

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. No. 1024

'19 SEP -9 P 4:03

RECEIVED BY: J

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT PROMOTING FOREIGN INVESTMENTS, AMENDING THEREBY
REPUBLIC ACT NO. 7042 OTHERWISE KNOWN AS THE "FOREIGN
INVESTMENTS ACT OF 1991," AS AMENDED, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article 2, Section 20 of the 1987 Constitution provides that "*the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments*". Section 27 of the same article further states that "*the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption*".

According to the World Investment Report (2019), the ASEAN region accounted for 11 percent of the global foreign direct investment (FDI) in 2018, reaching an all-time high of \$149 billion. This represents a 3% annual growth rate of FDI in the region. Most of the growth is driven by an increase in investment in Singapore, Indonesia, Viet Nam and Thailand. Singapore received \$78 billion or more than half of the FDI in the region. Among the developing countries in the region, Indonesia received \$22 billion, continuing the strong growth it started in 2017, when FDI increased from \$4 billion in 2016 to \$21 billion. Most of the FDI in Indonesia is in the construction of major infrastructure projects. Thailand experienced a 62% growth in FDI last 2018, receiving \$10 billion. Viet Nam continues their trend of FDI growth this decade, receiving \$16 billion.

The Philippines, unfortunately, has not been swept up in the tide of FDI growth in the region. Instead, a 26% reduction in FDI, from \$8.7 billion in 2017 to \$6.5 billion in 2018 occurred. With the liberalization of the trade policies of other ASEAN nations like Indonesia, Thailand, and Viet Nam, this country has become a relatively unpromising investment destination, given few free trade deals and comparatively inhibitory investment laws.

Looking at Republic Act No. 7042, also known as the "*Foreign Investment Act of 1991*", one concern of foreign investors with investing in the country is the restrictive definition of "doing business" in the country. The current definition of "doing business" has not kept up with the rise of online business and the evolution of modern business practice. As such, there is a need to redefine "doing business" in the Philippines to reflect these changes.

Foreign investors are disturbed about the restrictiveness of the Foreign Investment Negative List (Negative List). There is a need to open up certain sectors in the Negative List to foreign investment in order to improve the competitive position of the country with respect to its ASEAN neighbors, promote competition within the local economy, and address the lack of investment and infrastructure in regulated industries. As such, requiring the National Economic and Development Authority (NEDA) to review the Negative List annually ensures that the Negative List is constantly in line with the rapidly changing conditions in the regional and global market.

Given the security concerns of foreign control in crucial industries of the country, there is a need to evaluate FDI transactions for their possible threat to national security. As such, there is a need to establish a review mechanism for foreign investment that can potentially threaten the country. There is also a need to empower the national government to take action in investments detrimental to national interests.

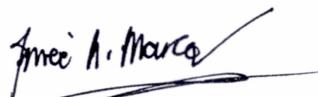
The effort and time needed to navigate the process of getting the relevant permits to do business in the country is a significant detriment to FDI in the country. In addition, there is a perception that the process of granting permits lacks transparency and accountability. As such, there is a need to simplify the process of obtaining the necessary information to invest in the country and the procedure of obtaining the relevant permits. There is also a need to criminalize and penalize wrong-doing related to the procurement of permits and other documents in order to improve transparency and accountability in the process. The establishment of a web portal, an improvement in the accountability of the bureaucracy, and a one-stop shop for all national level permits will facilitate investing in the Philippines, as it has done in other countries like Indonesia.

The policy guidelines regarding investment promotion, negotiating free trade agreements, and formulating investment policy plans lack organization. There is a need to define the lead agency in charge of promoting and marketing the potential of the country to investors. There is also a need to establish the guidelines in negotiating free trade agreements in order to establish common framework for the negotiation of trade deals. Establishing policy guidelines in the formulation of investment policy plans will also improve the targeting in terms of the industries the country wants to promote.

Much remains to be done in order to improve the attractiveness of the country to foreign investment. Investment in infrastructure, in particular, is curtailed by the restrictions imposed on the contracting business, which requires 60%

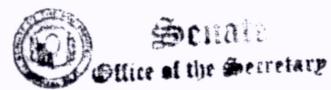
ownership by Filipinos of companies engaged in the construction business, as specified in the Implementing Rules and Regulations of R.A. No. 4566, also known as the "*Contractor's License Law*". On retail trade, the reservation of enterprises with a paid-up capital below USD 2.5 million to Filipinos as stated in R.A. No. 8762, also known as the "*Retail Trade Liberalization Act of 2000*", act as a significant barrier to entry for foreign investment, resulting in anti-competitive behavior in the industry. The inability of foreigners to own or lease land for a significant period of time also hampers the attractiveness of investing in the country. Thus, amending R.A. No. 7042 otherwise known as the "*Foreign Investments Act of 1991*", is just the first step in improving the competitiveness of the country in attracting foreign investments.

Given the abovementioned circumstances, the immediate passage of this bill is necessary.



IMEE R. MARCOS
Senator

EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. No. 1024

19 SEP -9 PM:03

RECEIVED BY *[Signature]*

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT PROMOTING FOREIGN INVESTMENTS, AMENDING THEREBY
REPUBLIC ACT NO. 7042 OTHERWISE KNOWN AS THE "FOREIGN
INVESTMENTS ACT OF 1991," 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. Section 2 of Republic Act No. 7042 (R.A. No. 7042), as amended
2 by Republic Act No. 8179, otherwise known as the "Foreign Investments Act of
3 1991", is hereby amended, to read as follows:

4 "Sec. 2. Declaration of Policy. — **RECOGNIZING THAT INCREASED
5 CAPITAL AND TECHNOLOGY BENEFITS THE PHILIPPINES AND THAT
6 GLOBAL AND REGIONAL ECONOMIES AFFECT THE PHILIPPINE
7 ECONOMY, [i]t is the policy of the State to attract, promote and welcome
8 productive investments from foreign individuals, partnerships, corporations,
9 and governments, including their political subdivisions, in activities which
10 significantly contribute to [national industrialization and socioeconomic
11 development] **SUSTAINABLE, INCLUSIVE, RESILIENT, SMART, AND
12 INNOVATIVE ECONOMIC GROWTH, PRODUCTIVITY, GLOBAL
13 COMPETITIVENESS, EMPLOYMENT CREATION, TECHNOLOGICAL
14 ADVANCEMENT, AND COUNTRYWIDE DEVELOPMENT** to the extent that
15 foreign investment is allowed in such activity by the Constitution and relevant
16 laws, **AND CONSISTENT WITH THE PROTECTION OF NATIONAL****

1 **SECURITY.** Foreign investments shall be encouraged in enterprises that
2 significantly expand livelihood and employment opportunities for Filipinos;
3 enhance economic value of [farm] **AGRICULTURAL** products; promote the
4 welfare of Filipino consumers; expand the scope, quality and volume of exports
5 and their access to foreign markets; and/or transfer relevant technologies in
6 agriculture, industry and support services. Foreign investments shall be
7 welcome as a supplement to Filipino capital and technology in those enterprises
8 serving mainly the domestic market.

9 **THE STATE SHALL ENDEAVOR TO PROMOTE ACCOUNTABILITY**
10 **AND INTEGRITY OF PUBLIC OFFICE, AS WELL AS THE PROMOTION**
11 **AND ADMINISTRATION OF EFFICIENT PUBLIC SERVICE TO ENTICE**
12 **FOREIGN INVESTMENTS.**

13 **FOREIGN INVESTMENTS SHALL BE CONDUCTED BASED ON THE**
14 **PRINCIPLES OF TRANSPARENCY, EQUITABLE JUSTICE, AND**
15 **ECONOMIC UNITY.**

16 As a general rule, there are no restrictions on extent of foreign
17 ownership of export enterprises. In domestic market enterprises, foreigners can
18 invest as much as one hundred percent (100%) equity except in areas included
19 in the negative list. Foreign owned firms catering mainly to the domestic market
20 shall be encouraged to undertake measures that will gradually increase Filipino
21 participation in their businesses by taking in Filipino partners, electing Filipinos
22 to the board of directors, implementing transfer of technology to Filipinos,
23 generating more employment for the economy and enhancing skills of Filipino
24 workers.

25 Sec. 2. Section 3 of R.A. No. 7042 is hereby amended, to read as follows:

26 “Sec. 3. Definitions. – As used in this Act:

27 xxx

28 b) the term “investment” shall mean equity participation in any enterprise
29 organized and existing under the laws of the Philippines **AND DULY RECORDED IN**
30 **THE STOCK TRANSFER BOOK, OR ITS EQUIVALENT, OF THE ENTERPRISE.”**

31 xxx

1 d) the phrase "doing business" shall include soliciting orders, service contracts,
2 opening offices, whether called "liaison" offices or branches; appointing
3 representatives or distributors domiciled in the Philippines or who in any calendar year
4 stay in the country for a period or periods totaling one hundred eighty (180) days or
5 more; participating in the management, supervision or control of any domestic
6 business, firm, entity or corporation in the Philippines; **PRACTICING MULTI-LEVEL**
7 **MARKETING**; and any other act or acts that imply a continuity of commercial dealings
8 or arrangements, and contemplate to that extent the performance of acts or works,
9 or the exercise of some of the functions normally incident to, and in progressive
10 prosecution of, commercial gain or of the purpose and object of the business
11 organization: Provided, however, That the phrase "doing business" shall not be
12 deemed to include mere investment as a shareholder by a foreign entity in domestic
13 corporations duly registered to do business, and/or the exercise of rights as such
14 investor; nor having a nominee director or officer to represent its interests in such
15 corporation; nor appointing a representative or distributor domiciled in the Philippines
16 which transacts business in its own name and for its own account.

17 Sec. 3. Section 4 of R.A. No. 7042 is hereby amended to read as follows:

18 "Sec. 4. Scope. – This Act shall not apply to banking and other financial
19 institutions which are governed and regulated by the General Banking Act and other
20 laws under the supervision of the [Central Bank] **BANGKO SENTRAL NG**
21 **PILIPINAS.**"

22 Sec. 4. A new section of R.A. No. 7042 is inserted, to read as follows:

23 **SEC. 5. INVESTMENT PROMOTIONS COUNCIL. – THERE IS HEREBY**
24 **CREATED AN "INVESTMENT PROMOTIONS COUNCIL", HEREINAFTER**
25 **REFERRED TO AS THE "COUNCIL," WHICH SHALL BE THE BODY THAT WILL**
26 **PROMOTE AND ENCOURAGE FOREIGN INVESTMENTS IN THE COUNTRY.**

27 **THE COUNCIL SHALL BE COMPOSED OF THE FOLLOWING:**

28 **(1) DEPARTMENT OF FOREIGN AFFAIRS (DFA) –**
29 **UNDERSECRETARY FOR ECONOMIC AFFAIRS;**
30 **(2) ONE (1) REPRESENTATIVE FROM THE NATIONAL ECONOMIC**
31 **AND DEVELOPMENT AUTHORITY (NEDA);**

- 1 (3) ONE (1) REPRESENTATIVE FROM THE DEPARTMENT OF TRADE
2 AND INDUSTRY (DTI) – BOARD OF INVESTMENTS (BOI);
3 (4) ONE (1) REPRESENTATIVE FROM THE DEPARTMENT OF TRADE
4 AND INDUSTRY (DTI) – PHILIPPINE ECONOMIC ZONE
5 AUTHORITY (PEZA);
6 (5) ONE (1) REPRESENTATIVE FROM THE DEPARTMENT OF
7 INFORMATION AND COMMUNICATIONS TECHNOLOGY (DICT);
8 (6) ONE (1) REPRESENTATIVE FROM THE PHILIPPINE
9 INTERNATIONAL TRADING CORPORATION (PITC);
10 (7) ONE (1) REPRESENTATIVE FROM THE DEPARTMENT OF
11 EDUCATION (DEPED);
12 (8) ONE (1) REPRESENTATIVE FROM THE COMMISSION ON
13 HIGHER EDUCATION (CHED); AND
14 (9) ONE (1) REPRESENTATIVE FROM THE TECHNICAL EDUCATION
15 AND SKILLS DEVELOPMENT AUTHORITY (TESDA).

16 THE CHAIRPERSON OF THE COUNCIL SHALL BE THE DFA
17 UNDERSECRETARY FOR ECONOMIC AFFAIRS. *PROVIDED THAT*, THE
18 MEMBERS ABOVENTIONED SHALL BE CONSIDERED AS EX-OFFICIO
19 MEMBERS OF THE COUNCIL.

20 THE CHAIRPERSON MAY REQUIRE THE PARTICIPATION IN THE
21 COUNCIL OF SUCH OTHER GOVERNMENT AGENCIES OR
22 INSTRUMENTALITIES, AS HE/SHE MAY DEEM NECESSARY.

23 THE COUNCIL SHALL ESTABLISH A DIRECTORY OF POTENTIAL
24 PARTNERS WHICH ARE READY AND ABLE TO JOIN FOREIGN INVESTORS
25 WHICH SHALL BE IN CONSULTATION WITH THE DIFFERENT LOCAL
26 CHAMBERS OF COMMERCE CONCERNED.

27 INVESTMENT PROMOTIONS AGENCIES (IPAs) SUCH AS THE BOARD
28 OF INVESTMENTS (BOI), PHILIPPINE ECONOMIC ZONE AUTHORITY
29 (PEZA), BASES CONVERSION AND DEVELOPMENT AUTHORITY (BCDA),
30 AUTHORITY OF THE FREEPORT AREA OF BATAAN (FAB), CLARK
31 DEVELOPMENT CORPORATION (CDC), SUBIC BAY METROPOLITAN
32 AUTHORITY (SBMA), AND CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA),

1 **AMONG OTHERS, SHALL LIKEWISE COORDINATE WITH THE COUNCIL IN**
2 **PROMOTING FOREIGN INVESTMENTS TO OTHER COUNTRIES.**

3 Sec. 5. A new section of R.A. No. 7042 is inserted, to read as follows:

4 **SEC. 6. DEVELOPMENT OF THE INVESTMENT PRIORITIES PLAN (IPP).**

5 **- A COMPREHENSIVE AND STRATEGIC INVESTMENT PRIORITIES PLAN**
6 **(IPP) SHALL BE DEVELOPED BY THE BOARD OF INVESTMENTS (BOI) ON AN**
7 **ANNUAL BASIS. PROVIDED THAT, AN IPP BASED ON CONCERNS**
8 **REGARDING FOOD SECURITY, DISTINCT RESOURCES, SKILLS**
9 **ADVANTAGES, AND INTERNATIONAL MARKET POTENTIAL SHALL ALSO BE**
10 **DEVELOPED. PROVIDED FURTHER THAT, A WEB PORTAL, ACCESSIBLE TO**
11 **THE PUBLIC, SHALL BE THEREAFTER ESTABLISHED WHICH SHALL**
12 **CONTAIN ALL PERTINENT INFORMATION TO INVESTMENT POLICIES,**
13 **PROGRAMS, AND PROCEDURES.**

14 **THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),**
15 **DEPARTMENT OF TRANSPORTATION (DOTR), DICT, AND OTHER RELATED**
16 **AGENCIES SHALL PRIORITIZE CRITICAL INFRASTRUCTURE AND OTHER**
17 **RESOURCES WHILE DEPED, CHED, TESDA, AND OTHER AGENCIES**
18 **INVOLVED IN SKILLS TRAINING SHALL LIKEWISE GEAR EFFORTS TOWARD**
19 **MANPOWER RESOURCES IN THE DEVELOPMENT OF THE IPP.**

20 Sec. 6. Section 7 of R.A. No. 7042 is hereby amended to read as follows:

21 *"Section 7. Foreign Investments in Domestic Market Enterprises.* - Non-
22 Philippine nationals may own up to one hundred percent (100%) of domestic market
23 enterprises unless foreign ownership therein is prohibited or limited by existing law or
24 the Foreign Investment Negative List [under Section 8 hereof]. **PROVIDED THAT,**
25 **ENTITIES WHO, REGARDLESS OF PLACE OF REGISTRATION AND**
26 **INCORPORATION, BUT WHO CONDUCTS ACTIVITIES AND CONSUMMATES**
27 **TRANSACTIONS IN THE PHILIPPINES THROUGH ONLINE COMMERCIAL**
28 **TRANSACTIONS OR ELECTRONIC COMMERCE (E-COMMERCE), AS MAY BE**
29 **DETERMINED ON A CASE-TO-CASE BASIS, MAY BE CONSIDERED AS BEING**
30 **INVOLVED IN DOMESTIC MARKET ENTERPRISES. PROVIDED FURTHER**
31 **THAT, SUCH ENTITIES SHALL BE REGULATED UNDER THIS ACT AND SHALL**
32 **NOT FALL UNDER THE PROHIBITIONS ON MEDIA AND EDUCATION UNLESS**

1 **PROVEN TO BE CONDUCTING THEIR MAIN UNDERTAKINGS IN THE**
2 **PHILIPPINES.**

3 A domestic market enterprise may change its status to export enterprise if over
4 a three (3) year period it consistently exports in each year thereof sixty per cent (60%)
5 or more of its output."

6 Sec. 7. Section 8 of R.A. No. 7042 is hereby amended to read as follows:

7 "Section 8. List of Investment Areas Reserved to Philippine Nationals (Foreign
8 Investment Negative List). - The Foreign Investment Negative List shall have three
9 (3) component lists: A, B, and C:

10 X X X

11 Amendments to List B and C after promulgation and publication of the first
12 Regular Foreign Investment Negative List at the end of the transitory period shall [not
13 be made more often than once every two (2) years] **BE MADE ANNUALLY BY THE**
NEDA AND SUBMIT TO CONGRESS EVERY APRIL 30 OF THE YEAR THE
OUTPUT OF THE ANALYSIS ON THE CONTRIBUTION TO THE ECONOMY OF
THE INVESTMENT AREAS, INDUSTRIES, OR SECTORS. NEDA SHALL
LIKEWISE RECOMMEND TO CONGRESS INVESTMENT-RELATED MATTERS
REQUIRING NECESSARY LEGISLATION."

19 Sec. 8. Section 12 of R.A. No. 7042 is hereby amended to read as follows:

20 "Section 12. *Consistent Government Action WITH IPP.* - No agency,
21 instrumentality or political subdivision of the Government shall take any action on
22 conflict with or which will nullify the provisions of this Act, or any certificate or
23 authority granted hereunder."

24 Sec. 9. A new section of R.A. No. 7042 is inserted, to read as follows:

25 **SEC. 13. THE NEDA, THE NATIONAL SECURITY COUNCIL (NSC), AND**
OTHER APPROPRIATE DEPARTMENTS OR AGENCIES WITH THE
EXPERTISE AND KNOWLEDGE OF THE RELEVANT ISSUES, SHALL
INITIATE A REVIEW OF ANY FOREIGN INVESTMENT TRANSACTION
THAT THREATENS TO JEOPARDIZE INTERNATIONAL RELATIONS OR
EVEN IMPAIR THE NATIONAL SECURITY OF THE REPUBLIC OF THE
PHILIPPINES. THE REVIEW SHALL INCLUDE, AMONG OTHERS, A
DETERMINATION OF THE EFFECTS OF SUCH FOREIGN INVESTMENT

1 ON DIPLOMATIC AND TRADE NEGOTIATIONS, THE SAFETY AND
2 PROTECTION OF FILIPINO NATIONALS OVERSEAS, NATIONAL
3 SECURITY, THE NEGOTIATION OF ANY MITIGATION AGREEMENTS,
4 AND THE RESTRUCTURING OR MODIFICATION OF THE SUBJECT
5 TRANSACTION. ANY RECOMMENDATION INVOLVING THE
6 SUSPENSION OR PROHIBITION OF ANY QUESTIONED TRANSACTION
7 SHALL BE TRANSMITTED TO THE OFFICE OF THE PRESIDENT FOR
8 APPROPRIATE ACTION. THE IMPLEMENTING RULES AND
9 REGULATIONS SHALL SET THE PROCESS FOR SUCH REVIEW.

10 Sec. 10. A new section of R.A. No. 7042 is inserted, to read as follows:

11 **Sec. 14. ONE-STOP SHOP. – UPON THE EFFECTIVITY OF THIS ACT, A**
12 **"ONE-STOP SHOP" SHALL BE ESTABLISHED, IN COORDINATION WITH THE**
13 **IPAS SUCH AS THE BOI, PEZA, AND BCDA, AMONG OTHERS, WHERE**
14 **FOREIGN INVESTORS CAN EASILY APPLY TO AND BE ISSUED PERMITS**
15 **AND/OR REGISTRATIONS. PROVIDED THAT, AN ONLINE DATABASE SHALL**
16 **BE MAINTAINED AND ALL APPLICATIONS SHALL BE ACTED UPON, BY THE**
17 **CONCERNED IPA, DEPARTMENTS, OR AGENCIES, WITHIN THREE (3)**
18 **BUSINESS DAYS UPON COMPLETION AND SUBMISSION OF THE**
19 **REQUIREMENTS, IN ACCORDANCE WITH LAWS, RULES AND**
20 **REGULATIONS, SUCH AS R.A. NO. 11032 OTHERWISE KNOWN AS THE**
21 **"EASE OF DOING BUSINESS AND EFFICIENT GOVERNMENT SERVICE**
22 **DELIVERY ACT OF 2018" AND R.A. NO. 9485 OTHERWISE KNOWN AS THE**
23 **"ANTI-RED TAPE ACT OF 2007," AMONG OTHERS.**

24 Sec. 11. A new section of R.A. No. 7042 is inserted, to read as follows:

25 **SEC. 16. SANCTIONS AND PENALTIES. – PUBLIC OFFICIALS AND**
26 **EMPLOYEES SHALL ALWAYS UPHOLD PUBLIC INTEREST OVER AND ABOVE**
27 **PERSONAL INTEREST. ANY PUBLIC OFFICIAL OR EMPLOYEE WHO**
28 **CONTRAVENES PUBLIC INTEREST AND CONSTITUTES ECONOMIC**
29 **SABOTAGE WHICH MAY THREATEN THE STABILITY OF THE NATION SHALL**
30 **BE LIABLE, AS FOLLOWS:**

31 (1) ANY PUBLIC OFFICIAL OR EMPLOYEE WHO VIOLATES THE
32 FOLLOWING ACTS SHALL BE PUNISHED BY A FINE OF NOT LESS

1 **THAN ONE (1) MILLION PESOS BUT NOT MORE THAN FIVE (5)**
2 **MILLION PESOS OR IMPRISONMENT OF SIX (6) YEARS AND**
3 **ONE (1) DAY TO TWELVE (12) YEARS, OR BOTH, AT THE**
4 **DISCRETION OF THE COURT, AND PERPETUAL ABSOLUTE**
5 **DISQUALIFICATION:**

6 **(A) REFUSAL TO ACCEPT APPLICATION OR REQUEST WITH**
7 **COMPLETE REQUIREMENTS BEING SUBMITTED BY AN**
8 **APPLICANT OR REQUESTING PARTY WITHOUT DUE**
9 **CAUSE;**

10 **(B) IMPOSITION OF ADDITIONAL REQUIREMENTS OR COSTS**
11 **OTHER THAN THOSE PROVIDED BY LAW;**

12 **(C) FAILURE TO GIVE THE APPLICANT OR REQUESTING**
13 **PARTY A WRITTEN NOTICE ON THE DISAPPROVAL OF AN**
14 **APPLICATION OR REQUEST;**

15 **(D) FAILURE TO RENDER GOVERNMENT SERVICES WITHIN**
16 **THE PRESCRIBED PROCESSING TIME ON ANY**
17 **APPLICATION OR REQUEST WITHOUT DUE CAUSE;**

18 **(E) FAILURE TO ATTEND TO APPLICANTS OR REQUESTING**
19 **PARTIES WHO ARE WITHIN THE PREMISES OF THE**
20 **OFFICE OR AGENCY CONCERNED PRIOR TO THE END OF**
21 **OFFICIAL WORKING HOURS AND DURING LUNCH BREAK;**

22 **(F) FAILURE OR REFUSAL TO ISSUE RECEIPTS; AND**

23 **(G) FIXING AND/OR IN COLLUSION WITH FIXERS IN**
24 **CONSIDERATION OF ECONOMIC OR ANY OTHER GAIN.**

25 **(2) ANY PUBLIC OFFICIAL OR EMPLOYEE WHO VIOLATES THE**
26 **FOLLOWING ACTS SHALL BE PUNISHED BY A FINE OF NOT LESS**
27 **THAN TEN (10) MILLION PESOS BUT NOT MORE THAN TWENTY**
28 **(20) MILLION PESOS OR IMPRISONMENT OF TWENTY (20)**
29 **YEARS AND ONE (1) DAY TO THIRTY (30) YEARS, OR BOTH, AT**
30 **THE DISCRETION OF THE COURT, AND PERPETUAL ABSOLUTE**
31 **DISQUALIFICATION:**

- (A) ANY PUBLIC OFFICIAL OR EMPLOYEE WHO MISUSES GOVERNMENT FUNDS OR PROPERTY UNDER HIS ADMINISTRATION OR CONTROL OTHER THAN FOR WHICH SUCH FUND OR PROPERTY IS APPROPRIATED BY LAW;
 - (B) PERSUADING, INDUCING, OR INFLUENCING ANOTHER PUBLIC OFFICER OR EMPLOYEE TO PERFORM AN ACT CONSTITUTING A VIOLATION OF THE LAW OR RULES AND REGULATIONS DULY PROMULGATED BY COMPETENT AUTHORITY OR AN OFFENSE IN CONNECTION WITH THE OFFICIAL DUTIES OF THE LATTER, OR ALLOWING HIMSELF TO BE PERSUADED, INDUCED, OR INFLUENCED TO COMMIT SUCH VIOLATION OR OFFENSE;
 - (C) DIRECTLY OR INDIRECTLY REQUESTING OR RECEIVING ANY GIFT, PRESENT, SHARE, PERCENTAGE, OR BENEFIT, FOR HIMSELF OR FOR ANY OTHER PERSON, IN CONNECTION WITH ANY CONTRACT OR TRANSACTION BETWEEN THE GOVERNMENT AND ANY OTHER PART, WHEREIN THE PUBLIC OFFICER IN HIS OFFICIAL CAPACITY HAS TO INTERVENE UNDER THE LAW;
 - (D) DIRECTLY OR INDIRECTLY REQUESTING OR RECEIVING ANY GIFT, PRESENT, OR OTHER PECUNIARY OR MATERIAL BENEFIT, FOR HIM/HERSELF OR FOR ANOTHER, FROM ANY PERSON FOR WHOM THE PUBLIC OFFICER OR EMPLOYEE, IN ANY MANNER OR CAPACITY, HAS SECURED OR OBTAINED, OR WILL SECURE OR OBTAIN, ANY PERMIT OR LICENSE, IN CONSIDERATION FOR THE HELP GIVEN OR TO BE GIVEN;
 - (E) ACCEPTING OR HAVING ANY MEMBER OF HIS FAMILY ACCEPT EMPLOYMENT IN A PRIVATE ENTITY WHICH HAS PENDING OFFICIAL BUSINESS WITH HIM/HER DURING

**THE PENDENCY THEREOF OR WITHIN ONE (1) YEAR
AFTER ITS TERMINATION;**

- (F) CAUSING ANY UNDUE INJURY TO ANY PARTY, INCLUDING THE GOVERNMENT, OR GIVING ANY PRIVATE PARTY ANY UNWARRANTED BENEFIT, ADVANTAGE, OR PREFERENCE IN THE DISCHARGE OF HIS OFFICIAL FUNCTIONS THROUGH MANIFEST PARTIALITY, EVIDENT BAD FAITH, OR GROSS INEXCUSABLE NEGLIGENCE;
 - (G) DIRECTLY OR INDIRECTLY HAVING FINANCING OR PECUNIARY INTEREST IN ANY BUSINESS, CONTRACT OR TRANSACTION IN CONNECTION WITH WHICH HE INTERVENES OR TAKES PART IN HIS OFFICIAL CAPACITY, OR IN WHICH HE IS PROHIBITED BY THE CONSTITUTION OR BY ANY LAW FROM HAVING ANY INTEREST;
 - (H) DIRECTLY OR INDIRECTLY BECOMING INTERESTED, FOR PERSONAL GAIN, OR HAVING A MATERIAL INTEREST, SUCH AS UNLAWFUL, INEQUITABLE, OR IRREGULAR TRANSACTIONS OR ACTS IN ANY TRANSACTION OR ACT REQUIRING THE APPROVAL OF THE COUNCIL OR OFFICE OF WHICH HE/SHE IS A MEMBER, AND WHICH EXERCISES DISCRETION IN SUCH APPROVAL;
 - (I) KNOWINGLY APPROVING OR GRANTING ANY LICENSE, PERMIT, OR BENEFIT IN FAVOR OF ANY PERSON NOT QUALIFIED FOR OR NOT LEGALLY ENTITLED TO SUCH LICENSE, PERMIT, PRIVILEGE OR ADVANTAGE, OR OF A MERE REPRESENTATIVE OR DUMMY OF ONE WHO IS NOT SO QUALIFIED OR ENTITLED; AND
 - (J) DIVULGING VALUABLE INFORMATION OF A CONFIDENTIAL CHARACTER, ACQUIRED BY HIS OFFICE OR BY HIM ON ACCOUNT OF HIS OFFICIAL POSITION TO

1 **UNAUTHORIZED PERSONS, OR RELEASING SUCH**
2 **INFORMATION IN ADVANCE OF ITS AUTHORIZED**
3 **RELEASE DATE.**

4 Sec. 12. The sections in R.A. No. 7042 shall be renumbered accordingly.

5 Sec. 13. *Appropriation.* – The amount necessary to carry out the provisions of
6 this Act shall be included in the budget of the concerned departments and agencies
7 in the General Appropriations Act (GAA).

8 Sec. 14. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
9 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
10 repealed or modified accordingly.

11 Sec. 15. *Separability Clause.* – If any portion or provision of this Act is declared
12 unconstitutional, the remainder of this Act or any provision not affected thereby shall
13 remain in force and effect.

14 Sec. 16. *Effectivity.* – This Act shall take effect after fifteen (15) days following
15 the completion of its publication either in the Official Gazette or in a newspaper of
16 general circulation in the Philippines.

Approved,