



HOUSE OF REPRESENTATIVES

House Bill No. 63

Introduced by Representative VICTOR A. YAP

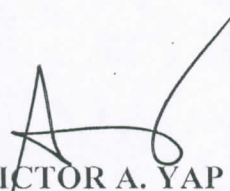
EXPLANATORY NOTE

This bill seeks to amend the allocation of income on taxes earned within the Clark Special Economic Zone (CSEZ). Businesses within the CSEZ currently enjoy a 5% gross income earned tax in lieu of all other national and local taxes. At present, the allocation of gross income tax earned in the CSEZ are as follows: 3% to the national government and 2% to the municipality or city where the business is located.

Under this bill, 1% will be remitted to the national government, 1% to be equally shared by the provincial governments of Pampanga and Tarlac, 1% to municipalities or cities, and 2% to the governing body of the CSEZ or the Clark Development Corporation.

This new allocation formula aims to equitably diffuse income opportunities that will serve as additional funding source for the development and promotion of the CSEZ.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


VICTOR A. YAP
Representative, 2nd District of Tarlac

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AN ACT
AMENDING SECTION 15 OF REPUBLIC ACT NO 7227, AS AMENDED, OTHERWISE
KNOWN AS THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992

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

SECTION 1. Section 15 of Republic Act No. 7227, as amended, is hereby amended to read as
follows:

“SEC. 15. Clark and Other Special Economic Zones (CSEZ). – x x x.

“x x x

“[The provisions of existing laws, rules and regulations to the contrary
notwithstanding, no national and local taxes shall be imposed on registered business
enterprises within the CFZ. In lieu of said taxes, a five percent (5%) tax on gross
income earned shall be paid by all registered business enterprises within the CFZ
and shall be directly remitted as follows: three percent (3%) to the National
Government, and two percent (2%) to the treasurer’s office of the municipality or
city where they are located.] THE PROVISIONS OF EXISTING LAWS, RULES
AND REGULATIONS TO THE CONTRARY NOTWITHSTANDING, NO
NATIONAL AND LOCAL TAXES SHALL BE IMPOSED ON REGISTERED
BUSINESS ENTERPRISES WITHIN THE CLARK FREEPORT ZONE. IN LIEU
OF SAID TAXES, A FIVE PERCENT (5%) TAX ON GROSS INCOME SHALL
BE PAID BY ALL REGISTERED BUSINESS ENTERPRISES WITHIN THE
CFZ AND SHALL BE DIRECTLY REMITTED AS FOLLOWS: ONE PERCENT
(1%) TO THE NATIONAL GOVERNMENT, TWO PERCENT (2%) TO THE
CLARK DEVELOPMENT CORPORATION (CDC), ONE PERCENT (1%) TO
BE EQUALLY SHARED BY THE PROVINCIAL GOVERNMENTS OF
PAMPANGA AND TARLAC, AND ONE PERCENT (1%) TO THE
TREASURER’S OFFICE OF THE MUNICIPALITY OR CITY WHERE THEY
ARE LOCATED.

1 "X X X."

2

3 **SECTION 2.** Repealing Clause. – All laws, presidential decrees, executive orders, proclamations
4 and/or administrative regulations which are inconsistent with the provisions of this Act are hereby
5 amended, modified, superseded or repealed accordingly.

6

7 **SECTION 3.** Separability Clause. - If, for any reason, any section or provision of this Act or any
8 part thereof, or the application of such section, provision or portion is declared invalid or
9 unconstitutional, all the other provisions not affected thereby shall remain valid.

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11 **SECTION 4.** Effectivity Clause. – This Act shall take effect fifteen (15) days after its complete
12 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

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14 Approved.

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