION  
35       FALLS UNDER THE SPECIAL PROJECTS/ACTIVITIES ENUMERATED IN THE  
36       PREVIOUS SECTION, THE IPA CONCERNED SHALL FORWARD THE ENTIRE  
37       APPLICATION DOCKET TO THE FIRB FOR ITS REVIEW AND APPROVAL.

1    WITHIN FIFTEEN (15) WORKING DAYS FROM THE RECEIPT THEREOF, THE  
2    SECRETARIAT SHALL ENSURE THE COMPLETENESS OF THE DOCUMENTS  
3    SUBMITTED, CONDUCT AN INITIAL EVALUATION OF THE DOCUMENTS  
4    SUBMITTED, AND ELEVATE ITS RECOMMENDATION TO THE TECHNICAL  
5    COMMITTEE FOR THEIR REVIEW AND EVALUATION. THE TECHNICAL  
6    COMMITTEE SHALL HAVE TEN (10) WORKING DAYS TO ISSUE THEIR  
7    RECOMMENDATION AND SUBMIT THE SAME TO THE BOARD FOR APPROPRIATE  
8    ACTION.

9

10    SEC. 304. *ISSUANCE OF THE FIRB RESOLUTION AND CERTIFICATE OF*  
11 *ENTITLEMENT TO FISCAL INCENTIVES.* — THE BOARD SHALL ISSUE ITS  
12 RESOLUTION WITHIN FIVE (5) WORKING DAYS FROM RECEIPT OF THE  
13 RECOMMENDATION OF THE TECHNICAL COMMITTEE. IF THE APPLICATION FOR  
14 FISCAL INCENTIVES IS APPROVED, A CERTIFICATE OF ENTITLEMENT TO FISCAL  
15 INCENTIVES SHALL BE ISSUED TO THE APPLICANT.

16

17                      CHAPTER IV

18

19                      FISCAL INCENTIVES MANAGEMENT AND TRANSPARENCY

20

21    SEC. 305. *FILING OF TAX RETURNS AND SUBMISSION OF FISCAL*  
22 *INCENTIVES REPORTS.* — ALL RBES AND ORES WHETHER TAXABLE OR EXEMPT,  
23 ARE REQUIRED TO FILE THEIR TAX RETURNS AND PAY THEIR TAX LIABILITIES, ON  
24 OR BEFORE THE DEADLINE AS PROVIDED UNDER THE NIRC, AS AMENDED,  
25 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF TAXES WITH THE  
26 BIR.

27

28    FOR RBES AND ORES AVAILING OF INCENTIVES ADMINISTERED BY THE IPAS AND  
29 OGAS, THEY SHALL FILE WITH THEIR RESPECTIVE IPAS OR OGAS A COMPLETE  
30 ANNUAL FISCAL INCENTIVES REPORT OF THEIR INCOME-BASED FISCAL  
31 INCENTIVES, VALUE-ADDED TAX EXEMPTIONS AND ZERO-RATING, AND  
32 CUSTOMS DUTY EXEMPTIONS, DEDUCTIONS, CREDITS OR EXCLUSIONS FROM  
33 THE INCOME TAX BASE, AND EXEMPTIONS FROM LOCAL TAXES, AS PROVIDED  
34 IN THE CHARTER OF THE IPA CONCERNED OR OGA, AND RESPECTIVE LAWS, AND  
35 BENEFITS DATA SUCH AS BUT NOT LIMITED TO THE ACTUAL AMOUNT OF  
36 INVESTMENTS, TAXES PAID, WITHHELD, AND FOREGONE, EMPLOYMENT  
37 IMPACT, AND EXPORTS, IMPORTS, AND DOMESTIC INPUTS WITHIN THIRTY (30)  
38 CALENDAR DAYS FROM THE STATUTORY DEADLINE FOR FILING OF TAX

1    RETURNS AND PAYMENT OF TAXES; PROVIDED, THAT, A COPY OF THE REPORT  
2    SHALL BE SIMULTANEOUSLY SUBMITTED TO THE FIRB IN ELECTRONIC FORM.

3  
4    THE IPAS AND OGAS SHALL, WITHIN SIXTY (60) CALENDAR DAYS FROM THE END  
5    OF THE STATUTORY DEADLINE FOR FILING OF THE RELEVANT TAX RETURNS,  
6    SUBMIT TO THE BIR, THEIR RESPECTIVE ANNUAL FISCAL INCENTIVES REPORTS  
7    BASED ON THE LIST OF THE RBES AND ORES WHICH HAVE FILED SAID FISCAL  
8    INCENTIVES REPORT.

9  
10   THE DETAILS OF THE FISCAL INCENTIVES REPORTS, AS PROVIDED IN THE  
11   PRECEDING PARAGRAPHS, SHALL BE PROVIDED IN THE IRR OF THIS ACT.

12  
13   THE FOREGOING PROVISIONS SHALL BE WITHOUT PREJUDICE TO THE RIGHT OF  
14   THE BIR AND THE BUREAU OF CUSTOMS (BOC) TO ASSESS AND/OR AUDIT TAX  
15   LIABILITIES, IF ANY, WITHIN THE PRESCRIBED PERIOD PROVIDED IN THE NIRC, AS  
16   AMENDED, AND THE CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA), AS  
17   AMENDED, RESPECTIVELY.

18  
19   SEC. 306. *MONITORING, EVALUATION AND REPORTING OF FISCAL*  
20   *INCENTIVES.* — THE BIR AND THE BOC SHALL SUBMIT TO THE DOF  
21   NOTWITHSTANDING ANY LAW TO THE CONTRARY: (A) THE TAX AND DUTY  
22   INCENTIVES OF RBES AND ORES AS REFLECTED IN THEIR FILED TAX RETURNS  
23   AND IMPORT ENTRIES; AND (B) ACTUAL TAX AND DUTY INCENTIVES AS  
24   EVALUATED AND DETERMINED BY THE BIR AND THE BOC.

25  
26   THE DOF SHALL MAINTAIN A SINGLE DATABASE FOR MONITORING AND  
27   ANALYSIS OF FISCAL INCENTIVES GRANTED.

28  
29   THE FIRB IS MANDATED TO CONDUCT A SYSTEMATIC COLLECTION OF  
30   INFORMATION FROM THE DOF, IPAS, OGAS, RBES AND ORES, AS WELL AS  
31   EVALUATE AND ASSESS THE PROCESS, OUTCOMES, AND IMPACT OF INCENTIVES  
32   GRANTED TO FIRMS TO DETERMINE WHETHER AGREED PERFORMANCE  
33   TARGETS AND INTENDED RESULTS AND OUTCOMES ARE MET. THE METHOD OF  
34   EVALUATION MAY INCLUDE THE CONDUCT OF COST-BENEFIT ANALYSIS OR  
35   OTHER PROCESS AND IMPACT EVALUATION METHODS: PROVIDED, THAT FOR  
36   PURPOSES OF THIS ACT, THE TERM COST-BENEFITS ANALYSIS REFERS TO THE  
37   SYSTEMATIC EVALUATION OF THE TOTAL COSTS OF GRANTING FISCAL  
38   INCENTIVES VIS-À-VIS THE TOTAL BENEFITS DERIVED FROM THE GRANT OF  
39   FISCAL INCENTIVES BASED ON THE ANNUAL FISCAL INCENTIVE REPORT AND  
40   OTHER RELATED SOURCES, TO CALCULATE THE NET BENEFIT OR COST

1 ASSOCIATED TO FISCAL INCENTIVES AND EVALUATE THE OVERALL IMPACT OF  
2 FISCAL INCENTIVES IN MONETIZED TERMS.

3

4 FOR PURPOSES OF MONITORING AND TRANSPARENCY, THE DOF SHALL SUBMIT  
5 TO THE DBM AGGREGATE DATA ON A SECTORAL AND PER INDUSTRY BASIS OF:  
6 (1) THE AMOUNT OF FISCAL INCENTIVES AVAILED BY RBES AND ORES; (2) THE  
7 ESTIMATE CLAIMS OF FISCAL INCENTIVES IMMEDIATELY PRECEDING THE  
8 CURRENT YEAR; (3) THE PROGRAMMED FISCAL INCENTIVES FOR THE CURRENT  
9 YEAR; AND (4) THE PROJECTED FISCAL INCENTIVES FOR THE FOLLOWING YEAR.  
10 SUCH INFORMATION SHALL BE GIVEN TO THE JOINT CONGRESSIONAL  
11 OVERSIGHT COMMITTEE CREATED UNDER SECTION 9 OF RA NO. 10708 OR THE  
12 TIMTA LAW.

13

14 THE AFORESAID DATA SHALL BE REFLECTED BY THE DBM IN THE ANNUAL  
15 BUDGET OF EXPENDITURES AND SOURCES OF FINANCING (BESF), WHICH SHALL  
16 BE KNOWN AS THE FISCAL INCENTIVES INFORMATION (FII) SECTION: PROVIDED,  
17 THAT THE FII SHALL BE LIMITED TO THE AGGREGATE DATA RELATED TO  
18 INCENTIVES AVAILED OF BY RBES AND ORES BASED ON THE SUBMISSIONS OF  
19 THE DOF AND THE CONCERNED IPAS AND OGAS, CATEGORIZED BY SECTOR, BY  
20 IPA OR OGA AND BY TYPE OF FISCAL INCENTIVE.

21

22 NOTHING IN THIS ACT SHALL BE CONSTRUED TO DIMINISH OR LIMIT, IN  
23 WHATEVER MANNER, THE AMOUNT OF INCENTIVES THAT THE IPAS OR OGAS  
24 MAY GRANT PURSUANT TO THEIR CHARTERS AND EXISTING LAWS; OR TO  
25 PREVENT, DETER, OR DELAY THE PROMOTION AND REGULATION OF  
26 INVESTMENTS, PROCESSING OF APPLICATIONS FOR REGISTRATIONS, AND  
27 EVALUATION OF ENTITLEMENT OF INCENTIVES BY IPAS OR OGAS.

28

29 SEC. 307. *PENALTIES FOR NONCOMPLIANCE WITH FILING AND*  
30 *REPORTORIAL REQUIREMENTS.* — ANY RBE OR ORE WHICH FAILS TO COMPLY  
31 WITH FILING AND REPORTORIAL REQUIREMENTS WITH THE APPROPRIATE IPAS  
32 OR OGAS AND/OR WHICH FAILS TO SHOW PROOF OF FILING OF TAX RETURNS  
33 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF TAXES OF THE  
34 BIR UNDER SECTION 305 HEREOF, SHALL BE IMPOSED THE FOLLOWING  
35 PENALTIES BY THE APPROPRIATE IPA OR OGA:

- 36
- 37 (A) FIRST VIOLATION – PAYMENT OF A FINE AMOUNTING TO ONE  
38 HUNDRED THOUSAND PESOS (P100,000.00);  
39 (B) SECOND VIOLATION – PAYMENT OF A FINE AMOUNTING TO FIVE  
40 HUNDRED THOUSAND PESOS (P500,000.00); AND

1           (C) THIRD VIOLATION – CANCELLATION OF THE REGISTRATION OF THE  
2           REGISTERED BUSINESS ENTERPRISE OR REGISTERED ENTITY WITH THE  
3           IPA OR OGA.

4

5       ~~PROVIDED, THAT IF THE FAILURE TO SHOW SUCH PROOF IS NOT DUE TO THE~~  
6       ~~FAULT OF THE RBES OR ORES, THE SAME SHALL NOT BE A GROUND FOR THE~~  
7       ~~SUSPENSION OF THE ITH AND/OR OTHER FISCAL INCENTIVES AVAILMENT:~~  
8       ~~PROVIDED, FURTHER THAT COLLECTIONS FROM THE PENALTIES SHALL ACCRUE~~  
9       ~~TO THE GENERAL FUND.~~

10

11      ANY GOVERNMENT OFFICIAL OR EMPLOYEE WHO FAILS WITHOUT JUSTIFIABLE  
12      REASON TO PROVIDE OR FURNISH THE REQUIRED FISCAL INCENTIVES REPORT  
13      OR OTHER DATA OR INFORMATION AS REQUIRED UNDER SECTIONS 305 AND  
14      306 OF THIS ACT SHALL BE PENALIZED, AFTER DUE PROCESS, BY A FINE  
15      EQUIVALENT TO THE OFFICIAL'S OR EMPLOYEE'S BASIC SALARY FOR A PERIOD  
16      OF ONE (1) MONTH TO SIX (6) MONTHS OR BY SUSPENSION FROM  
17      GOVERNMENT SERVICE FOR NOT MORE THAN ONE (1) YEAR, OR BOTH, IN  
18      ADDITION TO ANY CRIMINAL AND ADMINISTRATIVE PENALTIES IMPOSABLE  
19      UNDER EXISTING LAWS.

20

21

22           CHAPTER V

23

24           SUSPENSION AND FORFEITURE OF FISCAL INCENTIVES

25

26        SEC. 308. *SUSPENSION OF INCENTIVES.* – THE FIRB MAY SUSPEND AND/OR  
27        FORFEIT THE INCENTIVES GRANTED TO THE RBES OR ORES WHENEVER THERE  
28        ARE VIOLATIONS OF THE TERMS AND CONDITIONS ON THE AVAILMENT OF  
29        INCENTIVES BY THE LATTER, WITHOUT PREJUDICE TO THE CANCELLATION OF  
30        THE REGISTRATION OF SAID ENTERPRISES.

31

32        SEC. 309. *CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO FISCAL*  
33        *INCENTIVES OR CERTIFICATE OF ENTITLEMENT TO TAX SUBSIDY.* – IN CASE OF  
34        CANCELLATION OF CERTIFICATE OF ENTITLEMENT TO FISCAL INCENTIVES OR  
35        CERTIFICATE OF ENTITLEMENT TO TAX SUBSIDY, THE FIRB SHALL ENDORSE ITS  
36        DECISION TO THE CONCERNED REVENUE AGENCIES FOR PROPER ASSESSMENT  
37        AND COLLECTION OF TAXES, CUSTOMS DUTIES, AND ANY APPLICABLE  
38        PENALTIES THEREON.

1

## CHAPTER VI

2

### ADMINISTRATIVE REMEDIES

4

5           **SEC. 310. PERIOD OF FILING.** – A REQUEST FOR RECONSIDERATION OF THE  
6 DENIAL OF THE APPLICATION FOR TAX SUBSIDY OR FISCAL INCENTIVES, MAY BE  
7 FILED WITH THE FIRB, WITHIN FIFTEEN (15) WORKING DAYS FROM THE RECEIPT  
8 OF NOTICE OF DENIAL/SUSPENSION/FORFEITURE.

9

10          **SEC. 311. RESOLUTION OF MOTION.** – THE REQUEST FOR  
11 RECONSIDERATION SHALL BE RESOLVED WITHIN THIRTY (30) WORKING DAYS  
12 FROM THE DATE IT WAS SUBMITTED.

13

14          **SEC. 312. NO SECOND MOTION FOR RECONSIDERATION.** – NO SECOND  
15 MOTION FOR RECONSIDERATION SHALL BE ENTERTAINED.

16

17

18

## CHAPTER VII

20

### QUALIFIED ACTIVITIES FOR TAX INCENTIVES

22

23          **SEC. 313. 'STRATEGIC INVESTMENTS PRIORITY PLAN' (SIPP).** – THE BOARD  
24 OF INVESTMENTS (BOI), IN COORDINATION WITH THE OFFICE OF THE  
25 PRESIDENT, THE FIRB, THE CONCERNED IPAS, AND OTHER GOVERNMENT  
26 AGENCIES AND THE PRIVATE SECTOR, SHALL FORMULATE THE SIPP TO BE  
27 SUBMITTED TO THE PRESIDENT FOR HIS APPROVAL NOT LATER THAN  
28 DECEMBER OF THE THIRD YEAR SET FOR PERIODIC REVIEW. THE PLAN SHALL BE  
29 VALID FOR A PERIOD OF THREE (3) YEARS SUBJECT TO REVIEW AND  
30 AMENDMENT, OR AS THE NEED ARISES. ALL SECTORS OR INDUSTRIES THAT  
31 MAY BE INCLUDED IN THE SIPP SHALL UNDERGO AN EVALUATION PROCESS TO  
32 DETERMINE THE SUITABILITY AND POTENTIAL OF THE INDUSTRY OR THE  
33 SECTOR IN PROMOTING LONG-TERM GROWTH AND DEVELOPMENT, AND THE  
34 NATIONAL INTEREST.

35

36          **THE SIPP SHALL:**

37

38          **(A) INCLUDE ACTIVITIES THAT COMPLY WITH THE FOLLOWING:**

39

1                   (1) THE ACTIVITY SHALL BE COVERED BY THE  
2                   PHILIPPINE DEVELOPMENT PLAN OR ITS  
3                   EQUIVALENT AND OTHER GOVERNMENT  
4                   PROGRAMS;

5  
6                   (2) THE ACTIVITY SHALL TAKE INTO ACCOUNT ANY OF  
7                   THE FOLLOWING:

8                   (A) SUBSTANTIAL AMOUNT OF INVESTMENTS;

9  
10                  (B) CONSIDERABLE GENERATION OF  
11                  EMPLOYMENT;

12  
13                  (C) ADOPT INCLUSIVE BUSINESS ACTIVITIES AND  
14                  VALUE ADDING PRODUCTION BY MSMES;

15  
16                  (D) USE OF MODERN OR NEW TECHNOLOGY;

17  
18                  (E) ADOPTION OF ADEQUATE ENVIRONMENTAL  
19                  PROTECTION SYSTEMS;

20  
21                  (F) ADDRESS MISSING GAPS IN THE  
22                  SUPPLY/VALUE CHAIN OR MOVE UP THE  
23                  VALUE CHAIN OR PRODUCT LADDER; OR

24  
25                  (G) PROMOTION OF MARKET COMPETITIVENESS.

26  
27  
28                  (B) IDENTIFY AGRIBUSINESS PROJECTS OR ACTIVITIES, AND PROJECTS AND  
29                  ACTIVITIES IN AREAS THAT ARE LESS DEVELOPED OR THOSE  
30                  RECOVERING FROM ARMED CONFLICT OR MAJOR DISASTER.

31  
32                  (C) DETERMINE SERVICES AND ACTIVITIES THAT CAN SPUR REGIONAL OR  
33                  GLOBAL OPERATIONS IN THE COUNTRY.

34  
35                  (D) INCLUDE EXISTING REGISTERED PROJECTS OR ACTIVITIES THAT SHALL  
36                  RELOCATE FROM METRO MANILA TO OTHER AREAS OF THE COUNTRY.

37  
38                  THE ACTIVITIES MUST COMPLY WITH THE SPECIFIC QUALIFICATION  
39                  REQUIREMENTS OR CONDITIONS FOR A PARTICULAR SECTOR OR

1 INDUSTRY AND OTHER LIMITATIONS AS SET AND DETERMINED BY THE  
2 BOI.

3  
4 THE THRESHOLD AMOUNT OF INVESTMENTS AND EMPLOYMENT  
5 GENERATION REQUIRED FOR A SPECIFIC ACTIVITY SHALL BE SUBJECT TO A  
6 PERIODIC REVIEW EVERY THREE (3) YEARS TAKING INTO CONSIDERATION  
7 INTERNATIONAL STANDARDS AND OTHER INDICATORS.

8  
9 SEC. 314. *POWER OF THE PRESIDENT TO GRANT INCENTIVES.* - THE  
10 PRESIDENT MAY, IN THE INTEREST OF NATIONAL ECONOMIC DEVELOPMENT  
11 AND UPON THE RECOMMENDATION OF THE BOARD OF INVESTMENTS AND THE  
12 ECONOMIC MANAGERS, GRANT INCENTIVES IN ADDITION TO THOSE THAT ARE  
13 PROVIDED UNDER THIS CODE, INCLUDING A LONGER PERIOD, TO HIGHLY  
14 DESIRABLE PROJECTS: *PROVIDED*, THAT THE BENEFITS THAT THE GOVERNMENT  
15 MAY DERIVE FROM SUCH INVESTMENT THERETO IS CLEAR AND CONVINCING  
16 AND FAR OUTWEIGH THE COST OF INCENTIVES THAT WILL BE GRANTED.

17  
18 SEC. 314-A. *CRITERIA FOR AVAILMENT.* THE BOARD OF INVESTMENTS  
19 SHALL CONSIDER THE FOLLOWING CRITERIA IN DETERMINING THE TYPES OF  
20 INCENTIVES AND THE DURATION THEREOF THAT MAY BE GRANTED:

21  
22 (A) THE PROJECT HAS A COMPREHENSIVE SUSTAINABLE  
23 DEVELOPMENT PLAN WITH CLEAR INCLUSIVE BUSINESS  
24 APPROACHES AND INNOVATIONS; OR

25  
26 (B) MINIMUM INVESTMENT OF FIVE HUNDRED MILLION US  
27 DOLLARS (US\$500,000,000) OR A MINIMUM DIRECT EMPLOYMENT  
28 GENERATION OF AT LEAST ONE THOUSAND FIVE HUNDRED (1,500)  
29 WITHIN THREE YEARS FROM THE START OF COMMERCIAL  
30 OPERATION.

31  
32 THE THRESHOLD SHALL BE SUBJECT TO A PERIODIC REVIEW EVERY THREE (3)  
33 YEARS TAKING INTO CONSIDERATION INTERNATIONAL STANDARDS AND OTHER  
34 INDICATORS.

35  
36 THE BOI MAY IMPOSE OTHER TERMS AND CONDITIONS TAKING INTO  
37 CONSIDERATION THE AMOUNT OR KIND OF INCENTIVES THAT WILL BE  
38 GRANTED TO SUCH INVESTMENTS.

1           **SEC. 314-B. USE OF RESOURCES.** - IN THE EXERCISE OF THE POWER OF THE  
2 PRESIDENT TO GRANT INCENTIVES, THE GOVERNMENT MAY UTILIZE ITS  
3 RESOURCES SUCH AS LAND USE, WATER APPROPRIATION, POWER PROVISION,  
4 AMONG OTHERS, AS MAY BE IDENTIFIED BY THE BOI.

5  
6           **SEC. 315. AMENDMENTS.** – SUBJECT TO PUBLICATION REQUIREMENTS  
7 AND THE CRITERIA FOR INVESTMENT PRIORITY DETERMINATION, THE BOI MAY,  
8 AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE SIPP, ALTER ANY OF THE  
9 TERMS OF THE DECLARATION OF AN INVESTMENT AREA, AND TEMPORARILY OR  
10 PERMANENTLY SUSPEND ACTIVITIES ON THE SIPP IF IT CONSIDERS THAT SUCH  
11 ACTIVITY IS NO LONGER A PRIORITY. IN NO CASE SHALL THE IPAS ACCEPT  
12 APPLICATIONS UNLESS THE ACTIVITY IS LISTED IN THE SIPP.

13  
14           **SEC. 316. PUBLICATION.** – UPON APPROVAL OF THE PLAN, IN WHOLE OR  
15 IN PART, OR UPON APPROVAL OF AN AMENDMENT THEREOF, THE PLAN OR THE  
16 AMENDMENT, SPECIFYING AND DECLARING THE AREAS OF INVESTMENTS SHALL  
17 BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER OF GENERAL CIRCULATION OR  
18 THE OFFICIAL GAZETTE AND ALL SUCH AREAS SHALL BE OPEN FOR APPLICATION  
19 UNTIL PUBLICATION OF AN AMENDMENT OR DELETION THEREOF.

20  
21           **SEC. 317. QUALIFICATIONS OF A REGISTERED ENTERPRISE FOR TAX  
22 INCENTIVES.** – IN THE REVIEW AND GRANT OF TAX INCENTIVES, A REGISTERED  
23 ENTERPRISE MUST:

24           A. BE ENGAGED IN AN ACTIVITY INCLUDED IN THE SIPP;

25           B. INSTALL AN ADEQUATE ACCOUNTING SYSTEM THAT SHALL  
26 IDENTIFY THE INVESTMENTS, REVENUES, COSTS AND PROFITS OR  
27 LOSSES OF EACH REGISTERED PROJECT UNDERTAKEN BY THE  
28 ENTERPRISE SEPARATELY FROM THE AGGREGATE INVESTMENTS,  
29 REVENUES, COSTS AND PROFITS OR LOSSES OF THE WHOLE  
30 ENTERPRISE; OR ESTABLISH A SEPARATE CORPORATION FOR EACH  
31 REGISTERED PROJECT IF THE IPA SHOULD SO REQUIRE;

32  
33           C. COMPLY WITH THE E-INVOICE AND E-SALES REQUIREMENT IN  
34 ACCORDANCE WITH SECTION 237-A OF THIS CODE.

35  
36           **CHAPTER VIII**

1  
2                   **AVAILMENT OF TAX INCENTIVES**  
3

4       **SEC. 318. INCOME TAX-BASED INCENTIVES.** – ALL REGISTERED  
5 ENTERPRISES ARE REQUIRED TO FILE ALL THEIR TAX RETURNS USING THE  
6 ELECTRONIC FACILITIES OF THE BUREAU OF INTERNAL REVENUE (BIR). IN  
7 AVALING THE INCOME TAX-BASED INCENTIVES, THE REGISTERED ENTERPRISE  
8 SHALL BE REQUIRED TO SECURE A CERTIFICATE OF ENTITLEMENT ISSUED BY THE  
9 IPA AND ATTACH THE SAME TO ITS INCOME TAX RETURN (ITR) OR ANNUAL  
10 INFORMATION RETURN (AIR), WHICHEVER IS APPLICABLE. THEREAFTER, THE  
11 REGISTERED ENTERPRISE SHALL FILE ITS CLAIM WITH THE BIR FOR VALIDATION.  
12

13       FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO THE ITR OR AIR,  
14 AND/OR FILE THE INCENTIVE AVAILMENT APPLICATION SHALL CAUSE THE  
15 FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE PERIOD.  
16

17       **SEC. 319. CUSTOMS DUTY EXEMPTION ON CAPITAL EQUIPMENT.**  
18 IMPORTATION OF CAPITAL EQUIPMENT, MACHINERY AND SPARE PARTS  
19 EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY INCLUDING  
20 CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES MAY BE EXEMPTED TO  
21 THE EXTENT OF ONE HUNDRED PERCENT (100%) OF THE CUSTOMS DUTY:  
22 **PROVIDED, THAT THE FOLLOWING CONDITIONS ARE COMPLIED WITH:**  
23

24       **(A) THE CAPITAL EQUIPMENT AND/OR SPARE PARTS ARE DIRECTLY**  
25 **AND REASONABLY NEEDED AND WILL BE USED EXCLUSIVELY IN**  
26 **AND AS PART OF THE DIRECT COST OF THE REGISTERED ACTIVITY**  
27 **OF THE REGISTERED ENTERPRISE, AND ARE NOT MANUFACTURED**  
28 **DOMESTICALLY IN SUFFICIENT QUANTITY, OF COMPARABLE**  
29 **QUALITY AND AT REASONABLE PRICES. PRIOR APPROVAL OF THE**  
30 **IPA MAY BE SECURED FOR THE PART TIME UTILIZATION OF SAID**  
31 **EQUIPMENT IN A NON-REGISTERED ACTIVITY TO MAXIMIZE USAGE**  
32 **THEREOF: PROVIDED, THAT THE PROPORTIONATE TAXES AND**  
33 **DUTIES ARE PAID ON A SPECIFIC EQUIPMENT AND MACHINERY IN**  
34 **PROPORTION TO ITS UTILIZATION FOR NON-REGISTERED**  
35 **ACTIVITIES. IN THE EVENT THAT IT SHALL BE USED FOR A NON-**  
36 **REGISTERED ACTIVITY OF THE REGISTERED ENTERPRISE AT**  
37 **ANYTIME WITHIN THE FIRST FIVE (5) YEARS FROM DATE OF**  
38 **IMPORTATION, THE REGISTERED ENTERPRISE SHALL FIRST SEEK**  
39 **PRIOR APPROVAL OF THE AUTHORITY, AND PAY THE TAXES AND**

1           CUSTOMS DUTIES THAT WERE NOT PAID UPON ITS IMPORTATION;  
2           AND  
3

4           (B) THE APPROVAL OF THE IPA WAS OBTAINED BY THE REGISTERED  
5           ENTERPRISE PRIOR TO THE IMPORTATION OF SUCH CAPITAL  
6           EQUIPMENT AND/OR SPARE PARTS.

7  
8           APPROVAL OF THE IPA MUST BE SECURED BEFORE THE SALE,  
9           TRANSFER OR DISPOSITION OF THE CAPITAL EQUIPMENT AND/OR SPARE  
10          PARTS WHICH WERE GRANTED TAX AND CUSTOMS DUTY EXEMPTION  
11          HEREUNDER, AND SHALL BE ALLOWED ONLY UNDER THE FOLLOWING  
12          CIRCUMSTANCES:

13  
14          (1) IF MADE TO ANOTHER ENTERPRISE ENJOYING CUSTOMS  
15           DUTY EXEMPTION ON IMPORTED CAPITAL EQUIPMENT  
16           AND/OR SPARE PARTS;

17  
18          (2) IF MADE TO ANOTHER ENTERPRISE NOT DUTY  
19           EXEMPTION ON IMPORTED CAPITAL EQUIPMENT AND/OR  
20           SPARE PARTS, UPON PAYMENT OF ANY TAXES AND DUTIES  
21           DUE ON THE NET BOOK VALUE OF THE CAPITAL EQUIPMENT  
22           AND/OR SPARE PARTS TO BE SOLD;

23  
24          (3) EXPORTATION OF CAPITAL EQUIPMENT, MACHINERY,  
25           SPARE PARTS OR SOURCE DOCUMENTS, OR THOSE REQUIRED  
26           FOR POLLUTION ABATEMENT AND CONTROL; OR

27  
28          (4) FOR REASONS OF PROVEN TECHNICAL OBSOLESCENCE.

29  
30          **PROVIDED**, THAT IF THE REGISTERED ENTERPRISE SELLS, TRANSFERS OR  
31          DISPOSES THE AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR  
32          APPROVAL, THE REGISTERED ENTERPRISE AND THE VENDEE, TRANSFeree, OR  
33          ASSIGNEE SHALL BE SOLIDARILY LIABLE TO PAY TWICE THE AMOUNT OF THE  
34          DUTY EXEMPTION THAT SHOULD HAVE BEEN PAID DURING ITS IMPORTATION:  
35          **PROVIDED, FURTHER**, THAT EVEN IF THE SALE, TRANSFER OR DISPOSITION OF  
36          THE CAPITAL EQUIPMENT WAS MADE AFTER FIVE (5) YEARS FROM DATE OF  
37          IMPORTATION WITH THE APPROVAL OF THE IPA, THE REGISTERED ENTERPRISE  
38          IS STILL LIABLE TO PAY THE DUTIES BASED ON THE NET BOOK VALUE OF THE  
39          CAPITAL EQUIPMENT IF IT HAS VIOLATED ANY OF ITS REGISTRATION TERMS  
40          AND CONDITIONS.

1  
2  
3                   **CHAPTER IX**  
4

5                   **MISCELLANEOUS PROVISIONS**  
6

7       **SEC. 320. SUBMISSION OF ANNUAL REPORT TO THE PRESIDENT AND**  
8       **CONGRESS.** – A REPORT SHALL BE SUBMITTED ANNUALLY TO THE PRESIDENT OF  
9       **THE PHILIPPINES AND THE CONGRESS SUMMARIZING THE TAX SUBSIDIES AND**  
10      **FISCAL INCENTIVES GRANTED BY THE FIRB, IPAS AND OGAS, AS WELL AS THE**  
11      **RESULT OF THE MONITORING AND EVALUATION OF FISCAL INCENTIVES.**

12  
13                   **CHAPTER X**  
14

15  
16                   **FINAL PROVISIONS**  
17

18       **SEC. 321. NO DOUBLE REGISTRATION OF ENTERPRISES.** — REGISTERED  
19       ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE  
20       THAN ONE (1) IPA.

21       **SEC. 322. GOVERNANCE RULES.** — THE DIFFERENT IPAS MAY REQUIRE  
22       DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY  
23       ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A PORTION OF THEIR  
24       CAPITAL STOCK TO THE PUBLIC AND/OR THEIR EMPLOYEES WITHIN FIVE (5)  
25       YEARS FROM DATE OF REGISTRATION.

26  
27       **SEC. 323. INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.**  
28       EXISTING REGISTERED ACTIVITIES GRANTED THE INCOME TAX HOLIDAY SHALL  
29       BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF THE SAID INCENTIVE FOR  
30       THE REMAINING PERIOD OF THE ITH OR FOR A PERIOD OF FIVE (5) YEARS ONLY,  
31       WHICHEVER COMES FIRST: *PROVIDED*, THAT OTHER TAX INCENTIVES GRANTED  
32       TO EXISTING REGISTERED ACTIVITIES, SUCH AS THE FIVE PERCENT (5%) TAX ON  
33       GROSS INCOME EARNED IN LIEU OF ALL TAXES, BOTH NATIONAL AND LOCAL,  
34       SHALL BE ALLOWED TO CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:

35  
36                  (A) TWO (2) YEARS FOR ACTIVITIES ENJOYING THE TAX INCENTIVE  
37                  FOR MORE THAN TEN (10) YEARS;

1                   **(B) THREE (3) YEARS FOR ACTIVITIES ENJOYING THE TAX INCENTIVE**  
2                   **BETWEEN FIVE (5) AND TEN (10) YEARS;**

4                   **(C) FIVE (5) YEARS FOR ACTIVITIES ENJOYING THE TAX INCENTIVE**  
5                   **BELOW FIVE (5) YEARS.**

7                   **PROVIDED, THAT THE FIVE PERCENT (5%) TAX ON GROSS INCOME EARNED**  
8                   **SHALL COMMENCE AFTER THE 1TH PERIOD HAS LAPSED ONLY FOR THE**  
9                   **REMAINING YEARS WITHIN THE FIVE-YEAR PERIOD.**

11                  **SEC. 324. SUSPENSION AND FORFEITURE OF TAX INCENTIVES OF**  
12                  **REGISTERED ENTERPRISES, REFUND AND PENALTIES; WAIVER AND**  
13                  **CONDONATION.** – THE IPA MAY IMPOSE FINES AND PENALTIES, SUSPEND  
14                  AND/OR FORFEIT THE INCENTIVES GRANTED TO THE REGISTERED ENTERPRISES  
15                  WHENEVER THERE ARE VIOLATIONS OF THE REGISTRATION TERMS AND  
16                  CONDITIONS BY THE LATTER, WITHOUT PREJUDICE TO THE CANCELLATION OF  
17                  THE REGISTRATION OF SAID ENTERPRISE.

19                  WHEN THERE IS PROBABLE CAUSE TO BELIEVE THAT THE REGISTERED  
20                  ENTERPRISE HAS VIOLATED ITS REGISTRATION TERMS AND CONDITIONS, THE  
21                  IPA SHALL SUSPEND THE AVAILMENT OF INCENTIVES UNTIL PROVEN  
22                  OTHERWISE: **PROVIDED, THAT FOR PROJECTS OR ACTIVITIES UNDER SECTION**  
23                  **302, THE CONCERNED IPA SHALL RECOMMEND TO THE FIRB THE SUSPENSION**  
24                  **OF ITS AVAILMENT OF INCENTIVES.**

26                  IN CASE OF CANCELLATION OF THE CERTIFICATE OF REGISTRATION, THE  
27                  CONCERNED IPA MAY, IN APPROPRIATE CASES, REQUIRE PAYMENT OF TAXES,  
28                  CUSTOMS DUTIES AND ANY APPLICABLE PENALTIES THEREON TO THE  
29                  APPROPRIATE AGENCY, AND IMPOSE ADDITIONAL FINES AND PENALTIES.

31                  FOR THIS PURPOSE, THE IPAS SHALL PREPARE A SCHEDULE OF FEES, FINES  
32                  AND PENALTIES TO BE IMPOSED ON ERRING REGISTERED ENTERPRISES  
33                  DEPENDING ON THE GRAVITY OF THE VIOLATION INCURRED.

35                  IN MERITORIOUS CASES, THE IPA MAY WAIVE, CONDONE OR REDUCE  
36                  FINES OR PENALTIES IMPOSED ON REGISTERED ENTERPRISES BY THE IPAS:  
37                  **PROVIDED, THAT THE MINIMUM COMPROMISE RATE, IN CASE OF REDUCTION,**  
38                  **SHALL NOT BE LESS THAN FORTY PERCENT (40%) OF THE BASIC ASSESSED FINES**  
39                  **OR PENALTIES.**

1           **SEC. 325. ENHANCED TAX EXPENDITURE FUND SYSTEM - ALL INTERNAL**  
2   **REVENUE TAX AND DUTY OBLIGATIONS OF GOVERNMENT-OWNED AND/OR**  
3   **CONTROLLED CORPORATIONS SHALL BE CHARGEABLE TO THE TAX**  
4   **EXPENDITURE FUND OF THE GOVERNMENT UPON THE ESTABLISHMENT AND**  
5   **IMPLEMENTATION OF AN ENHANCED TAX EXPENDITURE FUND SYSTEM THAT**  
6   **GRANTS TAX SUBSIDY WITHIN THIRTY (30) DAYS FROM THE FILING OF**  
7   **APPLICATION WITH THE FIRB.**

8

9           **SEC. 326. THE NAME OF RECIPIENTS OF INCENTIVES AND THE AMOUNT OF**  
10   **INCENTIVES AVAILED SHALL BE REPORTED BY THE INVESTMENT PROMOTION**  
11   **AGENCIES ANNUALLY TO CONGRESS, THE REPORT SHALL BE MADE AVAILABLE**  
12   **TO THE PUBLIC.**

13

14

15   **SEC. 37. Title XIII of the National Internal Revenue Code of 1997, as amended, is**  
16   **hereby retitled as Title XIV.**

17

18   **SEC. 38. Title XIV of the National Internal Revenue Code of 1997, as amended, is**  
19   **hereby retitled as Title XV.**

20

21   **SEC. 39. *Amendatory Clause.* –**

22

23   (A) To ensure that the DOF, NEDA and DTI are represented in the Governing  
24   Boards of all IPAS, where the DOF shall automatically serve as Co-chair, and DTI  
25   and NEDA as members, pursuant to Section 299 of this Act, the following  
26   provisions, among others, are amended accordingly:

27

28       (1) Article 4 of Executive Order No. 226, as amended, entitled "The  
29       Omnibus Investments Code of 1987;"

30

31       (2) Sections 9 and 13 (c) of Republic Act No. 7227, entitled "An Act  
32       Accelerating the Conversion of Military Reservations into Other Productive  
33       Uses, Creating the Bases Conversion and Development Authority for this  
34       Purpose, Providing Funds therefor and for Other Purposes;"

35

36       (3) Section 3 of Executive Order No. 80, series of 1993, entitled  
37       "Authorizing the Establishment of the Clark Development Corporation as the  
38       Implementing Arm of the Bases Conversion and Development Authority for  
39       the Clark Special Economic Zone, and Directing All Heads of Departments,

1       Bureaus, Offices, Agencies and Instrumentalities of Government to Support  
2       the Program;"

3  
4       (4)      Section 6 of Executive Order No. 132, series of 2002, entitled  
5       "Authorizing the Creation of the Poro Point Management Corporation as the  
6       Implementing Arm of the Bases Conversion Development Authority over the  
7       Poro Point Special Economic and Freeport Zone and Renaming the John Hay  
8       Poro Point Development Corporation as the John Hay Management  
9       Corporation;"

10  
11      (5)      Section 9 of Republic Act No. 7903, entitled "An Act Creating a  
12       Special Economic Zone and Freeport in the City of Zamboanga Creating for  
13       this Purpose the Zamboanga City Special Economic Zone Authority,  
14       Appropriating Funds therefor, and for other Purposes;"

15  
16      (6)      Section 14 of Republic Act No. 9728, entitled "An Act Converting the  
17       Bataan Economic Zone Located in the Municipality of Mariveles, Province of  
18       Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the  
19       Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds  
20       therefor and for other Purposes;"

21  
22  
23      (7)      Section 65 of Republic Act No. 9593, entitled "An Act Declaring a  
24       National Policy for Tourism as an Engine of Investment, Employment, Growth  
25       and National Development, and Strengthening the Department of Tourism  
26       and its Attached Agencies to Effectively and Efficiently implement that Policy,  
27       and Appropriating Funds therefor;"

28  
29      (8)      Section 15 of Republic Act No. 9490, entitled "An Act Establishing the  
30       Aurora Special Economic Zone in the Province of Aurora, Creating for the  
31       Purpose the Aurora Special Economic Zone Authority, Appropriating Funds  
32       Therefor and for other Purposes," as amended by Republic Act No. 10083;

33  
34      (9)      Section 7 of Republic Act No. 7922, entitled "An Act Establishing a  
35       Special Economic Zone and Freeport in the Municipality of Santa Ana and the  
36       Neighboring Islands in the Municipality of Aparri, Province of Cagayan  
37       Providing Funds Therefor, and for other Purposes;

1                             (10) Section 6 of Presidential Decree No. 538, entitled "Creating and  
2 Establishing the PHIVIDEC Industrial Authority and Making It a Subsidiary  
3 Agency of the Philippine Veterans Investment Development Corporation  
4 Defining its Powers, Functions and Responsibilities, and for Other Purposes,"  
5 as amended by Executive Order No. 1031, series of 1985;

6  
7                             (11) Section 11 of Republic Act No. 7916, entitled "An Act Providing for  
8 the Legal Framework and Mechanisms for the Creation, Operation,  
9 Administration, and Coordination of Special Economic Zones in the  
10 Philippines, Creating For This Purpose, The Philippine Economic Zone  
11 Authority (PEZA), and for Other Purposes."

12  
13                         (B) The following laws are hereby amended to mandate all internal revenue tax  
14 and duty obligations of the relevant entities be chargeable to the Tax Expenditure  
15 Fund (TEF) pursuant to Section 325 of this Act:

16  
17                         (1) Section 18 of Republic Act No. 7884, entitled "An Act Creating the  
18 National Dairy Authority to Accelerate the Development of the Dairy  
19 Industry in the Philippines, Providing for a Dairy Development Fund, and for  
20 Other Purposes;"

21  
22                         (2) Section 8 of Republic Act No. 7903, entitled "An Act Creating Special  
23 Economic Zone and Freeport in the City of Zamboanga for this Purpose the  
24 Zamboanga City Special Economic Zone Authority, Appropriating Funds  
25 Therefor, and for Other Purpose;"

26  
27                         (3) Section 12-a of Republic Act No. 10083, entitled "An Act Amending  
28 Republic Act No. 9490, otherwise known as the Aurora Special Economic  
29 Zone Act of 2007;"

30  
31                         (4) Sections 29, 57, 74, 95 (c) of Republic Act No. 9593, entitled "An Act  
32 Declaring Tourism as Engine of Investment, Employment, Growth and  
33 National Development and Strengthening the Department of Tourism or  
34 Tourism Act of 2009;"

35  
36                         (5) Section 10 of Presidential Decree No. 538, entitled "Creating and  
37 Establishing the PHIVIDEC Industrial Authority and Making it a Subsidiary  
38 Agency of the Philippine Veterans Investment Development Corporation

1 Defining its Powers, Functions and Responsibilities, and for Other  
2 Purposes;"

3  
4 (6) Section 16 (a) (b) of Republic Act No. 9497, entitled "An Act Creating  
5 the Civil Aviation Authority of the Philippines, Authorizing the  
6 Appropriation of Funds Therefor, and for Other Purposes;"

7  
8 (7) Section 8 of Republic Act No. 7278, entitled, An Act Amending  
9 Commonwealth Act 111, as amended by PD 460, entitled An Act to Create a  
10 Public Corporation known as the Boy Scouts of the Philippines and to define  
11 its Powers and Purposes," by strengthening the volunteer and democratic  
12 character of the Boy Scouts of the Philippines and for other Purposes;"

13  
14 (8) Section 11 (A), (B), (C), (D) of Republic Act No. 10073, entitled, "An  
15 Act Instituting the New Girl Scouts of the Philippines Charter, Penalizing  
16 Violations Therefor and for other Purposes;

17  
18 (9) Section 14 of Republic Act No. 7354, entitled "An Act Creating the  
19 Philippine Postal Corporation, Defining its Powers, Functions and  
20 Responsibilities, Providing For Regulation of the Industry and for Other  
21 Purposes Connected Therewith;"

22  
23 (10) Section 8 and 14 of Presidential Decree No. 269, entitled "Creating  
24 the National Electrification Administration as a Corporation, Prescribing its  
25 Powers and Activities, Appropriating the Necessary Funds Therefore and  
26 Declaring a National Policy Objective for the Total Electrification of the  
27 Philippines on an Area Coverage Service Basis, the Organization, Promotion  
28 and Development of Electric Cooperatives to Attain the Said Objective,  
29 Prescribing Terms and Conditions for their Operations, the Repeal Of  
30 Republic Act 6038, and for Other Purposes;"

31  
32 (11) Section 2 and 19 of Republic Act No. 9679, entitled "An Act  
33 Amending The Home Development Mutual Fund Otherwise Known as the  
34 Pag-Ibig Fund;"

35  
36 (12) Section 17 (c) under section 8 of Republic Act No. 9576, entitled "An  
37 Act Increasing the Maximum Deposit Insurance Coverage, and in  
38 connection therewith, to strengthen the regulatory and administrative

1 authority, and financial capability of the Philippine Deposit Insurance  
2 Corporation (PDIC) amending for this purpose Republic Act Numbered  
3 Three Thousand Five Hundred Ninety One, as amended otherwise known as  
4 the PDIC Charter and for other purposes;"

5  
6 (13) Section 13 of Republic Act No. 7820, entitled "An Act Creating the  
7 Partido Development Administration, Defining its Powers and Functions,  
8 Providing Funds Therefor, and for Other Purposes;"

9  
10 (14) Section 5 (j) of Republic Act No. 9510, entitled "An Act Establishing  
11 the Credit Information System and for Other Purposes;"

12  
13 (15) Section 13 (e) of Presidential Decree No. 857, entitled "Providing for  
14 the Reorganization of Port Administrative and Operation Functions in the  
15 Philippines, Revising Presidential Decree No. 505 dated July 11, 1974,  
16 Creating the Philippine Port Authority, by substitution, and for other  
17 Purposes;"

18  
19 (16) Section 19 of Republic Act No. 6847, entitled "An Act Creating and  
20 Establishing the Philippine Sports Commission, Defining its Powers,  
21 Functions, and Responsibilities, Appropriating Funds Therefor, and for  
22 Other Purposes;"

23  
24 (17) Section 8 (a) (b) and section 13 of Republic Act No. 6395, entitled "An  
25 Act Revising the Charter of the National Power Corporation;"

26  
27 (18) Section 1 of Republic Act No. 7291, entitled, An Act Restoring the Tax  
28 and Duty Incentives Previously Enjoyed by the Veterans Federation of the  
29 Philippines Under Republic Act Numbered Twenty-Six Hundred and Forty;  
30 and

31  
32 (19) Section 21 of Republic Act No. 7306, entitled "An Act Providing for  
33 the Establishment of the People's Television Network, Inc., Defining its  
34 Powers and Functions, Providing for its Sources of Funding and for Other  
35 Purposes."

36  
37 Sec. 40. *Repealing Clauses.* –

1       (A) In consideration of the franchise and rights granted under applicable laws,  
2 the grantee shall pay to the Philippine Government during the life of its franchise  
3 all the applicable taxes and impositions levied under the National Internal  
4 Revenue Code, as amended, and the Local Government Code, as amended, for  
5 revenues earned from all activities: *Provided*, That the Secretary of Finance shall  
6 be consulted on any changes in the tax and duty treatment of any grantee. For  
7 this purpose, the following provisions of laws shall be amended or repealed in  
8 conformity with this Section:

9  
10  
11       (1) Section 14 of Republic Act No. 7783 entitled "An Act Granting  
12 The Major Telecoms, Inc., A Franchise To Establish, Install, Maintain,  
13 Lease And Operate Wire And/Or Wireless Telecommunications  
14 Systems, Lines, Circuits And Stations Throughout The Philippines For  
15 Public Domestic And International Communications, And For Other  
16 Purposes";

17  
18       (2) Section 10 of Republic Act No 7939 entitled "An Act Granting  
19 The Island Country Telecommunications, Inc., A Franchise To  
20 Establish, Install, Maintain, Lease And Operate Were And/Or Wireless  
21 Telecommunication System And Services, Lines, Circuits And Stations  
22 Within And Without The Philippines, And For Other Purposes";

23  
24       (3) Section 9 of Republic Act No. 7961 entitled "An Act Granting To  
25 Cruz Telephone Company, Inc., (Cruztelco), A Franchise To Install,  
26 Operate And Maintain A Telecommunications System Throughout  
27 The Philippines";

28  
29       (4) Section 8 of Republic Act No. 7962 entitled "An Act Granting  
30 The Philippine Broadcasting Corporation A Franchise To Construct,  
31 Install, Operate And Maintain Radio And Television Broadcasting  
32 Stations Within The Philippines, And For Other Purposes";

33  
34       (5) Section 8 of Republic Act No. 7963 entitled "An Act Granting  
35 The Cebu Broadcasting Company A Franchise To Construct, Install,  
36 Operate And Maintain Radio And Television Broadcasting Stations  
37 Within The Philippines And For Other Purposes";

1                             (6)   Section 8 of Republic Act No. 7966 entitled "An Act Granting  
2                             The ABS-CBN Broadcasting Corporation A Franchise To Construct,  
3                             Install, Operate And Maintain Television And Radio Broadcasting  
4                             Stations In The Philippines And For Other Purposes";  
5

6                             (7)   Section 8 of Republic Act No. 7967 entitled "An Act Granting  
7                             The Pacific Broadcasting System, Inc. A Franchise To Construct,  
8                             Install, Operate And Maintain Radio And Television Broadcasting  
9                             Stations Within The Philippines And For Other Purposes";  
10

11                             (8)   Section 8 of Republic Act No. 7969 entitled "An Act Granting  
12                             The Central Catv, Inc. A Franchise To Establish, Maintain And Operate  
13                             For Commercial Purposes Cable/Community Antennae Television  
14                             Systems In The Philippines";  
15

16                             (9)   Section 13 of Republic Act No. 8004 entitled "An Act Granting  
17                             To Millennia Telecommunications Corporation A Franchise To Install,  
18                             Operate And Maintain Telecommunication Services Within The  
19                             Philippines And International Points, And For Other Purposes";  
20

21                             (10)   Section 9 of Republic Act No. 10900 entitled "An Act Extending  
22                             For Another Twenty-Five (25) Years The Franchise Granted To Bell  
23                             Telecommunication Philippines, Inc., Amending For The Purpose  
24                             Republic Act No. 7692, Entitled "An Act Granting Bell  
25                             Telecommunication Philippines, Inc., A Franchise To Install, Operate,  
26                             And Maintain Telecommunications Systems Throughout The  
27                             Philippines And For Other Purposes";  
28

29                             (11)   Section 3 of Republic Act No. 7859 entitled "An Act Amending  
30                             Section One Of The Franchise Of Worldwide Communications, Inc.,  
31                             Granted Under Republic Act No. Five Thousand Three Hundred  
32                             Twenty-One And Extending It For Another Twenty-Five (25) Years,  
33                             And For Other Purposes";  
34

35                             (12)   Section 8 of Republic Act No. 8060 entitled "An Act Granting  
36                             Palawan Broadcasting Corporation A Franchise To Install, Construct,  
37                             Operate And Maintain Commercial Radio And Television  
38                             Broadcasting Stations Throughout The Philippines";  
39

- 1                         (13) Section 8 of Republic Act No. 8063 entitled "An Act Granting  
2                         The Beacon Communications Systems, Inc., A Franchise To Construct,  
3                         Install, Establish, Operate And Maintain Commercial Radio Stations In  
4                         The Philippines";  
5
- 6                         (14) Section 9 of Republic Act No. 8065 entitled "An Act Granting  
7                         The Isla Cellular Communications, Inc., A Franchise To Construct,  
8                         Maintain, Establish, Operate Commercial Mobile And Fixed Wireless  
9                         Telecommunications System In The Philippines";  
10
- 11                         (15) Section 9 of Republic Act No. 8066 entitled "An Act Granting  
12                         The Isla Paging Company, A Franchise To Construct, Maintain,  
13                         Establish, And Operate Commercial Radio Paging Services In The  
14                         Philippines";  
15
- 16                         (16) Section 8 of Republic Act No. 8067 entitled "An Act Granting  
17                         The Radio Gubat Network, Inc., A Franchise To Construct, Install,  
18                         Operate And Maintain Radio Broadcasting Stations In The Bicol  
19                         Region";  
20
- 21                         (17) Section 8 of Republic Act No. 8068 entitled "An Act Granting A  
22                         Franchise To Agusan Communications Foundation, Inc., To Construct,  
23                         Operate And Maintain Stations For Radio And Television In The  
24                         Province Of Agusan Del Sur And For Other Purposes";  
25
- 26                         (18) Section 8 of Republic Act No. 8071 entitled "An Act Granting  
27                         Vismin Radio And Television Broadcasting Network, Incorporated A  
28                         Franchise To Construct, Install, Operate And Maintain For  
29                         Commercial Purposes Radio And Television Broadcasting Stations In  
30                         The Visayas And Mindanao, And For Other Purposes";  
31
- 32                         (19) Section 8 of Republic Act No. 8080 entitled "An Act Granting  
33                         The Asian-Pacific Broadcasting Company, Inc., A Franchise To  
34                         Construct, Install, Operate And Maintain Broadcasting Stations In The  
35                         Philippines";  
36
- 37                         (20) Section 8 of Republic Act No. 8094 entitled "An Act Granting  
38                         The Ipil Broadcasting News Network, Inc. A Franchise To Construct,

1       Install, Operate And Maintain Radio And Television Broadcasting  
2       Stations In Zamboanga Del Sur And For Other Purposes”;

3

4       (21) Section 10 of Republic Act No. 8095 entitled “An Act Granting  
5       The Islatel Corporation A Franchise To Construct, Maintain, Establish  
6       And Operate Commercial Nationwide And Regional Transmission  
7       Network And Other Telephone Services In The Philippines”;

8

9       (22) Section 8 of Republic Act No. 8096 entitled “An Act Granting  
10      The Allied Broadcasting Center, Incorporated A Franchise To  
11      Construct, Operate And Maintain Stations For Radio In Cebu City And  
12      Other Areas In The Philippines Where Frequencies Are Still Available  
13      For Radio Broadcasting For Educational And Cultural, As Well As For  
14      Commercial Purposes”;

15

16      (23) Section 8 of Republic Act No. 8097 entitled “An Act Granting  
17      The Partido Broadcasting Corporation A Franchise To Construct,  
18      Install, Establish, Operate And Maintain Broadcast And Cable Radio  
19      And Television Stations In The Bicol Region”;

20

21      (24) Section 8 of Republic Act No. 8098 entitled “An Act Granting  
22      Broadcast Enterprises And Affiliated Media (Beam), Inc., A Franchise  
23      To Establish, Construct, Operate And Maintain Commercial Radio  
24      And Television Broadcast Stations Including Cable Television Systems  
25      In The Philippines”;

26

27      (25) Section 8 of Republic Act No. 8099 entitled “An Act Granting A  
28      Franchise To Sagay Broadcasting Corporation (Sbc) To Construct,  
29      Operate And Maintain Stations For Radio And Television In The  
30      Philippines And For Other Purposes”;

31

32      (26) Section 7 of Republic Act No. 8102 entitled “An Act Granting  
33      The Ultimate Entertainment, Inc., A Franchise To Construct, Install,  
34      Maintain And Operate Radio Broadcasting Stations Within The  
35      Philippines”;

36

37      (27) Section 8 of Republic Act No. 8116 entitled, “An Act Granting  
38      The Vimcontu Broadcasting Corporation A Franchise To Construct,

1           Install, Operate And Maintain Radio And Television Broadcasting  
2           Stations, Within The Philippines And For Other Purposes”;

3

4           (28) Section 8 of Republic Act No. 8119 entitled “An Act Granting  
5           The Good News Sorsogon Foundation, Inc., A Franchise To Construct,  
6           Install, Operate And Maintain For Religious, Educational And  
7           Commercial Purposes, Radio And Television Broadcasting Stations  
8           Within The Philippines And For Other Purposes”;

9

10          (29) Section 5 of Republic Act No. 8120 entitled “An Act Granting  
11         The Andres Bonifacio College Broadcasting System, Inc., A Franchise  
12         To Construct, Maintain And Operate Radio Broadcasting Stations And  
13         Stations For Television In The Island Of Mindanao For Educational,  
14         Cultural, And Commercial Purposes”;

15

16          (30) Section 8 of Republic Act No. 8121 entitled “An Act Granting  
17         The M.S. Network Management, Inc. A Franchise To Construct,  
18         Install, Operate And Maintain For Commercial Purposes, Radio  
19         Broadcasting Stations In The Philippines And For Other Purposes”;

20

21          (31) Section 7 of Republic Act No. 8123 entitled “An Act Granting  
22         The Royal Broadcasting Corporation. A Franchise To Construct,  
23         Operate And Maintain For Commercial Purposes, Radio And  
24         Television Broadcasting Stations In The Philippines And For Other  
25         Purposes”;

26

27          (32) Section 8 of Republic Act No. 8128 entitled “An Act Granting. A  
28         Franchise To The Oriental Mindoro Management Resources  
29         Corporation (Omarco) To Construct, Install, Establish, Operate,  
30         Manage And Maintain A Network Of Radio And Television Stations  
31         Anywhere In The Philippines, And For Other Purposes”;

32

33          (33) Section 8 of Republic Act No. 8132 entitled “An Act Granting  
34         Jose M. Luison And Sons, Inc., A Franchise To Construct, Install,  
35         Operate And Maintain For Commercial Purposes Radio And  
36         Television Broadcasting Stations In The Philippines”;

1                   (34) Section 7 of Republic Act No. 8144 entitled “An Act Granting  
2                   The Azimuth Broadcasting Corporation Of Franchise To Construct,  
3                   Operate And Maintain For Commercial Purposes Radio And  
4                   Television Broadcasting Stations In The Philippines”;

5  
6                   (35) Section 8 of Republic Act No. 8145 entitled “An Act Granting  
7                   The Radyo Pilipino Corporation Afranchise To Construct, Install,  
8                   Operate And Maintain Commercial Radio And Television  
9                   Broadcasting Stations, Satellite And Cable Stations In The  
10                  Philippines”;

11  
12                  (36) Section 14 of Republic Act No. 8147 entitled “An Act Granting  
13                  The Southern Broadcasting Network Afranchise To Construct, Install,  
14                  Maintain, Establish And Operatecommercial Radio/Television  
15                  Broadcasting Stations, In The Philippines”;

16  
17                  (37) Section 8 of Republic Act No. 8149 entitled “An Act Granting  
18                  The Tagbilaran Broadcasting System Afranchise To Construct, Install,  
19                  Operate And Maintain Radio And Television Broadcasting Stations, In  
20                  The Visayas Region, And For Other Purposes”;

21  
22                  (38) Section 8 of Republic Act No. 8154 entitled “An Act Granting  
23                  Prime Broadcasting Network, Incorporated, A Franchise To Construct,  
24                  Operate And Maintain Stations For Radio And Television In The  
25                  Philippines;”

26  
27                  (39) Section 4 of Republic Act No. 8158 entitled “An Act Extending  
28                  The Franchise Granted To Jorge D. Bayona Under Republic Act  
29                  Numbered Fifty-Seven Hundred Eighty-Nine, Assigning It In Favor Of  
30                  Pbn Broadcasting Network Inc., And Renewing The Term Thereof For  
31                  Another Twenty-Five (25) Years From The Date Of The Effectivity Of  
32                  This Act”;

33  
34                  (40) Section 8 of Republic Act No. 8169 entitled “An Act Granting  
35                  GV Broadcasting System, Inc., A Franchise To Construct, Install,  
36                  Maintain And Operate For Commercial Purposes Radio Broadcasting  
37                  Stations In The Island Of Luzon And For Other Purposes”;

- 1    (41) Section 5 of Republic Act No. 10926 entitled "An Act Extending  
2    For Twenty-Five (25) Years The Franchise Granted To Smart  
3    Communications, Inc., (Formerly Smart Information Technologies,  
4    Inc.) Amending For The Purpose Republic Act No. 7294, Entitled, "An  
5    Act Granting Smart Information Technologies Inc. (Smart) A Franchise  
6    To Establish, Maintain, Lease And Operate Integrated  
7    Telecommunications/Computer/Electronic Services, And Stations  
8    Throughout The Philippines For Public Domestic And International  
9    Telecommunications, And For Other Purposes";  
10
- 11    (42) Section 9 of Republic Act No. 9511 entitled "An Act Granting  
12    The National Grid Corporation Of The Philippines A Franchise To  
13    Engage In The Business Of Conveying Or Transmitting Electricity  
14    Through High Voltage Back-Bone Systems Of Interconnected  
15    Transmission Lines, Substations And Related Facilities";  
16
- 17    (43) Section 13 of Presidential Decree 1869 – Restored Per Office  
18    Of The President Memorandum Dated August 24, 1995 Consolidating  
19    And Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C,  
20    1399 And 1632 Relative To The Franchise And Powers Of The  
21    Philippine Amusement And Gaming Corporation (PAGCOR);  
22
- 23    (44) Section 9 of Republic Act No. 7953 entitled "An Act Amending  
24    Ra 6632 Entitled, "An Act Granting The Philippine Racing Act, Inc., A  
25    Franchise To Operate And Maintain A Race Track For Horse Racing In  
26    The Province Of Rizal, And Extending The Said Franchise By 25 Years  
27    From The Expiration Of The Term Thereof";  
28
- 29    (45) Section 12 of Republic Act No. 8407 entitled "An Act Amending  
30    Ra 6631 Entitled, "An Act Granting Manila Jockey Club, Inc., A  
31    Franchise To Construct, Operate And Maintain A Race Track For  
32    Horse Racing In The City Of Manila Or Any Place Within The Provinces  
33    Of Bulacan, Cavite Or Rizal And Extending The Said Franchise By 25  
34    Years From The Expiration Of The Term Thereof";  
35
- 36    (46) Section 9 of Republic Act No. 8298 entitled "An Act Amending  
37    Republic Act Numbered Seventy-Nine Hundred Seventy-Eight,  
38    Entitled, "An Act Granting The Metro Manila Turf Club, Inc., A

1 Franchise To Construct, Operate And Maintain A Racetrack For Horse  
2 Racing In The City Of Kalookan";  
3

4 (47) Section 12 of Republic Act No. 8446 entitled "An Act Granting  
5 The Fil-Asia Racing Club A Franchise To Construct, Operate And  
6 Maintain A Racetrack For Horse Racing In Rizal Or Tarlac, Or  
7 Pampanga Or Batangas Or Quezon City";  
8

9 (48) Section 3, paragraph 2 of Republic Act No. 4540 entitled, "An  
10 Act Amending Certain Sections of Republic Act Numbered Four  
11 Hundred and Two, As Amended";  
12

13 (49) Section 11 of Republic Act No. 7633 entitled "An Act Amending  
14 Certain Sections Of Republic Act No. 3259, As Amended, Entitled "An  
15 Act Granting The International Communications Corporation A  
16 Franchise To Establish Radio Stations, For Domestic  
17 Telecommunications, Radiophone," Extending The Term Of The  
18 Franchise By Twenty-Five (25) Years From August 9, 1996 As Provided  
19 In Republic Act No. 4905, And For Other Purposes";  
20

21 (50) Section 8 of Republic Act No. 8153 entitled "An Act Granting  
22 The Rex Electronics Communications System, Inc., A Franchise To  
23 Construct, Operate And Maintain Public Radiotelephone And  
24 Radiotelegraph Stations For The Reception And Transmission Of  
25 Radiotelephone And Radiotelegraph Communications Within The  
26 Philippines";  
27

28 (51) Section 10 of Republic Act No. 10972 entitled "An Act  
29 Renewing For Another Twenty-Five (25) Years The Franchise Granted  
30 To Infocom Communications Network, Inc. (Presently Known As Now  
31 Telecom Company, Inc.) Under Republic Act No. 7301, Entitled " An  
32 Act Granting Infocom Communications Network, Inc. (Icni), A  
33 Franchise To Construct, Establish, Operate And Maintain Mobile  
34 Radio Systems Such As Radio, Paging Systems, Cellular Phone  
35 Systems, Personal Communication Network (Pcn), And Trunked Radio  
36 Systems Within And Without The Philippines For A Period Of Twenty-  
37 Five (25) Years, And For Other Purposes", As Amended By The  
38 Republic Act No. 7940";  
39

1                     (52) Section 8 of Republic Act No. 7816 entitled "An Act Granting  
2                     The Manila Broadcasting Company A Franchise To Construct, Install,  
3                     Operate And Maintain Radio And Television Broadcasting Stations  
4                     Within The Philippines, And For Other Purposes";  
5

6                     (53) Section 8 of Republic Act No. 8027 entitled "An Act Granting A  
7                     Franchise To The Kaissar Broadcasting Network, Inc. (Kbni), To  
8                     Construct, Install, Establish, Operate, Manage And Maintain A  
9                     Network Of Radio And Television Stations Anywhere In The  
10                    Philippines, And For Other Purposes";  
11

12                   (54) Section 8 of Republic Act No. 8032 entitled "An Act Granting  
13                   The Philippine Radio Corporation A Franchise To Construct, Install,  
14                   Establish, Operate And Maintain Commercial Radio Stations In The  
15                   Philippines"; And  
16

17                   (55) Section 8 of Republic Act No. 8122 entitled "An Act Granting  
18                   The Swara Sug Media Corporation Of The Philippines A Franchise To  
19                   Construct, Install, Operate And Maintain For Commercial Purposes  
20                   Radio And Television Broadcasting Stations In The Philippines And For  
21                   Other Purposes"  
22

23                   (56) Section 10 of Republic Act No. 11089, entitled "An Act  
24                   Granting the Streamtech Systems Technologies Inc. A Franchise to  
25                   Construct, Install, Establish, Operate and Maintain  
26                   Telecommunications Systems Throughout the Philippines  
27

28                   (57) Section 1, paragraph 17 of Republic Act No. 11151 entitled,  
29                   "An Act Renewing for Another Twenty-Five (25) Years the Franchise  
30                   Granted to Isla Communications Company, Inc., Presently Known as  
31                   Innove Communications, Inc., Amending for the Purpose Republic Act  
32                   No. 7372, entitled, "An Act Granting the Isla Communications Co. a  
33                   Franchise to Install, Operate and Maintain Telecommunications  
34                   Services within the Territory of the Republic of the Philippines and  
35                   International Points and for Other Purposes"  
36

37  
38                   (B) The provisions of the following laws, including the tax incentives, that are  
39                   inconsistent with this Act are hereby amended or repealed:

- 1
- 2       (1) Section 5 of Republic Act No. (R.A.) 9379, or "An Act Defining  
3                          Handline Fishing, Providing Effective Regulations Therefor And For  
4                          Other Purposes";
- 5       (2) Section 16, The Last Sentence Thereof, of R.A. 10601, or "An  
6                          Act Promoting Agricultural And Fisheries Mechanization  
7                          Development In The Country";
- 8       (3) Section 32 of R.A. 10654, or "An Act To Prevent, Deter And  
9                          Eliminate Illegal, Unreported And Unregulated Fishing, Amending  
10                         Republic Act No. 8550, Otherwise Known As The Philippine Fisheries  
11                         Code Of 1998, And For Other Purposes";
- 12
- 13       (4) Section 14 (B) of R.A. 7308, or "The Seed Industry  
14                         Development Act Of 1992";
- 15
- 16       (5) Section 18, 2nd and 3rd Paragraph Thereof, of R.A. 7884, or  
17                         "An Act Creating The National Dairy Authority To Accelerate The  
18                         Development Of The Dairy Industry In The Philippines, Providing For  
19                         A Dairy Development Fund, And For Other Purposes";
- 20
- 21       (6) Section 9 (E), (F), (I), and (J) of R.A. 7900, or "An Act To  
22                         Promote The Production, Processing, Marketing, And Distribution Of  
23                         High Value Crops, Providing Funds Therefor, And For Other  
24                         Purposes";
- 25
- 26       (7) Chapter II, Article II, Sec. 35 (B), (C) and (D) of R.A. 8550, or  
27                         "The Philippine Fisheries Code Of 1998";
- 28
- 29       (8) Section 24 (A) and (F) of R.A. 10068, or "An Act Providing For  
30                         The Development And Promotion Of Organic Agriculture In The  
31                         Philippines And For Other Purposes";
- 32
- 33       (9) Section 37 of R.A. 6848, or "The Charter Of The Al-Amanah  
34                         Islamic Investment Bank Of The Philippines";
- 35
- 36       (10) Section 17 of Republic Act No. 7906 Entitled, "An Act Providing  
37                         For The Regulation Of The Organization And Operations Of Thrift  
38                         Banks, And For Other Purposes;"
- 39

- 1                     (11) Section 15 of R.A. 7353, or The “Rural Bank Act Of 1992”;
- 2
- 3                     (12) Book I, Title III, Article 39 (A), (B), (C), (D), (E), (G), (I), (J), (K),  
4                     (M) And (N); Title IV, Article 40, Book III Article 59, 60, 61, 63, 64, 65,  
5                     66; Book IV Article 69, Book VI, Articles 77, 78, And 81 of Executive  
6                     Order No. 226, Series of 1987, or “The Omnibus Investments Code Of  
7                     1987”;
- 8
- 9                     (13) Section 1 of R.A. 7918, “An Act Amending Article 39, Title III  
10                    The Omnibus Investments Code of 1987, As Amended”;
- 11
- 12                    (14) Articles 62, 63, 64, 65, 66, 67 And 69 of R.A. 8756, or “An Act  
13                    Providing for the Terms, Conditions And Licensing Requirements Of  
14                    Regional Or Area Headquarters, Regional Operating Headquarters,  
15                    Regional Warehouses Of Multinational Companies Amending For The  
16                    Purpose Certain Provisions Of The Omnibus Investment Code Of  
17                    1987”;
- 18
- 19                    (15) Executive Order No. 22, s. of 2017 Amending E.O. 70, s. of  
20                    2012, E.O. 528, s. of 2006 and E.O. 313, s. of 2004, Entitled “Reducing  
21                    The Rates Of Duty On Capital Equipment, Spare Parts And  
22                    Accessories Imported By BOI-Registered New And Expanding  
23                    Enterprises”;
- 24
- 25                    (16) Section 12 of R.A. 8047, or “An Act Providing For The  
26                    Development Of The Book Publishing Industry Through The  
27                    Formulation And Implementation Of A National Book Policy And A  
28                    National Book Development Plan”;
- 29
- 30                    (17) Section 17, In So Far As Tax Exemption and/or VAT Zero Rating  
31                    On Domestic Merchandise Is Concerned, and Section 18 (A), (B), (C)  
32                    and (F) of Presidential Decree No. 66, Entitled “Creating The Export  
33                    Processing Zone Authority And Revising Republic Act No. 5490”;
- 34
- 35                    (18) Section 4 (E) and (F), In So Far As Tax Exemption and/or VAT  
36                    Zero Rating On Domestic Merchandise Is Concerned, of R.A. 7903, or  
37                    The “Zamboanga City Special Economic Zone Act Of 1995”;
- 38
- 39                    (19) Section 4 (B) (C), In So Far As Tax Exemption and/or VAT Zero  
40                    Rating On Domestic Merchandise Is Concerned, of R.A. 7922, or “An

1           Act Establishing A Special Economic Zone And Free Port In The  
2           Municipality Of Santa Ana And The Neighboring Islands In The  
3           Municipality Of Aparri, Province Of Cagayan Providing Funds  
4           Therefor, And For Other Purposes”;

5  
6           (20)   Section 4 of R.A. 8748, or “An Act Amending Republic Act No.  
7           7916, Otherwise Known As The Special Economic Zone Act Of 1995”;

8  
9           (21)   Sections 23 and 24 of R.A. 7916, or “The Special Economic  
10          Zone Act Of 1995”;

11  
12          (22)   Sections 12 (B) and (C) and Section 15, second, third, and last  
13          paragraph of R.A. 7227, or “An Act Accelerating The Conversion Of  
14          Military Reservations Into Other Productive Uses, Creating The Bases  
15          Conversion And Development Authority For This Purpose, Providing  
16          Funds Therefor And For Other Purposes,” as amended by R.A. 9400;

17  
18          (23)   Section 1 of E.O. 619, s. of 2017 Entitled “Creating And  
19          Designating Special Economic Zones Pursuant To Republic Act No.  
20          7916, As Amended By Republic Act No. 8784, In Relation To Republic  
21          Act No. 7227, As Amended By Republic Act No. 9400, Inside The Clark  
22          Freeport Zone”;

23  
24          (24)   Sections 5, 6, 7, 8 And 9 of R.A 9490, or “An Act Establishing  
25          The Aurora Special Economic Zone In The Province Of Aurora,  
26          Creating For The Purpose The Aurora Special Economic Zone  
27          Authority, Appropriating Funds Therefor And For Other Purposes”;

28  
29          (25)   Sections 3 (E) (F) (H) and 4 of R.A. No. 10083, or “An Act  
30          Amending Republic Act No. 9490”;

31  
32          (26)   Section 4 (F), in so far as tax exemption and/or VAT zero rating  
33          on domestic merchandise and capital equipment are concerned, and  
34          Sections 5, 6 and 10 of R.A. 9728, or The “Freeport Area Of Bataan  
35          (FAB) Act Of 2009”;

36  
37          (27)   Sections 12, 21, and 22 of P.D. 87 (Restored By FIRB Resolution  
38          19-87), or The “Oil Exploration And Development Act”;

- 1                   (28) P.D. 529 (Restored By FIRB Resolution 19-87), Entitled  
2                   "Granting To Petroleum Exploration Concessionaires Under The  
3                   Petroleum Act Of 1949 Exemption From Customs Duty And  
4                   Compensating Tax On Importations Of Machinery And Equipment,  
5                   Spare Parts And Materials Required For Their Exploration  
6                   Operations";  
7  
8                   (29) Section 16 (A), (B), and (C) and Section 17 (A) to (E) of P.D. 972,  
9                   or "The Coal Development Act Of 1976";  
10  
11                  (30) Section 4 (A) of P.D. 1442 (Restored By FIRB Resolution 19-87),  
12                  or "An Act To Promote The Exploration And Development Of  
13                  Geothermal Resources";  
14  
15                  (31) Section 10 (1) to (6) of R.A. 7156, or The "Mini-Hydroelectric  
16                  Incentive Act";  
17  
18                  (32) Section 9 of R.A. 8479, or The "Downstream Oil Industry  
19                  Deregulation Act Of 1998";  
20  
21                  (33) Section 6, Fifth Paragraph of R.A. 9136, or the "Electric Power  
22                  Industry Reform Act Of 2001";  
23  
24                  (34) Chapter VII, Section 15 Except (H), Sections 19, 21 (A) to (D),  
25                  and 23 of R.A. 9513, or "An Act Promoting The Development,  
26                  Utilization And Commercialization Of Renewable Energy Resources  
27                  And For Other Purposes";  
28  
29                  (35) Section 6 (A) (B) of R.A. 9367, or "An Act To Direct The Use Of  
30                  Biofuels, Establishing For This Purpose The Biofuel Program,  
31                  Appropriating Funds Therefore, And For Other Purposes";  
32  
33                  (36) Sections 36 (E) and (F) of P.D. 705 Entitled, "Revising P.D. 389,  
34                  Or The 'Revised Forestry Code Of The Philippines"';  
35  
36                  (37) Section 45 (b) (1) (c) of R.A. 9003, Entitled "An Act Providing  
37                  For An Ecological Solid Waste Management Program, Creating The  
38                  Necessary Institutional Mechanisms And Incentives, Declaring  
39                  Certain Acts Prohibited And Providing Penalties, Appropriating Funds  
40                  Therefor And For Other Purposes";

- 1  
2       (38) Section 26 A (1) to (3) of R.A. 9275, or The “Philippine Clean  
3 Water Act Of 2004”;  
4  
5       (39) Sections 16 and 17 of R.A. 7844, or The “Export Development  
6 Act Of 1994”;  
7  
8       (40) Section 13 of R.A. 10817, or “An Act Instituting The Philippine  
9 Halal Export Development And Promotion Program, Creating For The  
10 Purpose The Philippine Halal Export Development And Promotion  
11 Board, And For Other Purposes”;  
12  
13       (41) Section 14 of R.A. 8423, or “An Act Creating The Philippine  
14 Institute Of Traditional And Alternative Health Care (PITAHC) To  
15 Accelerate The Development Of Traditional And Alternative Health  
16 Care In The Philippines, Providing For A Traditional And Alternative  
17 Health Care Development Fund And For Other Purposes”;  
18  
19       (42) Section 20 (D) (1) to (5) of R.A. 10884, or “An Act  
20 Strengthening The Balanced Housing Development Program,  
21 Amending For The Purpose Republic Act No. 7279, Or ‘The Urban  
22 Development And Housing Act Of 1992’”;  
23  
24       (43) Section 10 of R.A. 7718, or “An Act Amending Certain Sections  
25 Of R.A. 6957, Entitled ‘An Act Authorizing The Financing,  
26 Construction, Operation And Maintenance Of Infrastructure Projects  
27 By The Private Sector, And For Other Purposes’”;  
28  
29       (44) Section 6 (C) (D) (F) and Sections 7 and 8 of R.A. 7103, or “An  
30 Act To Strengthen The Iron And Steel Industry And Promote  
31 Philippine Industrialization And For Other Purposes”;  
32  
33       (45) Section 3 (A) to (D) and (H) of R.A. 8502, or “The Jewelry  
34 Industry Development Act Of 1998”;  
35  
36       (46) Section 5 (A) (B) of R.A. 10771, or “An Act Promoting The  
37 Creation Of Green Jobs, Granting Incentives And Appropriating Funds  
38 Therefor”;  
39

- 1                   (47) Section 7-B (h) (10) of R.A. 6977 or the “Magna Carta for  
2 Micro, Small and Medium Enterprises (MSMEs),” as amended by R.A.  
3 9501;
- 4
- 5                   (48) Section 7 of R.A. 9178, or “An Act To Promote The  
6 Establishment Of Barangay Micro Business Enterprises (BMBES),  
7 Providing Incentives And Benefits Therefor, And For Other Purposes”;
- 8
- 9                   (49) Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92, 93 of  
10 R.A. 7942, or The “Philippine Mining Act Of 1995”;
- 11
- 12                  (50) Chapter II, Section 4 and Chapter VIII, Section 19 of R.A. 9295,  
13 or The “Domestic Shipping Development Act Of 2004”;
- 14
- 15                  (51) Section 6 of R.A. 7471, As Amended, or The “Philippine  
16 Overseas Shipping Development Act”;
- 17
- 18                  (52) Subchapter V-A, Sections 86, 88, And 95 (A) and (B) of R.A.  
19 9593, or The “Tourism Act of 2009”, as amended by Republic Act No.  
20 11262;
- 21
- 22                  (53) Section 8, Second and Third Paragraphs Thereof, of R.A. 10816,  
23 or “An Act Providing For The Development And Promotion Of Farm  
24 Tourism In The Philippines”;
- 25
- 26                  (54) Sections 8 and 9, In So Far As Tax Exemption and VAT Zero  
27 Rating of Domestic Merchandise, of P.D. 538 Entitled, “Creating And  
28 Establishing The Phividec Industrial Authority And Making It A  
29 Subsidiary Agency Of The Philippine Veterans Development  
30 Corporation, Defining Its Powers, Functions And Responsibilities, And  
31 For Other Purposes”, as amended by P.D. No. 1491;
- 32
- 33                  (55) Section 1 (1.1) of E.O. 97-A s. of 1993 Entitled, “Further  
34 Clarifying The Tax And Duty-Free Privilege Within The Subic Special  
35 Economic And Free Port Zone”;
- 36
- 37                  (56) Section 4(F) and Section 5(C)(K), In So Far As Tax Exemption  
38 and/or VAT Zero Rating on Domestic Merchandise Is Concerned, and  
39 Section 12-B of Republic Act No. 10083 Entitled, “An Act Amending

1                   Republic Act No. 9490, Or 'The Aurora Special Economic Zone Act Of  
2                   2007";  
3

4                   (57) Section 5 (5.1) and (5.2) of E.O. 290 Entitled, "Implementing  
5                   The Natural Gas Vehicle Program For Public Transport";  
6

7                   (58) Sections 18 and 20 of R.A. 6847 Entitled, "An Act Creating  
8                   And Establishing The Philippine Sports Commission, Defining Its  
9                   Powers, Functions, And Responsibilities, Appropriating Funds  
10                  Therefor, And For Other Purposes";  
11

12                  (59) Section 10 of P.D. 1174, Amending P.D. 972, or The "Coal  
13                  Development Act of 1976";  
14

15                  (60) Section 23 of R.A. 7925, or "An Act To Promote And Govern  
16                  The Development Of Philippine Telecommunications And Delivery Of  
17                  Public Telecommunications Services";  
18

19                  (61) Section 8 (b) and (c) and Section 42 (C) of R.A. 7277, or "An Act  
20                  Providing For The Rehabilitation, Self-Development And Self-Reliance  
21                  Of Disabled Persons And Their Integration Into The Mainstream  
22                  Society And For Other Purposes";  
23

24                  (62) Section (32) (a) (1-8) and Section 33 (a) of Republic Act No.  
25                  10754 Entitled, "An Act Expanding the Benefits and Privileges of  
26                  Persons with Disability (PWDs);  
27

28                  (63) Section 12 (a), (b), and (d) of Republic Act No. 11321 Entitled,  
29                  "An Act Instituting The Farmers And Fisherfolk Enterprise  
30                  Development Program Of The Department Of Agriculture"  
31

32                  (64) Section 25 of Republic Act No. 11285 Entitled, "An Act  
33                  Institutionalizing Energy Efficiency And Conservation, Enhancing The  
34                  Efficient Use Of Energy, And Granting Incentives To Energy And  
35                  Conservation Projects"  
36

1       (C) The provisions on Investment Priority Plan (IPP) under Chapter I, Article 26 and  
2       Chapter II of EO 226 s. of 1987, or the “Omnibus Investments Code of 1987”, are  
3       hereby repealed.

4

5       (D) To expand the power of FIRB to include approval or disapproval of the grant of  
6       fiscal incentives of special projects/activities as defined in this Act, as well as to  
7       reconstitute the composition of the FIRB, the following provisions or laws are  
8       hereby amended, accordingly.

9

10      (1) Sections 1 (6) and 2 of Presidential Decree No. 776, entitled “Repealing  
11       All Laws, Acts, Decrees, Orders and Ordinances Granting Exemptions  
12       from Taxes, Duties, Fees, Imposts and Other Charges under Certain  
13       Exceptions and Creating a Fiscal Incentives Board”

14

15      (2) Section 1 (c) and (d); Section 2 of Executive Order No. 93, series of  
16       1986, entitled “Withdrawing All Tax and Duty Incentives, Subject to  
17       Certain Exceptions, Expanding the Powers of the Fiscal Incentives  
18       Review Board and for other Purposes”

19

20      (3) Memorandum Order No. 23, s. 1986, entitled “Expanding the  
21       Membership of the Fiscal Incentives Review Board”

22

23      (E) To transfer to the FIRB the power of the IPA Board to review, approve or  
24       disapprove fiscal incentives of special projects/activities as defined in this Act, and  
25       to mandate the IPA Board to recommend to the FIRB after a thorough review of  
26       the application, the approval or disapproval of the same, the following provisions  
27       are hereby amended, accordingly.

28

29      (1) Article 7 of Executive Order No. 226, series of 1987, entitled “the  
30       Omnibus Investments Code of 1987”, as amended by RA 7918, entitled  
31       “An Act Amending Article 39, Title III of Executive Order No. 226, series  
32       of 1987, entitled, ‘the Omnibus Investment Code of 1987, as Amended,  
33       and for Other Purposes’”;

34

35      (2) Section 7 of RA 7903, entitled “An Act Creating a Special Economic Zone  
36       and Freeport in the City of Zamboanga City Special Economic Zone  
37       Authority, Appropriating Funds Therefor, and for Other Purposes”;

- (3) Section 1 of Executive Order No. 458, entitled "Devolving the Powers and Functions of the Board of Investments Over Investments Within the Autonomous Region in Muslim Mindanao to the Autonomous Regional Government and for Other Purposes";
- (4) Section 13 of RA 9728, entitled "An Act Converting the Bataan Economic Zone located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan, Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes";
- (5) Section 13 (b) of RA 7227, as amended by RA 9400 entitled "An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for the Purpose, Providing Funds Therefore and for Other Purposes";
- (6) Section 8 of RA 9400, entitled "An Act Amending Republic Act No. 7227, as amended, Otherwise Known as the Bases Conversion and Development Act of 1992, and for Other Purposes";
- (7) Section 69 (n) of Subchapter IV-B of RA 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development and Strengthening the Department of Tourism and its Attached Agencies to Effectively Implement that Policy, and Appropriating Funds Therefor";
- (8) Sections 7 and 12 of RA 9490, entitled "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes", as amended by RA 10083, entitled "An Act Amending Republic Act No. 9490, Otherwise Known as the "Aurora Special Economic Zone Act Of 2007";
- (9) Section 6 of RA 7922, entitled "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands of Cagayan, Providing Funds Therefor, and for Other Purposes";

1                         (10) Section 4, of PD No. 538, entitled "Creating and Establishing the  
2                         PHIVIDEC Industrial Authority and Making it a Subsidiary Agency of the  
3                         Philippines Veterans Investment Development Corporation, Defining its  
4                         Powers, Functions and Responsibilities, and for Other Purposes";  
5

6                         (11) Sections 13 and 21 of RA 7916, as amended by RA 8748 entitled "An  
7                         Act Providing for the Legal Framework and Mechanisms for the  
8                         Creation, Operation, Administration and Coordination of Special  
9                         Economic Zones in the Philippines, Creating for this Purpose, the  
10                         Philippine Economic Zone Authority and for Other Purposes;

11  
12                         (F) Sections 4, 5, 6, and 7 of RA 10708, entitled "An Act Enhancing Transparency in  
13                         the Management and Accounting of Tax Incentives Administered by Investment  
14                         Promotion Agencies"

15  
16                         (G) *In general.* – All other laws, decrees, Executive Orders, rules and  
17                         regulations, or parts thereof which are contrary to or inconsistent with this Code  
18                         are hereby repealed, amended or modified accordingly.

19  
20                         SEC. 41. *Implementing Rules and Regulations.* – Within thirty (30) days  
21                         from the effectivity of this Act, the Secretaries of Finance, and Trade and Industry,  
22                         shall, upon consultations with the Bureau of Internal Revenue and Board of  
23                         Investments and other Investment Promotion Agencies, promulgate the  
24                         necessary rules and regulations for its effective implementation.

25  
26                         SEC. 42. *Separability Clause.* – If any clause, sentence, paragraph, or part  
27                         of this Code shall be adjudged by any Court of competent jurisdiction to be  
28                         invalid, such judgment shall not affect, impair, or invalidate the remainder of said  
29                         Code, but shall be confined in its operation to the clause, sentence, paragraph, or  
30                         part thereof directly involved in the controversy.

31  
32                         SEC. 43. *Effectivity.* This Act shall take effect on January 1, 2020 following  
33                         its complete publication in the *Official Gazette* or in a newspaper of general  
34                         circulation.

35  
36  
37                         Approved,  
38  
39