



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

20 FEB 17 P5:42

SENATE

RECEIVED BY: _____

S. No. 1357

(In Substitution of S.B. Nos. 535, 595, and 702 taking into consideration
H.B. No. 4157)

Prepared by the Committee on Ways and Means with Senators Zubiri, Recto,
Angara, and Cayetano as authors

**AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES
SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 4, 20, 27, 28, 34 AND 290
OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND
CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES**

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Corporate Income
2 Tax and Incentives Reform Act” or “CITIRA.”

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
4 develop the national economy towards global competitiveness by implementing tax
5 policies instrumental in attracting investments, which will result in productivity
6 enhancement, employment generation, countrywide development, and a more
7 inclusive economic growth, while at the same time maintaining fiscal prudence and
8 stability.

9 To achieve these objectives, the State shall:

10 (a) Improve the equity and efficiency of the corporate tax system by lowering
11 the rate, widening the tax base, and reducing tax distortions and leakages; and

12 (b) Develop a more responsive and globally-competitive tax incentives regime
13 that is performance-based, targeted, time-bound, and transparent.

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

16 “**SEC. 4. Power of the Commissioner to Interpret Tax Laws and**
17 **to Decide Tax Cases.** – The power to interpret the provisions of the
18 Code and other tax laws shall be under the exclusive and original

1 jurisdiction of the Commissioner, subject to review by the Secretary of
2 Finance: **PROVIDED, THAT THE POWER TO INTERPRET THE**
3 **PROVISIONS OF TITLE XIII OF THE CODE ON TAX INCENTIVES**
4 **SHALL BE THE EXCLUSIVE AND ORIGINAL JURISDICTION OF**
5 **THE SECRETARY OF FINANCE, SUBJECT TO THE EXCLUSIVE**
6 **APPELLATE JURISDICTION OF THE COURT OF TAX APPEALS.**

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

13 **SEC. 4.** Section 20 of the National Internal Revenue Code of 1997, as
14 amended, is hereby further amended to read as follows:

15 "SEC. 20. *Submission of Report and Pertinent Information by*
16 *the Commissioner.* –

17 "(A) x x x

18 "(B) **SUBMISSION OF TAX-RELATED INFORMATION TO**
19 **THE DEPARTMENT OF FINANCE.** – THE COMMISSIONER
20 SHALL, UPON THE ORDER OF THE SECRETARY OF FINANCE
21 SPECIFICALLY IDENTIFYING THE NEEDED INFORMATION AND
22 JUSTIFICATION FOR SUCH ORDER, FURNISH THE SECRETARY
23 PERTINENT TAXPAYER INFORMATION: **PROVIDED, HOWEVER,**
24 **THAT THE SECRETARY AND THE RELEVANT OFFICERS**
25 **HANDLING SUCH SPECIFIC INFORMATION SHALL BE COVERED**
26 **BY THE PROVISIONS OF SECTION 270 UNLESS THE TAXPAYER**
27 **CONSENTS IN WRITING TO SUCH DISCLOSURE.**

28 "[~~(B)~~] (C) *Report to Oversight Committee.* – The Commissioner
29 shall, with reference to Section 204 of this Code, submit to the
30 Oversight Committee referred to in Section 290 hereof, through the
31 [~~Chairmen~~] **CHAIRPERSONS** of the Committees on Ways and Means
32 of the Senate and House of Representatives, a report on the exercise
33 of his powers pursuant to the said Section, every six (6) months of
34 each calendar year."

35 **SEC. 5.** Section 27 of the National Internal Revenue Code of 1997, as
36 amended, is hereby further amended to read as follows:

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

38 "(A) *In General.* – Except as otherwise provided in this Code,
39 [an income tax of thirty-five percent (35%)] **AN INCOME TAX RATE**
40 **OF TWENTY-NINE PERCENT (29%) EFFECTIVE JANUARY 1, 2020,**
41 is hereby imposed upon the taxable income derived during each
42 taxable year from all sources within and without the Philippines by
43 every corporation, as defined in Section 22(B) of this Code and taxable
44 under this Title as a corporation, organized in, or existing under the

1 laws of the Philippines: [*Provided*, That effective January 1, 2009, the
2 rate of income tax shall be thirty percent (30%).] **PROVIDED, THAT**
3 **THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY-**
4 **EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-**
5 **SEVEN PERCENT (27%) BEGINNING JANUARY 1, 2022; TWENTY-**
6 **SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY-**
7 **FIVE PERCENT (25%) BEGINNING JANUARY 1, 2024; TWENTY-**
8 **FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025: TWENTY-**
9 **THREE PERCENT (23%) BEGINNING JANUARY 1, 2026; TWENTY-**
10 **TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; TWENTY-**
11 **ONE PERCENT (21%) BEGINNING JANUARY 1, 2028; AND**
12 **TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029:**
13 ***PROVIDED, FURTHER*, THAT THE SCHEDULED DECREASE IN**
14 **THE RATE BEGINNING 2025 MAY BE SUSPENDED BY THE**
15 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**
16 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT**
17 **OF GROSS DOMESTIC PRODUCT (GDP) EXCEEDS THE**
18 **PROGRAMMED DEFICIT, AS DETERMINED BY THE**
19 **DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC)**
20 **IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED**
21 **REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED**
22 **ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL**
23 **PROGRAM.**

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 specific sales, purchases and other transactions
27 occur. Their income and expenses for the fiscal year shall be deemed
28 to have been earned and spent equally for each month of the period.

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

33 [*Provided, further*, That the President, upon the
34 recommendation of the Secretary of Finance, may, effective January 1,
35 2000, allow corporations the option to be taxed at fifteen percent (15%)
36 of gross income as defined herein, after the following conditions have
37 been satisfied:

38 "(1) A tax effort ratio of twenty percent (20%) of Gross National
39 Product (GNP);

40 "(2) A ratio of forty percent (40%) of income tax collection to
41 total tax revenues;

42 "(3) A VAT tax effort of four percent (4%) of GNP; and

43 "(4) A 0.9 percent (0.9%) ratio of the Consolidated Public Sector
44 Financial Position (CPSFP) to GNP.

1 "The option to be taxed based on gross income shall be
2 available only to firms whose ratio of cost of sales to gross sales or
3 receipts from all sources does not exceed fifty-five percent (55%).

4 "The election of the gross income tax option by the corporation
5 shall be irrevocable for three (3) consecutive taxable years during
6 which the corporation is qualified under the scheme.

7 "For purposes of this Section, the term 'gross income' derived
8 from business shall be equivalent to gross sales less sales returns,
9 discounts and allowances and cost of goods sold. 'Cost of goods sold'
10 shall include all business expenses directly incurred to produce the
11 merchandise to bring them to their present location and use.

12 "For a trading or merchandising concern, 'cost of goods sold'
13 shall include the invoice cost of the goods sold, plus import duties,
14 freight in transporting the goods to the place where the goods are
15 actually sold, including insurance while the goods are in transit.

16 "For a manufacturing concern, 'cost of goods manufactured and
17 sold' shall include all costs of production of finished goods, such as
18 raw materials used, direct labor and manufacturing overhead, freight
19 cost, insurance premiums and other costs incurred to bring the raw
20 materials to the factory or warehouse.

21 "In the case of taxpayers engaged in the sale of service, 'gross
22 income' means gross receipts less sales returns, allowances and
23 discounts.]

24 "(B) x x x.

25 "(C) x x x

26 "(D) x x x

27 "(E) x x x."

28 **SEC. 6.** 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.* –

32 "(1) *In General.* – Except as otherwise provided in this Code, a
33 corporation organized, authorized, or existing under the laws of any
34 foreign country, engaged in trade or business within the Philippines,
35 shall be subject to an income tax equivalent to [thirty-five percent
36 (35%)] **TWENTY-NINE PERCENT (29%)** of the taxable income
37 derived in the preceding taxable year from all sources within the
38 Philippines **EFFECTIVE JANUARY 1, 2020:** [*Provided, That effective*
39 *January 1, 2009, the rate of income tax shall be thirty percent (30%).*]
40 **PROVIDED, THAT THE RATE OF CORPORATE INCOME TAX**
41 **SHALL BE TWENTY-EIGHT PERCENT (28%) BEGINNING**
42 **JANUARY 1, 2021; TWENTY-SEVEN PERCENT (27%) BEGINNING**
43 **JANUARY 1, 2022; TWENTY-SIX PERCENT (26%) BEGINNING**
44 **JANUARY 1, 2023; TWENTY-FIVE PERCENT (25%) BEGINNING**

1 JANUARY 1, 2024; TWENTY-FOUR PERCENT (24%) BEGINNING
2 JANUARY 1, 2025; TWENTY-THREE PERCENT (23%) BEGINNING
3 JANUARY 1, 2026; TWENTY-TWO PERCENT (22%) BEGINNING
4 JANUARY 1, 2027; TWENTY-ONE PERCENT (21%) BEGINNING
5 JANUARY 1, 2028; AND TWENTY PERCENT (20%) BEGINNING
6 JANUARY 1, 2029: *PROVIDED, FURTHER*, THAT THE
7 SCHEDULED DECREASE IN THE RATE BEGINNING 2025 MAY BE
8 SUSPENDED BY THE PRESIDENT UPON RECOMMENDATION OF
9 THE SECRETARY OF FINANCE IF THE PROJECTED DEFICIT
10 TARGET AS A PERCENT OF GROSS DOMESTIC PRODUCT (GDP)
11 EXCEEDS THE PROGRAMMED DEFICIT, AS DETERMINED BY
12 THE DEVELOPMENT BUDGET COORDINATION COMMITTEE
13 (DBCC) IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED
14 REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED
15 ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL
16 PROGRAM.

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

22 "The corporate income tax rate shall be applied on the amount
23 computed by multiplying the number of months covered by the new
24 rate within the fiscal year by the taxable income of the corporation for
25 the period, divided by twelve.

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

29 "(2) x x x

30 "(3) x x x

31 ["(4) *Offshore Banking Units*. – The provisions of any law to the
32 contrary notwithstanding, income derived by offshore banking units
33 authorized by the Bangko Sentral ng Pilipinas (BSP), from foreign
34 currency transactions with nonresidents, other offshore banking units,
35 local commercial banks, including branches of foreign banks that may
36 be authorized by the Bangko Sentral ng Pilipinas (BSP) to transact
37 business with offshore banking units shall be exempt from all taxes
38 except net income from such transactions as may be specified by the
39 Secretary of Finance, upon recommendation of the Monetary Board
40 which shall be subject to the regular income tax payable by banks:
41 *Provided, however*, That any interest income derived from foreign
42 currency loans granted to residents other than offshore banking units
43 or local commercial banks, including local branches of foreign banks
44 that may be authorized by the BSP to transact business with offshore

1 banking units, shall be subject only to a final tax at the rate of ten
2 percent (10%).

3 "Any income of nonresidents, whether individuals or
4 corporations, from transactions with said offshore banking units shall
5 be exempt from income tax.]

6 **["(5) (4) Tax on Branch Profits Remittances.** – Any profit
7 remitted by a branch to its head office shall be subject to a tax of
8 fifteen percent (15%) which shall be based on the total profits applied
9 or earmarked for remittance without any deduction for the tax
10 component thereof [(except those activities which are registered with
11 the Philippine Economic Zone Authority).] The tax shall be collected
12 and paid in the same manner as provided in Sections 57 and 58 of this
13 Code: Provided, that interests, dividends, rents, royalties, including
14 remuneration for technical services, salaries, wages premiums,
15 annuities, emoluments or other fixed or determinable annual, periodic
16 or casual gains, profits, income and capital gains received by a foreign
17 corporation during each taxable year from all sources within the
18 Philippines shall not be treated as branch profits unless the same are
19 effectively connected with the conduct of its trade or business in the
20 Philippines.

21 **["(6) (5) Regional or Area Headquarters and Regional**
22 **Operating Headquarters of Multinational Companies.** –

23 "(a) Regional or area headquarters as defined in Section 22(DD)
24 shall not be subject to income tax.

25 "(b) Regional operating headquarters as defined in Section
26 22(EE) shall pay a tax of ten percent (10%) of their taxable income[.]:

27 **"PROVIDED, THAT AFTER TWO (2) YEARS FROM THE**
28 **EFFECTIVITY OF THIS ACT, REGIONAL OPERATING**
29 **HEADQUARTERS SHALL BE SUBJECT TO THE REGULAR**
30 **CORPORATE INCOME TAX.**

31 **["(7) (6) Tax on Certain Incomes Received by a Resident**
32 **Foreign Corporation.** –

33 "(a) *Interest from Deposits and Yield or any other Monetary*
34 *Benefit from Deposit Substitutes, Trust Funds and Similar*
35 *Arrangements and Royalties.* – Interest from any currency bank
36 deposit and yield or any other monetary benefit from deposit
37 substitutes and from trust funds and similar arrangements and royalties
38 derived from sources within the Philippines shall be subject to a final
39 income tax at the rate of twenty percent (20%) of such interest:
40 *Provided, however,* That interest income derived by a resident foreign
41 corporation from a depository bank under the expanded foreign
42 currency deposit system shall be subject to a final income tax at the
43 rate of [seven and one-half percent (7¹/₂%)] **FIFTEEN PERCENT**
44 **(15%)** of such interest income.

1 “(b) *Income Derived under the Expanded Foreign Currency*
2 *Deposit System.* – x x x

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

9 [“Not over P100,000 5%

10 “On any amount in excess of P100,000 10%]

11 “(d) *Intercorporate Dividends.* – x x x

12 “(B) *Tax on Nonresident Foreign Corporation.* –

13 “(1) *In General.* – Except as otherwise provided in this Code, a
14 foreign corporation not engaged in trade or business in the Philippines,
15 **EFFECTIVE JANUARY 1, 2020**, shall pay a tax equal to [thirty-five
16 percent (35%)] **TWENTY-NINE PERCENT (29%)** of the gross income
17 received during each taxable year from all sources within the
18 Philippines, such as interests, dividends, rents, royalties, salaries,
19 premiums (except reinsurance premiums), annuities, emoluments or
20 other fixed or determinable annual, periodic or casual gains, profits and
21 income, and capital gains, except capital gains subject to tax under
22 subparagraph 5(c): [Provided, That effective January 1, 2009, the
23 rate of income tax shall be thirty percent (30%).] **PROVIDED, THAT**
24 **THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY-**
25 **EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-**
26 **SEVEN PERCENT (27%) BEGINNING JANUARY 1, 2022; TWENTY-**
27 **SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY-**
28 **FIVE PERCENT (25%) BEGINNING JANUARY 1, 2024; TWENTY-**
29 **FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY-**
30 **THREE PERCENT (23%) BEGINNING JANUARY 1, 2026; TWENTY-**
31 **TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; TWENTY-**
32 **ONE PERCENT (21%) BEGINNING JANUARY 1, 2028; AND**
33 **TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029;**
34 **PROVIDED, FURTHER, THAT THE SCHEDULED DECREASE IN**
35 **THE RATE BEGINNING 2025 MAY BE SUSPENDED BY THE**
36 **PRESIDENT UPON RECOMMENDATION OF THE SECRETARY OF**
37 **FINANCE IF THE PROJECTED DEFICIT TARGET AS A PERCENT**
38 **OF GROSS DOMESTIC PRODUCT (GDP) EXCEEDS THE**
39 **PROGRAMMED DEFICIT, AS DETERMINED BY THE**
40 **DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC)**
41 **IN THE PRECEDING YEAR PRIOR TO THE SCHEDULED**
42 **REDUCTION IN THE CORPORATE INCOME TAX RATE, BASED**
43 **ON THE ANNUAL REVIEW OF THE MEDIUM TERM FISCAL**
44 **PROGRAM.**

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

5 “(3) x x x

6 “(4) x x x

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

9 “(a) *Interest on Foreign Loans.* – x x x

10 “(b) *Intercorporate Dividends.* – A final withholding tax at the
11 rate of fifteen percent (15%) is hereby imposed on the amount of cash
12 and/or property dividends received from a domestic corporation, which
13 shall be collected and paid as provided in Section 57 (A) of this Code,
14 subject to the condition that the country in which the nonresident
15 foreign corporation is domiciled, shall allow a credit against the tax due
16 from the nonresident foreign corporation taxes deemed to have been
17 paid in the Philippines equivalent to [twenty percent (20%)] **FIFTEEN**
18 **PERCENT (15%)**, which represents the difference between the regular
19 income tax [of thirty-five percent (35%)] and the fifteen percent (15%)
20 tax on dividends as provided in this subparagraph: *Provided, That*
21 [effective January 1, 2009] **EFFECTIVE JANUARY 1, 2020**, the credit
22 against the tax due shall be equivalent to [fifteen percent (15%), which
23 represents] the difference between the regular income tax **RATE** [of
24 thirty percent (30%)] and the fifteen percent (15%) tax on dividends;

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

31 “Not over P100,000 5%

32 “On any amount in excess of P100,000 10%”

33 **SEC. 7.** Section 34 of the National Internal Revenue Code of 1997, as
34 amended, is hereby further amended to read as follows:

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

42 “(A) *Expenses.* –

43 “(1) *Ordinary and Necessary Trade, Business or Professional*
44 *Expenses.* –

1 " x x x

2 "(B) Interest. –

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

14 "(A) IF RATE IS TWENTY-NINE PERCENT (29%), INTEREST
15 EXPENSE REDUCTION RATE IS THIRTY-ONE PERCENT (31%);

16 "(B) IF RATE IS TWENTY-EIGHT PERCENT (28%),
17 INTEREST EXPENSE REDUCTION RATE IS TWENTY-NINE
18 PERCENT (29%);

19 "(C) IF RATE IS TWENTY-SEVEN PERCENT (27%),
20 INTEREST EXPENSE REDUCTION RATE IS TWENTY-SIX
21 PERCENT (26%);

22 "(D) IF RATE IS TWENTY-SIX PERCENT (26%), INTEREST
23 EXPENSE REDUCTION RATE IS TWENTY-THREE PERCENT
24 (23%);

25 "(E) IF RATE IS TWENTY-FIVE PERCENT (25%), INTEREST
26 EXPENSE REDUCTION RATE IS TWENTY PERCENT (20%);

27 "(F) IF RATE IS TWENTY-FOUR PERCENT (24%), INTEREST
28 EXPENSE REDUCTION RATE IS SIXTEEN PERCENT (16%);

29 "(G) IF RATE IS TWENTY-THREE PERCENT (23%),
30 INTEREST EXPENSE REDUCTION RATE IS THIRTEEN PERCENT
31 (13%);

32 "(H) IF RATE IS TWENTY-TWO PERCENT (22%), INTEREST
33 EXPENSE REDUCTION RATE IS NINE PERCENT (9%);

34 "(I) IF RATE IS TWENTY-ONE PERCENT (21%), INTEREST
35 EXPENSE REDUCTION RATE IS FIVE PERCENT (5%);

36 "(J) IF RATE IS TWENTY PERCENT (20%), INTEREST
37 EXPENSE REDUCTION RATE IS ZERO PERCENT (0%).

38 "*PROVIDED, FINALLY,* THAT IF THE INTEREST INCOME
39 TAX IS ADJUSTED IN THE FUTURE, THE INTEREST EXPENSE
40 REDUCTION RATE SHALL BE ADJUSTED ACCORDINGLY BASED
41 ON THE PRESCRIBED STANDARD FORMULA AS DEFINED IN
42 THE RULES AND REGULATIONS TO BE PROMULGATED BY THE
43 SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF
44 THE COMMISSIONER OF INTERNAL REVENUE.

1 "SEC. 292. *EXTENT OF AUTHORITY TO GRANT TAX*
2 *INCENTIVES.* - ALL INVESTMENT PROMOTION AGENCIES
3 SHALL PROCESS APPLICATIONS FOR TAX INCENTIVES AND
4 RECOMMEND TO THE FISCAL INCENTIVES REVIEW BOARD THE
5 APPROPRIATE TAX INCENTIVES PROVIDED IN THIS TITLE TO
6 BE GRANTED TO REGISTERED BUSINESS ENTERPRISES ONLY
7 TO THE EXTENT OF THEIR APPROVED REGISTERED PROJECT
8 OR ACTIVITY UNDER THE STRATEGIC INVESTMENT PRIORITY
9 PLAN.

10 "SEC. 293. *DEFINITIONS.* - WHEN USED IN THIS TITLE:

11 "(A) *CAPITAL EQUIPMENT* REFERS TO MACHINERY,
12 EQUIPMENT, MAJOR COMPONENTS THEREOF, TOOLS,
13 DEVICES, OR APPARATUS, WHICH ARE DIRECTLY OR
14 REASONABLY NEEDED IN THE REGISTERED PROJECT OR
15 ACTIVITY OF THE REGISTERED ENTERPRISE;

16 "(B) *DIRECT LOCAL EMPLOYMENT* REFERS TO THE
17 HIRING OF FILIPINOS BY REGISTERED BUSINESS
18 ENTERPRISES UNDER AN EMPLOYER-EMPLOYEE
19 RELATIONSHIP TO PERFORM FUNCTIONS THAT ARE DIRECTLY
20 RELATED TO THE PRODUCTION OF GOODS OR PERFORMANCE
21 OF SERVICES UNDER THE REGISTERED PROJECT OR
22 ACTIVITY;

23 "(C) *DOMESTIC INPUT* REFERS TO PURCHASES OF
24 LOCALLY MANUFACTURED GOODS OR LOCALLY PRODUCED
25 RAW MATERIALS OR DOMESTICALLY OUTSOURCED SERVICES
26 KNOWN AS SERVICES EMBEDDED IN MANUFACTURING THAT
27 ARE USED DIRECTLY IN THE PRODUCTION OF GOODS UNDER
28 THE REGISTERED PROJECT OR ACTIVITY. IN THE CASE OF
29 LOCALLY MANUFACTURED GOODS, 50% OF THE VALUE-
30 ADDED OF THE SAID GOOD SHOULD LIKEWISE BE LOCALLY
31 PRODUCED OR MANUFACTURED;

32 "(D) *FREEPORT ZONES* REFERS TO AN ISOLATED AND
33 POLICED AREA ADJACENT TO A PORT OF ENTRY, WHICH
34 SHALL BE OPERATED AND MANAGED AS A SEPARATE
35 CUSTOMS TERRITORY TO ENSURE FREE FLOW OR MOVEMENT
36 OF GOODS, EXCEPT THOSE EXPRESSLY PROHIBITED BY LAW,
37 WITHIN, INTO, AND EXPORTED OUT OF THE FREEPORT ZONE
38 WHERE IMPORTED GOODS MAY BE UNLOADED FOR
39 IMMEDIATE TRANSSHIPMENT OR STORED, REPACKED,
40 SORTED, MIXED, OR OTHERWISE MANIPULATED WITHOUT
41 BEING SUBJECT TO IMPORT DUTIES. HOWEVER, MOVEMENT
42 OF THESE IMPORTED GOODS FROM THE FREE-TRADE AREA
43 TO A NON-FREE TRADE AREA IN THE COUNTRY SHALL BE
44 SUBJECT TO ALL APPLICABLE INTERNAL REVENUE TAXES

1 AND DUTIES: *PROVIDED, THAT* FOR THE FREEPORT TO
2 QUALIFY AS A SEPARATE CUSTOMS TERRITORY, A FREEPORT
3 SHALL HAVE A PERMANENT CUSTOMS CONTROL OR
4 CUSTOMS OFFICE AT ITS PERIMETER;

5 "(E) *INVESTMENT PROMOTION AGENCIES (IPAS)* REFER
6 TO GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE
7 ORDER, DECREE OR OTHER ISSUANCE, IN CHARGE OF
8 PROMOTING INVESTMENTS, GRANTING AND ADMINISTERING
9 TAX AND NON-TAX INCENTIVES, AND OVERSEEING THE
10 OPERATIONS OF THE DIFFERENT ECONOMIC ZONES AND
11 FREEPORTS IN ACCORDANCE WITH THEIR RESPECTIVE
12 SPECIAL LAWS. THESE INCLUDE THE BOARD OF
13 INVESTMENTS, REGIONAL BOARD OF INVESTMENTS
14 AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),
15 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES
16 CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC
17 BAY METROPOLITAN AUTHORITY (SBMA), CLARK
18 DEVELOPMENT CORPORATION (CDC), JOHN HAY
19 MANAGEMENT CORPORATION (JHMC), PORO POINT
20 MANAGEMENT CORPORATION (PPMC), CAGAYAN ECONOMIC
21 ZONE AUTHORITY (CEZA), ZAMBOANGA CITY SPECIAL
22 ECONOMIC ZONE AUTHORITY (ZCSEZA), PHIVIDEC INDUSTRIAL
23 AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE AND
24 FREEPORT AUTHORITY (APECO), AUTHORITY OF THE
25 FREEPORT AREA OF BATAAN (AFAB), TOURISM
26 INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
27 (TIEZA), AND ALL OTHER SIMILAR EXISTING AUTHORITIES OR
28 THAT MAY BE CREATED BY LAW IN THE FUTURE;

29 "(F) *OTHER GOVERNMENT AGENCIES ADMINISTERING*
30 *TAX INCENTIVES* REFER TO GOVERNMENT AGENCIES OTHER
31 THAN INVESTMENT PROMOTION AGENCIES WHICH REGISTER
32 OR ADMINISTER TAX INCENTIVES OF ANY KIND TO ANY
33 SPECIFIC ENTITIES AND/OR CLASS OF PERSONS PURSUANT
34 TO ANY LAW;

35 "(G) *OTHER REGISTERED ENTITIES* REFER TO ANY
36 INDIVIDUAL, PARTNERSHIP, ORGANIZATION, CORPORATION,
37 PHILIPPINE BRANCH OF A FOREIGN CORPORATION, OR OTHER
38 ENTITY INCORPORATED AND/OR ORGANIZED AND EXISTING
39 UNDER PHILIPPINE LAWS, AND REGISTERED WITH OTHER
40 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES;

41 "(H) *QUALIFIED CAPITAL EXPENDITURE* REFERS TO
42 PURCHASES OF CAPITAL GOODS WITH A USEFUL LIFE OF
43 MORE THAN ONE (1) YEAR ACQUIRED FOR THE ENTITY'S
44 PRODUCTION OF GOODS AND SERVICES TO BE DIRECTLY

1 USED IN THE PROJECT OR ACTIVITY OF THE REGISTERED
2 BUSINESS ENTERPRISE;

3 “(I) REGISTERED BUSINESS ENTERPRISE REFERS TO
4 ANY INDIVIDUAL, PARTNERSHIP, CORPORATION, PHILIPPINE
5 BRANCH OF A FOREIGN CORPORATION, OR OTHER ENTITY
6 ORGANIZED AND EXISTING UNDER PHILIPPINE LAWS AND
7 REGISTERED WITH AN INVESTMENT PROMOTION AGENCY
8 EXCLUDING SERVICE ENTERPRISES SUCH AS THOSE
9 ENGAGED IN CUSTOMS BROKERAGE, TRUCKING OR
10 FORWARDING SERVICES, JANITORIAL SERVICES, SECURITY
11 SERVICES, INSURANCE, BANKING, AND OTHER FINANCIAL
12 SERVICES, CONSUMERS’ COOPERATIVES, CREDIT UNIONS,
13 CONSULTANCY SERVICES, RETAIL ENTERPRISES,
14 RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS MAY
15 BE DETERMINED BY THE FISCAL INCENTIVES REVIEW BOARD,
16 IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR OUTSIDE
17 THE ZONES, DULY ACCREDITED OR LICENSED BY ANY OF THE
18 INVESTMENT PROMOTION AGENCIES AND WHOSE INCOME
19 DELIVERED WITHIN THE ECONOMIC ZONES SHALL BE
20 SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL
21 REVENUE CODE OF 1997, AS AMENDED;

22 “(J) RESEARCH AND DEVELOPMENT REFERS TO
23 EXPERIMENTAL OR OTHER RELATED PROJECTS OR
24 ACTIVITIES:

25 “(1) WHOSE OUTCOME CANNOT BE KNOWN OR
26 DETERMINED IN ADVANCE ON THE BASIS OF CURRENT
27 KNOWLEDGE, INFORMATION OR EXPERIENCE, BUT CAN
28 ONLY BE DETERMINED BY APPLYING A SYSTEMATIC
29 PROGRESSION OF WORK:

30 “(I) BASED ON PRINCIPLES OF ESTABLISHED
31 SCIENCE; AND

32 “(II) PROCEEDS FROM HYPOTHESIS TO
33 EXPERIMENT, OBSERVATION AND EVALUATION,
34 AND LEADS TO LOGICAL CONCLUSIONS; AND

35 “(2) THAT ARE CONDUCTED FOR THE PURPOSE OF
36 GENERATING NEW KNOWLEDGE, INCLUDING NEW
37 KNOWLEDGE IN THE FORM OF NEW OR IMPROVED
38 MATERIALS, PRODUCTS, DEVICES, PROCESSES OR
39 SERVICES;

40 “(K) SOURCE DOCUMENT REFERS TO INPUT MATERIALS
41 AND DOCUMENTS REASONABLY NEEDED BY INFORMATION
42 TECHNOLOGY (IT) AND IT-ENABLED INDUSTRIES SUCH AS
43 BOOKS, DIRECTORIES, MAGAZINES, NEWSPAPERS,
44 BROCHURES, PAMPHLETS, MEDICAL RECORDS OR FILES,

1 LEGAL RECORDS OR FILES, INSTRUCTION MATERIALS, AND
2 DRAWINGS, BLUEPRINTS, OR OUTLINES;

3 "(L) *SPECIAL ECONOMIC ZONE OR ECOZONE* REFERS TO
4 A SELECTED AREA, WHICH SHALL BE OPERATED AND
5 MANAGED AS A SEPARATE CUSTOMS TERRITORY THAT IS
6 HIGHLY DEVELOPED OR HAS THE POTENTIAL TO BE
7 DEVELOPED INTO AN AGRO-INDUSTRIAL, INDUSTRIAL,
8 INFORMATION TECHNOLOGY, OR TOURIST/RECREATIONAL
9 AREA, WHOSE METES AND BOUNDS ARE FIXED OR DELIMITED
10 BY PRESIDENTIAL PROCLAMATIONS AND WITHIN A SPECIFIC
11 GEOGRAPHICAL AREA WHICH INCLUDES INDUSTRIAL
12 ESTATES (IES), EXPORT PROCESSING ZONES (EPZS), ICT
13 PARKS AND CENTERS, AND FREE TRADE ZONES: *PROVIDED*,
14 THAT FOR THE ECOZONE TO QUALIFY AS A SEPARATE
15 CUSTOMS TERRITORY, AN ECOZONE SHALL HAVE A
16 PERMANENT CUSTOMS CONTROL OR CUSTOMS OFFICE AT ITS
17 PERIMETER *PROVIDED, HOWEVER*, THAT AREAS WHERE
18 MINING EXTRACTION IS UNDERTAKEN SHALL NOT BE
19 DECLARED AS AN ECOZONE: *PROVIDED, FURTHER*, THAT
20 VERTICAL ECONOMIC ZONES, SUCH AS, BUT NOT LIMITED TO,
21 BUILDINGS, SELECTED FLOORS WITHIN BUILDINGS, AND
22 SELECTED AREAS ON A FLOOR, NEED TO COMPLY WITH THE
23 MINIMUM CONTIGUOUS LAND AREA AS DETERMINED BY THE
24 FISCAL INCENTIVES REVIEW BOARD; AND

25 "(M) *TRAINING* REFERS TO COURSES PROVIDED TO
26 FILIPINO EMPLOYEES WHOSE WORK IS DIRECTLY RELATED TO
27 THE PRODUCTION OF GOODS OR PERFORMANCE OF
28 SERVICES UNDER THE REGISTERED PROJECT OR ACTIVITY
29 AND WHICH SHALL IMPROVE THE SPECIFIC SKILLS OR
30 KNOWLEDGE OF THE EMPLOYEE REQUIRED IN HIS OR HER
31 CURRENT EMPLOYMENT.

32 "CHAPTER II

33 "TAX AND DUTY INCENTIVES

34 "SEC. 294. *INCENTIVES*. – SUBJECT TO THE CONDITIONS
35 AND PERIOD OF AVAILMENT IN SECTIONS 295 AND 296,
36 RESPECTIVELY, THE FOLLOWING TYPES OF TAX INCENTIVES
37 MAY BE GRANTED TO REGISTERED PROJECTS OR ACTIVITIES:

38 "(A) INCOME TAX HOLIDAY;

39 "(B) SPECIAL CORPORATE INCOME TAX RATE - A TAX
40 RATE EQUIVALENT TO EIGHT PERCENT (8%) EFFECTIVE
41 JANUARY 1, 2020, NINE PERCENT (9%) EFFECTIVE JANUARY 1,
42 2021, AND TEN PERCENT (10%) EFFECTIVE JANUARY 1, 2022
43 ONWARDS, BASED ON THE GROSS INCOME EARNED, IN LIEU
44 OF ALL TAXES, BOTH NATIONAL AND LOCAL, AS SPECIFIED IN

1 THE RESPECTIVE SPECIAL LAWS OF THE INVESTMENT
2 PROMOTION AGENCIES: *PROVIDED, THAT*, THE NATIONAL
3 GOVERNMENT SHARE SHALL BE AS FOLLOWS: SIX PERCENT
4 (6%) IN 2020, SEVEN PERCENT (7%) IN 2021 AND EIGHT
5 PERCENT (8%) IN 2022 ONWARDS: *PROVIDED FURTHER, THAT*,
6 IF APPLICABLE, THE SHARES OF THE LOCAL GOVERNMENT
7 UNITS AND THE INVESTMENT PROMOTION AGENCIES UNDER
8 THE SPECIAL LAWS GOVERNING THE LATTER SHALL BE
9 OBSERVED;

10 “(C) ENHANCED DEDUCTIONS:

11 “(1) DEPRECIATION ALLOWANCE OF THE ASSETS
12 ACQUIRED FOR THE ENTITY’S PRODUCTION OF GOODS
13 AND SERVICES (QUALIFIED CAPITAL EXPENDITURE) –
14 ADDITIONAL TEN PERCENT (10%) FOR BUILDINGS; AND
15 ADDITIONAL TWENTY PERCENT (20%) FOR MACHINERIES
16 AND EQUIPMENT;

17 “(2) UP TO FIFTY PERCENT (50%) ADDITIONAL
18 DEDUCTION ON THE LABOR EXPENSE INCURRED IN THE
19 TAXABLE YEAR;

20 “(3) UP TO ONE HUNDRED PERCENT (100%)
21 ADDITIONAL DEDUCTION ON RESEARCH AND
22 DEVELOPMENT EXPENSE INCURRED IN THE TAXABLE
23 YEAR;

24 “(4) UP TO ONE HUNDRED PERCENT (100%)
25 ADDITIONAL DEDUCTION ON TRAINING EXPENSE
26 INCURRED IN THE TAXABLE YEAR;

27 “(5) UP TO FIFTY PERCENT (50%) ADDITIONAL
28 DEDUCTION ON DOMESTIC INPUT EXPENSE INCURRED IN
29 THE TAXABLE YEAR;

30 “(6) UP TO FIFTY PERCENT (50%) ADDITIONAL
31 DEDUCTION ON POWER EXPENSE INCURRED IN THE
32 TAXABLE YEAR;

33 “(7) DEDUCTION FOR REINVESTMENT ALLOWANCE
34 TO MANUFACTURING INDUSTRY - WHEN A
35 MANUFACTURING REGISTERED BUSINESS ENTERPRISE
36 REINVESTS ITS UNDISTRIBUTED PROFIT OR SURPLUS IN
37 ANY OF THE PROJECTS OR ACTIVITIES LISTED IN THE
38 STRATEGIC INVESTMENT PRIORITY PLAN, THE AMOUNT
39 REINVESTED TO A MAXIMUM OF FIFTY PERCENT (50%)
40 SHALL BE ALLOWED AS A DEDUCTION FROM ITS
41 TAXABLE INCOME WITHIN A PERIOD OF FIVE (5) YEARS
42 FROM THE TIME OF SUCH REINVESTMENT; AND

43 “(8) ENHANCED NET OPERATING LOSS CARRY-
44 OVER (NOLCO). – THE NET OPERATING LOSS OF THE

1 REGISTERED PROJECT OR ACTIVITY DURING THE FIRST
2 THREE (3) YEARS FROM THE START OF COMMERCIAL
3 OPERATION WHICH HAD NOT BEEN PREVIOUSLY OFFSET
4 AS DEDUCTION FROM GROSS INCOME MAY BE CARRIED
5 OVER AS DEDUCTION FROM GROSS INCOME WITHIN THE
6 NEXT FIVE (5) CONSECUTIVE TAXABLE YEARS
7 IMMEDIATELY FOLLOWING THE YEAR OF SUCH LOSS.

8 "(D) DUTY EXEMPTION ON IMPORTATION OF CAPITAL
9 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR
10 ACCESSORIES;

11 "(E) VALUE-ADDED TAX (VAT) EXEMPTION ON
12 IMPORTATION AND VAT ZERO-RATING ON LOCAL PURCHASES.

13 "SEC. 295. CONDITIONS OF AVAILMENT. - THE TAX
14 INCENTIVES IN THE PRECEDING SECTION SHALL BE
15 GOVERNED BY THE FOLLOWING RULES:

16 "(A) THE INCOME TAX HOLIDAY SHALL BE FOLLOWED BY
17 THE SPECIAL CORPORATE INCOME TAX RATE;

18 "(B) ENHANCED DEDUCTIONS MAY BE GRANTED IN
19 LIEU OF THE INCOME TAX HOLIDAY AND THE SPECIAL
20 CORPORATE INCOME TAX RATE: *PROVIDED, THAT* IN NO CASE
21 SHALL THE ENHANCED DEDUCTIONS BE GRANTED
22 SIMULTANEOUSLY WITH THE SPECIAL CORPORATE INCOME
23 TAX: *PROVIDED, FURTHER, THAT* THE FISCAL INCENTIVES
24 REVIEW BOARD AND THE BOARD OF INVESTMENTS, SHALL
25 PRESCRIBE THE TERMS AND CONDITIONS ON THE GRANT OF
26 ENHANCED DEDUCTIONS UNDER SECTION 294(C), INCLUDING
27 THE APPROPRIATE LEVEL OF PERCENTAGE OF DEDUCTIONS.

28 "THE FOLLOWING CONDITIONS FOR THE AVAILMENT OF
29 EACH ENHANCED DEDUCTIONS SHALL BE COMPLIED WITH:

30 "(1) THE DEPRECIATION ALLOWANCE OF THE
31 ASSETS ACQUIRED FOR THE ENTITY'S PRODUCTION OF
32 GOODS AND SERVICES (QUALIFIED CAPITAL
33 EXPENDITURE) SHALL BE ALLOWED FOR ASSETS THAT
34 ARE DIRECTLY RELATED TO THE REGISTERED
35 ENTERPRISE'S PRODUCTION OF GOODS AND SERVICES
36 OTHER THAN ADMINISTRATIVE AND OTHER SUPPORT
37 SERVICES;

38 "(2) THE ADDITIONAL DEDUCTION ON THE LABOR
39 EXPENSE SHALL NOT INCLUDE SALARIES, WAGES,
40 BENEFITS, AND OTHER PERSONNEL COSTS INCURRED
41 FOR MANAGERIAL, ADMINISTRATIVE, INDIRECT LABOR,
42 AND SUPPORT SERVICES.

43 "(3) THE ADDITIONAL DEDUCTION ON RESEARCH
44 AND DEVELOPMENT EXPENSE SHALL ONLY APPLY TO

1 RESEARCH AND DEVELOPMENT DIRECTLY RELATED TO
2 THE REGISTERED PROJECT OR ACTIVITY OF THE ENTITY.

3 “(4) THE ADDITIONAL DEDUCTION ON TRAINING
4 EXPENSE SHALL ONLY APPLY TO TRAININGS, AS
5 APPROVED BY THE INVESTMENT PROMOTION AGENCIES
6 BASED ON THE STRATEGIC INVESTMENT PRIORITY
7 PLAN, GIVEN TO THE FILIPINO EMPLOYEES ENGAGED
8 DIRECTLY IN THE REGISTERED BUSINESS ENTERPRISE’S
9 PRODUCTION OF GOODS AND SERVICES.

10 “(5) THE ADDITIONAL DEDUCTION ON DOMESTIC
11 INPUT EXPENSE SHALL ONLY APPLY TO DOMESTIC
12 INPUT THAT ARE DIRECTLY RELATED TO AND ACTUALLY
13 USED IN THE REGISTERED EXPORT PROJECT OR
14 ACTIVITY OF THE REGISTERED BUSINESS ENTERPRISE.

15 “(6) THE ADDITIONAL DEDUCTION ON POWER
16 EXPENSE SHALL ONLY APPLY TO POWER UTILIZED FOR
17 THE REGISTERED PROJECT OR ACTIVITY.

18 “(7) THE DEDUCTION FOR REINVESTMENT
19 ALLOWANCE TO MANUFACTURING INDUSTRY SHALL BE
20 DETERMINED IN THE STRATEGIC INVESTMENT PRIORITY
21 PLAN.

22 “(C) THE DUTY EXEMPTION SHALL ONLY APPLY TO THE
23 IMPORTATION OF CAPITAL EQUIPMENT, RAW MATERIALS,
24 SPARE PARTS, OR ACCESSORIES DIRECTLY AND
25 EXCLUSIVELY USED IN THE REGISTERED PROJECT OR
26 ACTIVITY BY REGISTERED BUSINESS ENTERPRISES:
27 *PROVIDED, THAT* THE FOLLOWING CONDITIONS ARE
28 COMPLIED WITH:

29 “(1) THE CAPITAL EQUIPMENT, RAW MATERIALS,
30 SPARE PARTS, OR ACCESSORIES ARE DIRECTLY AND
31 REASONABLY NEEDED AND WILL BE USED EXCLUSIVELY
32 IN AND AS PART OF THE DIRECT COST OF THE
33 REGISTERED PROJECT OR ACTIVITY OF THE REGISTERED
34 BUSINESS ENTERPRISE, AND ARE NOT PRODUCED OR
35 MANUFACTURED DOMESTICALLY IN SUFFICIENT
36 QUANTITY OR OF COMPARABLE QUALITY AND AT
37 REASONABLE PRICES. PRIOR APPROVAL OF THE
38 INVESTMENT PROMOTION AGENCY MAY BE SECURED
39 FOR THE PART-TIME UTILIZATION OF SAID CAPITAL
40 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR
41 ACCESSORIES IN A NON-REGISTERED PROJECT OR
42 ACTIVITY TO MAXIMIZE USAGE THEREOF: *PROVIDED,*
43 *THAT* THE PROPORTIONATE TAXES AND DUTIES ARE
44 PAID ON A SPECIFIC CAPITAL EQUIPMENT, RAW

1 MATERIALS, SPARE PARTS, OR ACCESSORIES IN
2 PROPORTION TO THE UTILIZATION FOR NON-
3 REGISTERED PROJECTS OR ACTIVITIES. IN THE EVENT
4 THAT THE CAPITAL EQUIPMENT, RAW MATERIALS, SPARE
5 PARTS, OR ACCESSORIES SHALL BE USED FOR A NON-
6 REGISTERED PROJECT OR ACTIVITY OF THE REGISTERED
7 BUSINESS ENTERPRISE AT ANY TIME WITHIN THE FIRST
8 FIVE (5) YEARS FROM DATE OF IMPORTATION, THE
9 REGISTERED BUSINESS ENTERPRISE SHALL FIRST SEEK
10 PRIOR APPROVAL OF THE CONCERNED INVESTMENT
11 PROMOTION AGENCY AND PAY THE TAXES AND
12 CUSTOMS DUTIES THAT WERE NOT PAID UPON THE
13 IMPORTATION; AND

14 "(2) THE APPROVAL OF THE INVESTMENT
15 PROMOTION AGENCY WAS OBTAINED BY THE
16 REGISTERED BUSINESS ENTERPRISE PRIOR TO THE
17 IMPORTATION OF SUCH CAPITAL EQUIPMENT, RAW
18 MATERIALS, SPARE PARTS, OR ACCESSORIES.

19 "APPROVAL OF THE INVESTMENT PROMOTION
20 AGENCY MUST BE SECURED BEFORE THE SALE,
21 TRANSFER, OR DISPOSITION OF THE CAPITAL
22 EQUIPMENT, RAW MATERIALS, SPARE PARTS, OR
23 ACCESSORIES WHICH WERE GRANTED TAX AND
24 CUSTOMS DUTY EXEMPTION HEREUNDER, AND SHALL BE
25 ALLOWED ONLY UNDER THE FOLLOWING
26 CIRCUMSTANCES:

27 "(a) IF MADE TO ANOTHER ENTERPRISE
28 AVAILING CUSTOMS DUTY EXEMPTION ON
29 IMPORTED CAPITAL EQUIPMENT, RAW MATERIALS,
30 SPARE PARTS, OR ACCESSORIES;

31 "(b) IF MADE TO ANOTHER ENTERPRISE NOT
32 AVAILING OF DUTY EXEMPTION ON IMPORTED
33 CAPITAL EQUIPMENT, RAW MATERIALS, SPARE
34 PARTS, OR ACCESSORIES, UPON PAYMENT OF ANY
35 TAXES AND DUTIES DUE ON THE NET BOOK VALUE
36 OF THE CAPITAL EQUIPMENT, RAW MATERIALS,
37 SPARE PARTS, OR ACCESSORIES TO BE SOLD;

38 "(c) EXPORTATION OF CAPITAL EQUIPMENT,
39 RAW MATERIALS, SPARE PARTS, ACCESSORIES,
40 SOURCE DOCUMENTS, OR THOSE REQUIRED FOR
41 POLLUTION ABATEMENT AND CONTROL; OR

42 "(d) PROVEN TECHNICAL OBSOLESCENCE OF
43 THE CAPITAL EQUIPMENT, RAW MATERIALS,
44 SPARE PARTS, OR ACCESSORIES.

1 “*PROVIDED, THAT* IF THE REGISTERED BUSINESS
2 ENTERPRISE SELLS, TRANSFERS, OR DISPOSES THE
3 AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR
4 APPROVAL, THE REGISTERED BUSINESS ENTERPRISE
5 AND THE VENDEE, TRANSFEREE, OR ASSIGNEE SHALL
6 BE SOLIDARILY LIABLE TO PAY TWICE THE AMOUNT OF
7 THE DUTY EXEMPTION THAT SHOULD HAVE BEEN PAID
8 DURING ITS IMPORTATION: *PROVIDED, FURTHER,* THAT
9 EVEN IF THE SALE, TRANSFER, OR DISPOSITION OF THE
10 CAPITAL EQUIPMENT, RAW MATERIALS, SPARE PARTS,
11 OR ACCESSORIES WAS MADE AFTER FIVE (5) YEARS
12 FROM DATE OF IMPORTATION WITH THE APPROVAL OF
13 THE INVESTMENT PROMOTION AGENCY, THE
14 REGISTERED BUSINESS ENTERPRISE IS STILL LIABLE TO
15 PAY THE DUTIES BASED ON THE NET BOOK VALUE OF
16 THE CAPITAL EQUIPMENT, RAW MATERIALS, SPARE
17 PARTS, OR ACCESSORIES IF IT HAS VIOLATED ANY OF
18 ITS REGISTRATION TERMS AND CONDITIONS.

19 “(D) THE VAT EXEMPTION ON IMPORTATION AND VAT
20 ZERO-RATING ON LOCAL PURCHASES SHALL ONLY APPLY TO
21 GOODS AND SERVICES DIRECTLY AND EXCLUSIVELY USED IN
22 THE REGISTERED PROJECT OR ACTIVITY BY REGISTERED
23 BUSINESS ENTERPRISE LOCATED INSIDE AN ECOZONE OR
24 FREEPORT.

25 “NOTWITHSTANDING THE PROVISIONS IN THE
26 PRECEDING PARAGRAPHS, SALES RECEIPTS AND OTHER
27 INCOME DERIVED FROM NON-REGISTERED PROJECT OR
28 ACTIVITY SHALL BE SUBJECT TO APPROPRIATE TAXES
29 IMPOSED UNDER THIS CODE.

30 “SEC. 296. *PERIOD OF AVAILMENT.* –THE PERIOD OF
31 AVAILMENT OF INCENTIVE BY THE REGISTERED BUSINESS
32 ENTERPRISE SHALL FOLLOW THREE CATEGORIES: A (BASIC),
33 B (ENHANCED), AND C (ADVANCED):

1 “(A) INCOME TAX HOLIDAY (ITH) FOLLOWED BY
2 SPECIAL CORPORATE INCOME TAX RATE (SCIT)

CATEGORY	ITH DURATION IN YEARS	SCIT DURATION IN YEARS	TOTAL IN YEARS
A (BASIC)	2	3	5
B (ENHANCED)	3	4	7
C (ADVANCED)	4	4	8

3 “THE PERIOD OF AVAILMENT OF THE SPECIAL
4 CORPORATE INCOME TAX RATE BY THE REGISTERED
5 BUSINESS ENTERPRISE MAY BE EXTENDED BY THREE
6 (3) OR FOUR (4) YEARS, AT ANY ONE TIME, DEPENDING
7 ON THE CATEGORY, SUBJECT TO THE QUALIFICATIONS
8 SET FORTH IN THE STRATEGIC INVESTMENT PRIORITY
9 PLAN AND PERFORMANCE REVIEW BY THE FISCAL
10 INCENTIVES REVIEW BOARD: *PROVIDED*, THAT THE
11 TOTAL PERIOD OF INCENTIVE AVAILMENT SHALL NOT
12 EXCEED TWELVE (12) YEARS, *PROVIDED FURTHER*, THAT
13 EXISTING REGISTERED PROJECTS OR ACTIVITIES PRIOR
14 TO THE EFFECTIVITY OF THIS ACT MAY QUALIFY TO
15 REGISTER UNDER THIS ACT AND AVAIL OF THE SPECIAL
16 CORPORATE INCOME TAX FOR THE PRESCRIBED
17 PERIOD SUBJECT TO THE CRITERIA AND CONDITIONS
18 SET FORTH IN THE STRATEGIC INVESTMENT PRIORITY
19 PLAN.

20 “(B) ENHANCED DEDUCTIONS

CATEGORY	TOTAL IN YEARS
A (BASIC)	5
B (ENHANCED)	7
C (ADVANCED)	8

21 “THE PERIOD OF AVAILMENT OF ENHANCED
22 DEDUCTION BY THE REGISTERED BUSINESS
23 ENTERPRISE MAY BE EXTENDED BY THREE (3) OR FOUR
24 (4) YEARS, AT ANY ONE TIME, DEPENDING ON THE
25 CATEGORY, SUBJECT TO THE QUALIFICATIONS SET
26 FORTH IN THE STRATEGIC INVESTMENT PRIORITY PLAN
27 AND PERFORMANCE REVIEW BY THE FISCAL
28 INCENTIVES REVIEW BOARD, *PROVIDED*, THAT THE
29 TOTAL PERIOD OF INCENTIVE AVAILMENT SHALL NOT
30 EXCEED TWELVE (12) YEARS.

31 “*PROVIDED FURTHER*, THAT THE PERIOD OF
32 AVAILMENT OF INCENTIVES SHALL COMMENCE FROM
33 THE ACTUAL START OF COMMERCIAL OPERATIONS
34 WITH THE REGISTERED BUSINESS ENTERPRISE
35 AVAILING OF THE TAX INCENTIVES WITHIN THREE (3)
36 YEARS FROM THE DATE OF REGISTRATION, UNLESS

1 OTHERWISE PROVIDED IN THE STRATEGIC INVESTMENT
2 PRIORITY PLAN AND ITS CORRESPONDING GUIDELINES.

3 "FOR THE PURPOSE OF THIS SECTION, THE
4 DETERMINATION OF THE CATEGORY SHALL BE BASED
5 ON BOTH LOCATION AND INDUSTRY OF THE
6 REGISTERED PROJECT OR ACTIVITY, AND OTHER
7 RELEVANT FACTORS AS MAY BE DEFINED IN THE
8 STRATEGIC INVESTMENT PRIORITY PLAN.

9 "THE LOCATION OF THE REGISTERED PROJECT
10 OR ACTIVITY SHALL BE PRIORITIZED ACCORDING TO
11 THE ECONOMIC LEVEL OF DEVELOPMENT AS FOLLOWS:
12 (1) LESS DEVELOPED AREAS, AS DETERMINED BY THE
13 NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY;
14 (2) AREAS ADJACENT TO NCR WHICH INCLUDE
15 BULACAN, CAVITE, LAGUNA AND RIZAL; (3) NCR AND
16 OTHER MAJOR METROPOLITAN AREAS; PROVIDED
17 THAT, FOR ALL OTHER AREAS, THE FISCAL INCENTIVES
18 REVIEW BOARD SHALL DETERMINE THE APPLICABLE
19 INDUSTRY TIER IN ACCORDANCE WITH THE STRATEGIC
20 INVESTMENT PRIORITY PLAN, WHICH IS SUBJECT TO
21 REVIEW AND REVISION, EVERY THREE (3) YEARS OR AS
22 MAY BE NEEDED.

23 "THE INDUSTRY OF THE REGISTERED PROJECT OR
24 ACTIVITY SHALL BE PRIORITIZED ACCORDING TO
25 NATIONAL INDUSTRIAL STRATEGY AS FOLLOWS,
26 SUBJECT TO REVIEW AND REVISION EVERY THREE
27 YEARS IN ACCORDANCE WITH THE STRATEGIC
28 INVESTMENT PRIORITY PLAN:

29 "(1) TIER I ACTIVITIES SHALL INCLUDE, BUT
30 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:
31 AGRICULTURE, FISHING, FORESTRY AND
32 AGRIBUSINESS ACTIVITIES, INCLUDING EMERGING
33 MANUFACTURING AND SERVICES INDUSTRIES
34 THAT ARE INNOVATING, UPGRADING AND MOVING
35 UP THE VALUE CHAIN, AS WELL AS
36 INFRASTRUCTURE, TRANSPORTATION, UTILITIES
37 AND LOGISTICS THAT ARE CRUCIAL TO THE
38 COUNTRY'S INDUSTRIALIZATION;

39 "(2) TIER II ACTIVITIES SHALL INCLUDE, BUT
40 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:
41 ACTIVITIES THAT PRODUCE SUPPLIES, PARTS AND
42 COMPONENTS THAT ARE NOT LOCALLY
43 PRODUCED OR MANUFACTURED BUT ARE
44 CRITICAL TO INDUSTRIAL DEVELOPMENT AND
45 IMPORT-SUBSTITUTING ACTIVITIES OPERATING
46 UNDER HIGH-CONTESTABLE MARKETS; AND

1 “(3) TIER III ACTIVITIES SHALL INCLUDE, BUT
 2 NOT BE LIMITED TO, THE FOLLOWING ACTIVITIES:
 3 HIGHLY TECHNICAL MANUFACTURING AND
 4 SERVICES ACTIVITIES THAT INDISPENSABLY
 5 REQUIRES THE EMPLOYMENT OF KNOWLEDGE,
 6 MODERN SCIENCE, ENGINEERING, AND RESEARCH
 7 IN THE PROCESS OF PRODUCTION OF GOODS AND
 8 SERVICES, RESULTING IN DEMONSTRABLY
 9 SIGNIFICANT VALUE-ADDED AND HIGH PAYING
 10 JOBS.

11 “THE COMBINATION OF BOTH LOCATION AND
 12 INDUSTRY PRIORITIES SHALL DETERMINE THE
 13 CATEGORY OF INCENTIVE AS INDICATED HEREIN. THE
 14 FISCAL INCENTIVES REVIEW BOARD AND THE BOARD OF
 15 INVESTMENTS, SHALL REVIEW, AND REVISE, EVERY
 16 THREE (3) YEARS OR AS MAY BE NEEDED, THE
 17 LOCATION AND INDUSTRY PRIORITIES IN ACCORDANCE
 18 WITH THE STRATEGIC INVESTMENT PRIORITY PLAN.

LOCATION / INDUSTRY TIERS	TIER I	TIER II	TIER III
NCR AND OTHER METROPOLITAN AREAS	A	B	C
AREAS ADJACENT TO NCR (BULACAN, CAVITE, LAGUNA, AND RIZAL)	B	B	C
LESS DEVELOPED AREAS	C	C	C

19
 20 “CHAPTER III

21 “THE FISCAL INCENTIVES REVIEW BOARD

22 “SEC. 297. *EXPANDED FUNCTIONS OF THE FISCAL*
 23 *INCENTIVES REVIEW BOARD.* – THE FUNCTIONS AND POWERS
 24 OF THE FISCAL INCENTIVES REVIEW BOARD CREATED UNDER
 25 PRESIDENTIAL DECREE (PD) NO. 776, AS AMENDED, SHALL BE
 26 EXPANDED AS FOLLOWS:

27 “(A) TO EXERCISE POLICY MAKING AND
 28 OVERSIGHT FUNCTIONS ON THE ADMINISTRATION AND
 29 GRANT OF TAX INCENTIVES BY THE INVESTMENT
 30 PROMOTION AGENCIES AND OTHER GOVERNMENT
 31 AGENCIES ADMINISTERING TAX INCENTIVES. IN
 32 PARTICULAR, THE FISCAL INCENTIVES REVIEW BOARD
 33 SHALL:

1 “(1) DETERMINE THE TARGET
2 PERFORMANCE METRICS AS CONDITIONS TO
3 AVAIL OF TAX INCENTIVES;

4 “(2) REVIEW AND AUDIT THE COMPLIANCE
5 OF INVESTMENT PROMOTION AGENCIES AND
6 OTHER GOVERNMENT AGENCIES ADMINISTERING
7 TAX INCENTIVES, WITH RESPECT TO THE
8 ADMINISTRATION AND GRANT OF TAX INCENTIVES
9 AND IMPOSE SANCTIONS SUCH AS BUT NOT
10 LIMITED TO WITHDRAWAL, SUSPENSION, OR
11 CANCELATION OF THEIR POWER TO GRANT TAX
12 INCENTIVES;

13 “(3) DETERMINE THE MINIMUM CONTIGUOUS
14 LAND AREA THAT VERTICAL ECONOMIC ZONES
15 SHOULD COMPLY WITH;

16 “(4) CONDUCT REGULAR MONITORING AND
17 EVALUATION OF INVESTMENT AND NON-
18 INVESTMENT TAX INCENTIVES, SUCH AS USING
19 COST-BENEFIT ANALYSIS (CBA) TO DETERMINE
20 THEIR IMPACT ON THE ECONOMY AND WHETHER
21 AGREED PERFORMANCE TARGETS ARE MET; AND

22 “(5) CHECK AND VERIFY, AS NECESSARY,
23 THE COMPLIANCE OF REGISTERED BUSINESS
24 ENTERPRISES WITH THE TERMS AND CONDITIONS
25 OF THEIR AVAILMENT, IN PARTICULAR THE
26 AGREED TARGET PERFORMANCE METRICS,
27 RULES AND REGULATIONS OF THIS ACT, AND
28 OTHER RELEVANT LAWS OR ISSUANCES;

29 “(B) TO APPROVE OR DISAPPROVE, THE GRANT
30 OF TAX INCENTIVES TO THE EXTENT OF THE
31 REGISTERED PROJECT OR ACTIVITY UPON THE
32 RECOMMENDATION OF THE INVESTMENT PROMOTION
33 AGENCY: *PROVIDED*, THAT THE APPLICATION FOR TAX
34 INCENTIVES SHALL BE DEEMED APPROVED IF NOT
35 DECIDED UPON BY THE FISCAL INCENTIVES REVIEW
36 BOARD AFTER FORTY-FIVE (45) WORKING DAYS FROM
37 THE SUBMISSION OF THE INVESTMENT PROMOTION
38 AGENCY RECOMMENDATION TO THE FISCAL INCENTIVES
39 REVIEW BOARD: *PROVIDED FURTHER*, THAT THE FISCAL
40 INCENTIVES REVIEW BOARD MAY DELEGATE THE
41 GRANT OF TAX INCENTIVES TO THE TECHNICAL
42 COMMITTEE OF THE FISCAL INCENTIVES REVIEW BOARD
43 OR TO THE CONCERNED INVESTMENT PROMOTION
44 AGENCY: *PROVIDED FINALLY*, THAT THE FIRB SHALL

1 PRESCRIBE THE CONDITIONS ON THE DELEGATION OF
2 APPROVAL OF TAX INCENTIVES.

3 "FOR THIS PURPOSE, THE INVESTMENT
4 PROMOTION AGENCY CONCERNED SHALL ENSURE
5 COMPLETE SUBMISSION OF APPLICATIONS,
6 DOCUMENTS, RECORDS, BOOKS, OR OTHER DATA
7 RELEVANT OR MATERIAL TO ITS RECOMMENDATION."

8 "(C) TO APPROVE APPLICATIONS FOR TAX
9 SUBSIDIES TO GOVERNMENT OWNED AND CONTROLLED
10 CORPORATIONS, GOVERNMENT INSTRUMENTALITIES,
11 GOVERNMENT COMMISSARIES, AND STATE
12 UNIVERSITIES AND COLLEGES

13 "FOR THIS PURPOSE, THE OTHER GOVERNMENT
14 AGENCIES SHALL ENSURE COMPLETE SUBMISSION OF
15 APPLICATIONS, DOCUMENTS, RECORDS, BOOKS, OR
16 OTHER DATA RELEVANT OR MATERIAL;

17 "(D) TO CANCEL, SUSPEND, OR WITHDRAW THE
18 ENJOYMENT OF FISCAL INCENTIVES OF CONCERNED
19 REGISTERED BUSINESS ENTERPRISES FOR VIOLATIONS
20 OF ANY OF THE CONDITIONS IMPOSED IN THE GRANT OF
21 FISCAL INCENTIVES, INCLUDING BUT NOT LIMITED TO,
22 THE NON-COMPLIANCE OF THE AGREED PERFORMANCE
23 COMMITMENTS OR NON-SUBMISSION OF REQUIRED
24 REPORTS, AND ENDORSE REGISTERED BUSINESS
25 ENTERPRISES WHOSE INCENTIVES ARE CANCELLED,
26 SUSPENDED, OR WITHDRAWN TO THE CONCERNED
27 REVENUE AGENCIES FOR THE ASSESSMENT AND
28 COLLECTION OF TAXES AND DUTIES DUE COMMENCING
29 FROM THE FIRST YEAR OF AVAILMENT;

30 "(E) TO CANCEL, SUSPEND, OR WITHDRAW THE
31 ENJOYMENT OF TAX SUBSIDY OF CONCERNED
32 GOVERNMENT OWNED AND CONTROLLED
33 CORPORATIONS, GOVERNMENT INSTRUMENTALITIES,
34 GOVERNMENT COMMISSARIES, AND STATE
35 UNIVERSITIES AND COLLEGES AND, WHEN NECESSARY,
36 ENDORSE THE SAME TO THE CONCERNED REVENUE
37 AGENCIES FOR ASSESSMENT AND COLLECTION OF
38 TAXES AND DUTIES DUE, INCLUDING FINES OR
39 PENALTIES, IF WARRANTED, FOR VIOLATIONS OF ANY
40 OF THE CONDITIONS IMPOSED IN THE GRANT OF TAX
41 SUBSIDY, OR PROVISIONS OF THIS ACT, OR APPLICABLE
42 RULES;

43 "(F) TO REQUIRE INVESTMENT PROMOTION
44 AGENCIES AND OTHER GOVERNMENT AGENCIES

1 ADMINISTERING TAX INCENTIVES TO SUBMIT,
2 REGULARLY OR WHEN REQUESTED, SUMMARIES OF
3 APPROVED INVESTMENT AND INCENTIVES GRANTED,
4 AND FIRM- OR ENTITY-LEVEL TAX INCENTIVES AND
5 BENEFITS DATA AS INPUT TO THE FISCAL INCENTIVES
6 REVIEW BOARD'S REVIEW AND AUDIT FUNCTION, AND
7 EVALUATION OF PERFORMANCE OF RECIPIENTS OF TAX
8 INCENTIVES;

9 "(G) TO PUBLISH REGULARLY, PER INDUSTRY
10 GROUP, THE DATA PERTAINING TO THE AMOUNT OF TAX
11 INCENTIVES, TAX PAYMENTS, AND OTHER RELATED
12 INFORMATION, INCLUDING BENEFITS DATA;

13 "(H) TO OBTAIN INFORMATION, SUMMON, EXAMINE,
14 INQUIRE AND RECEIVE FROM OTHER GOVERNMENT
15 AGENCIES ADMINISTERING TAX INCENTIVES,
16 GOVERNMENT OWNED AND CONTROLLED
17 CORPORATIONS (GOCCS), GOVERNMENT
18 INSTRUMENTALITIES (GIS), GOVERNMENT
19 COMMISSARIES, STATE UNIVERSITIES AND COLLEGES
20 (SUCS), AND LOCAL GOVERNMENT UNITS (LGUS),
21 DOCUMENTS, RECORDS, BOOKS, OR OTHER DATA
22 RELEVANT OR MATERIAL TO THE RESOLUTION OF
23 ISSUES ARISING FROM THE APPROVAL, DISAPPROVAL,
24 CANCELLATION, SUSPENSION, WITHDRAWAL OR
25 FORFEITURE OF TAX SUBSIDY, OR IN IMPOSING
26 PENALTIES FOR VIOLATIONS OF THE TERMS AND
27 CONDITIONS ON THE AVAILMENT OF TAX SUBSIDY, OR
28 ANY OF THE PROVISIONS OF THIS ACT;

29 "(I) TO SUBMIT ANNUAL REPORTS TO THE OFFICE
30 OF THE PRESIDENT, AS PART OF THE BUDGET
31 PROCESS, COVERING ITS POLICY AND ACTIVITIES IN THE
32 ADMINISTRATION OF THIS ACT, INCLUDING
33 RECOMMENDATIONS ON TAX INCENTIVE POLICIES AND
34 APPROVAL OF TAX INCENTIVES;

35 "(J) TO DECIDE ON ISSUES, AFTER DUE HEARING,
36 CONCERNING THE APPROVAL, DISAPPROVAL,
37 CANCELLATION, SUSPENSION, WITHDRAWAL, OR
38 FORFEITURE OF TAX INCENTIVES OR TAX SUBSIDY IN
39 ACCORDANCE WITH THIS ACT;

40 "(K) TO PROMULGATE SUCH RULES AND
41 REGULATIONS AS MAY BE NECESSARY TO IMPLEMENT
42 THE INTENT AND PROVISIONS OF THIS SECTION; AND

43 "(L) TO EXERCISE ALL OTHER POWERS
44 NECESSARY OR INCIDENTAL TO ATTAIN THE PURPOSES

1 OF THIS ACT AND OTHER LAWS VESTING ADDITIONAL
2 FUNCTIONS ON THE FISCAL INCENTIVES REVIEW
3 BOARD.

4 "SEC. 298. COMPOSITION OF THE FISCAL INCENTIVES
5 REVIEW BOARD. - THE FISCAL INCENTIVES REVIEW BOARD
6 SHALL BE RECONSTITUTED AS FOLLOWS:

7 "BOARD PROPER:

8 "CHAIRPERSON - SECRETARY OF FINANCE

9 "CO-CHAIRPERSON - SECRETARY OF TRADE AND
10 INDUSTRY

11 "MEMBERS - EXECUTIVE SECRETARY OF THE
12 OFFICE OF THE PRESIDENT
13 - SECRETARY OF BUDGET AND
14 MANAGEMENT
15 - DIRECTOR GENERAL OF THE
16 NATIONAL ECONOMIC AND
17 DEVELOPMENT AUTHORITY

18 "TECHNICAL COMMITTEE:

19 "CHAIRPERSON - UNDERSECRETARY OF FINANCE

20 "MEMBERS - UNDERSECRETARY OR ASSISTANT
21 SECRETARY OF THE OFFICE OF THE
22 EXECUTIVE SECRETARY

23 - UNDERSECRETARY OF TRADE AND
24 INDUSTRY AND BOARD OF
25 INVESTMENTS MANAGING HEAD OR
26 ASSISTANT SECRETARY OF TRADE
27 AND INDUSTRY

28 - UNDERSECRETARY OR ASSISTANT
29 SECRETARY OF BUDGET AND
30 MANAGEMENT

31 - DEPUTY OR ASSISTANT DIRECTOR
32 GENERAL OF THE NATIONAL
33 ECONOMIC AND DEVELOPMENT
34 AUTHORITY

35 - COMMISSIONER OR DEPUTY
36 COMMISSIONER OF INTERNAL
37 REVENUE

38 - COMMISSIONER OR DEPUTY
39 COMMISSIONER OF CUSTOMS

40 "SECRETARIAT - THE SECRETARIAT SHALL BE
41 HEADED BY AN ASSISTANT
42 SECRETARY OF FINANCE AND
43 SHALL BE STAFFED BY THE
44 NATIONAL TAX RESEARCH CENTER

1 "SEC. 299. *STRUCTURE AND STAFFING PATTERN.* – THE
2 FISCAL INCENTIVES REVIEW BOARD SECRETARIAT SHALL
3 DETERMINE ITS ORGANIZATIONAL STRUCTURE AND STAFFING
4 PATTERN, AND CREATE SUCH SERVICES, DIVISIONS, AND
5 UNITS, AS IT MAY REQUIRE OR DEEM NECESSARY, SUBJECT
6 TO THE APPROVAL BY THE DEPARTMENT OF BUDGET AND
7 MANAGEMENT.

8 "CHAPTER IV

9 "QUALIFIED PROJECTS OR ACTIVITIES FOR TAX
10 INCENTIVES

11 "SEC. 300. *STRATEGIC INVESTMENT PRIORITY PLAN.* –
12 THE BOARD OF INVESTMENTS, IN COORDINATION WITH THE
13 FISCAL INCENTIVES REVIEW BOARD, INVESTMENT
14 PROMOTION AGENCIES, OTHER GOVERNMENT AGENCIES
15 ADMINISTERING TAX INCENTIVES, AND THE PRIVATE SECTOR,
16 SHALL FORMULATE THE STRATEGIC INVESTMENT PRIORITY
17 PLAN TO BE SUBMITTED TO THE PRESIDENT FOR APPROVAL.
18 THE PLAN SHALL BE VALID FOR A PERIOD OF THREE (3)
19 YEARS SUBJECT TO REVIEW AND AMENDMENT AS THE NEED
20 ARISES.

21 "THE STRATEGIC INVESTMENT PRIORITY PLAN SHALL
22 CONTAIN THE FOLLOWING:

23 "(A) PRIORITY PROJECTS OR ACTIVITIES THAT ARE
24 INCLUDED IN THE PHILIPPINE DEVELOPMENT PLAN OR
25 ITS EQUIVALENT, OR OTHER GOVERNMENT PROGRAMS,
26 TAKING INTO ACCOUNT ANY OF THE FOLLOWING:

27 "(1) SUBSTANTIAL AMOUNT OF
28 INVESTMENTS;

29 "(2) CONSIDERABLE GENERATION OF
30 EMPLOYMENT;

31 "(3) CONSIDERABLE AMOUNT OF NET
32 EXPORTS;

33 "(4) USE OF MODERN, ADVANCE, OR NEW
34 TECHNOLOGY;

35 "(5) ADOPTION OF ADEQUATE
36 ENVIRONMENTAL PROTECTION SYSTEMS AND
37 SUSTAINABILITY STRATEGIES;

38 "(6) ADDRESSING MISSING GAPS IN THE
39 SUPPLY OR VALUE CHAIN OR OTHERWISE MOVING
40 UP THE VALUE CHAIN OR PRODUCT LADDER; OR

41 "(7) PROMOTION OF MARKET
42 COMPETITIVENESS.

43 "(B) SCOPE AND COVERAGE OF LOCATION AND
44 INDUSTRY TIERS IN SECTION 296;

1 “(C) TERMS AND CONDITIONS ON THE GRANT OF
2 ENHANCED DEDUCTIONS UNDER SECTION 294 (C),
3 INCLUDING THE APPROPRIATE LEVEL OF PERCENTAGE
4 OF DEDUCTIONS; AND

5 “(D) SERVICES AND ACTIVITIES THAT CAN
6 PROMOTE REGIONAL AND GLOBAL OPERATIONS IN THE
7 COUNTRY.

8 “ALL SECTORS OR INDUSTRIES THAT MAY BE INCLUDED
9 IN THE STRATEGIC INVESTMENT PRIORITY PLAN SHALL
10 UNDERGO AN EVALUATION PROCESS TO DETERMINE THE
11 SUITABILITY AND POTENTIAL OF THE INDUSTRY OR THE
12 SECTOR IN PROMOTING LONG-TERM GROWTH AND
13 SUSTAINABLE DEVELOPMENT, AND THE NATIONAL INTEREST.
14 IN NO CASE SHALL A SECTOR OR INDUSTRY BE INCLUDED IN
15 THE STRATEGIC INVESTMENT PRIORITY PLAN UNLESS IT IS
16 SUPPORTED BY A FORMAL EVALUATION PROCESS OR
17 REPORT.

18 “THE PROJECTS OR ACTIVITIES MUST COMPLY WITH THE
19 SPECIFIC QUALIFICATION REQUIREMENTS OR CONDITIONS
20 FOR A PARTICULAR SECTOR OR INDUSTRY AND OTHER
21 LIMITATIONS AS SET AND DETERMINED BY THE BOARD OF
22 INVESTMENTS, AND IN COORDINATION WITH THE FISCAL
23 INCENTIVES REVIEW BOARD.

24 “IN NO CASE SHALL THE INVESTMENT PROMOTION
25 AGENCIES ACCEPT APPLICATIONS UNLESS THE PROJECT OR
26 ACTIVITY IS LISTED IN THE STRATEGIC INVESTMENT PRIORITY
27 PLAN. PROJECTS OR ACTIVITIES NOT LISTED IN THE
28 STRATEGIC INVESTMENT PRIORITY PLAN SHALL BE
29 AUTOMATICALLY DISAPPROVED.

30 “SEC. 301. *POWER OF THE PRESIDENT TO GRANT*
31 *INCENTIVES* – NOTWITHSTANDING THE PROVISIONS OF
32 SECTIONS 295 AND 296, THE PRESIDENT MAY, IN THE
33 INTEREST OF NATIONAL ECONOMIC DEVELOPMENT AND UPON
34 THE RECOMMENDATION OF THE FISCAL INCENTIVES REVIEW
35 BOARD, MODIFY THE PERIOD OR MANNER OF AVAILMENT OF
36 INCENTIVES PROVIDED UNDER THIS CODE FOR ANY HIGHLY
37 DESIRABLE PROJECT: *PROVIDED, THAT* THE TOTAL PERIOD
38 OF INCENTIVE AVAILMENT SHALL NOT EXCEED FORTY (40)
39 YEARS.

40 “IN DETERMINING IF A PROJECT OR ACTIVITY IS A
41 HIGHLY DESIRABLE PROJECT, THE FISCAL INCENTIVES
42 REVIEW BOARD SHALL DETERMINE WHETHER THE BENEFITS
43 THAT THE GOVERNMENT MAY DERIVE FROM SUCH
44 INVESTMENT ARE CLEAR AND CONVINCING AND FAR

1 OUTWEIGH THE COST OF INCENTIVES THAT WILL BE
2 GRANTED.

3 "IN RECOMMENDING THE MODIFIED PERIOD OR MANNER
4 OF AVAILMENT OF INCENTIVES, THE FISCAL INCENTIVES
5 REVIEW BOARD SHALL CONSIDER THE FOLLOWING:

6 "(1) THE PROJECT HAS A COMPREHENSIVE
7 SUSTAINABLE DEVELOPMENT PLAN WITH CLEAR
8 INCLUSIVE BUSINESS APPROACHES AND INNOVATIONS;
9 AND

10 "(2) MINIMUM PAID UP CAPITAL OF ONE BILLION US
11 DOLLARS (USD 1,000,000,000) OR A MINIMUM DIRECT
12 LOCAL EMPLOYMENT GENERATION OF AT LEAST TEN
13 THOUSAND (10,000) WITHIN THREE (3) YEARS FROM THE
14 ISSUANCE OF THE CERTIFICATE OF ENTITLEMENT.

15 "*PROVIDED, THAT, THE THRESHOLD SHALL BE*
16 *SUBJECT TO A PERIODIC REVIEW BY THE FISCAL*
17 *INCENTIVES REVIEW BOARD EVERY THREE (3) YEARS,*
18 *TAKING INTO CONSIDERATION INTERNATIONAL*
19 *STANDARDS OR OTHER ECONOMIC INDICATORS.*
20 *PROVIDED, FURTHER, THAT IF THE PROJECTED IMPACT*
21 *ON THE ECONOMY AND AGREED PERFORMANCE*
22 *TARGETS ARE NOT MET BY THE PROJECT, THE FISCAL*
23 *INCENTIVES REVIEW BOARD SHALL RECOMMEND TO*
24 *THE PRESIDENT THE CANCELLATION OF THE MODIFIED*
25 *PERIOD OR MANNER OF AVAILMENT OF INCENTIVES.*

26 "*SEC. 302. AMENDMENTS TO THE STRATEGIC*
27 *INVESTMENT PRIORITY PLAN. – SUBJECT TO PUBLICATION*
28 *REQUIREMENTS AND THE CRITERIA FOR INVESTMENT*
29 *PRIORITY DETERMINATION, THE BOARD OF INVESTMENTS*
30 *MAY, AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE*
31 *STRATEGIC INVESTMENT PRIORITY PLAN, ALTER ANY OF THE*
32 *TERMS OF THE DECLARATION OF AN INVESTMENT AREA, AND*
33 *TEMPORARILY SUSPEND PROJECTS OR ACTIVITIES ON THE*
34 *STRATEGIC INVESTMENT PRIORITY PLAN IF IT CONSIDERS*
35 *THAT SUCH PROJECT OR ACTIVITY IS NO LONGER A PRIORITY*
36 *WITHIN THE EFFECTIVITY OF THE STRATEGIC INVESTMENT*
37 *PRIORITY PLAN.*

38 "*SEC. 303. PUBLICATION. – UPON APPROVAL OF THE*
39 *PLAN, IN WHOLE OR IN PART, OR UPON APPROVAL OF AN*
40 *AMENDMENT THEREOF, THE PLAN OR THE AMENDMENT,*
41 *SPECIFYING AND DECLARING THE AREAS OF INVESTMENTS*
42 *SHALL BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER OF*
43 *GENERAL CIRCULATION OR THE OFFICIAL GAZETTE;*
44 *PROVIDED, THAT ALL SUCH AREAS IN THE EXISTING*

1 STRATEGIC INVESTMENT PRIORITY PLAN SHALL BE OPEN FOR
2 APPLICATION UNTIL PUBLICATION OF AN AMENDMENT OR
3 DELETION THEREOF.

4 "SEC. 304. *QUALIFICATIONS OF A REGISTERED*
5 *BUSINESS ENTERPRISES FOR TAX INCENTIVES.* – IN THE
6 REVIEW AND GRANT OF TAX INCENTIVES BY THE FISCAL
7 INCENTIVES REVIEW BOARD, THE REGISTERED BUSINESS
8 ENTERPRISE MUST:

9 "(A) BE ENGAGED IN A PROJECT OR ACTIVITY
10 INCLUDED IN THE STRATEGIC INVESTMENT PRIORITY
11 PLAN;

12 "(B) MEET THE TARGET PERFORMANCE METRICS
13 AFTER THE AGREED TIME PERIOD;

14 "(C) INSTALL AN ADEQUATE ACCOUNTING SYSTEM
15 THAT SHALL IDENTIFY THE INVESTMENTS, REVENUES,
16 COSTS AND PROFITS OR LOSSES OF EACH REGISTERED
17 PROJECT OR ACTIVITY UNDERTAKEN BY THE
18 ENTERPRISE SEPARATELY FROM THE AGGREGATE
19 INVESTMENTS, REVENUES, COSTS AND PROFITS OR
20 LOSSES OF THE WHOLE ENTERPRISE; OR ESTABLISH A
21 SEPARATE CORPORATION FOR EACH REGISTERED
22 PROJECT OR ACTIVITY IF THE INVESTMENT PROMOTION
23 AGENCY SHOULD SO REQUIRE;

24 "(D) COMPLY WITH THE E-RECEIPTING AND E-
25 SALES REQUIREMENT IN ACCORDANCE WITH SECTIONS
26 237 AND 237-A OF THIS CODE; AND

27 "(E) SUBMIT ANNUALLY REPORTS OF OWNERSHIP
28 OF THE ORGANIZATION AND RELATED PARTIES.

29 "CHAPTER V

30 "TAX INCENTIVES MANAGEMENT AND
31 TRANSPARENCY"

32 "SEC. 305. *FILING OF TAX RETURNS AND SUBMISSION*
33 *OF TAX INCENTIVES REPORTS.* — ALL REGISTERED BUSINESS
34 ENTERPRISES AND OTHER REGISTERED ENTITIES WHETHER
35 TAXABLE OR EXEMPT, ARE REQUIRED TO FILE THEIR TAX
36 RETURNS AND PAY THEIR TAX LIABILITIES, ON OR BEFORE
37 THE DEADLINE AS PROVIDED UNDER THE NIRC, AS AMENDED,
38 USING THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT
39 OF TAXES WITH THE BUREAU OF INTERNAL REVENUE:
40 *PROVIDED, THAT,* FOR PURPOSES OF COMPLYING WITH THEIR
41 TAX OBLIGATIONS, COOPERATIVES AND OTHER REGISTERED
42 ENTITIES WHICH DO NOT HAVE ACCESS TO THE ELECTRONIC
43 FACILITIES SHALL FILE WITH THEIR RESPECTIVE REVENUE
44 DISTRICT OFFICES.

1 "FOR REGISTERED BUSINESS ENTERPRISES AND OTHER
2 REGISTERED ENTERPRISES AVAILING OF TAX INCENTIVES
3 ADMINISTERED BY THE INVESTMENT PROMOTION AGENCIES
4 AND OTHER GOVERNMENT AGENCIES ADMINISTERING TAX
5 INCENTIVES, THEY SHALL FILE WITH THEIR RESPECTIVE
6 INVESTMENT PROMOTION AGENCIES OR OTHER GOVERNMENT
7 AGENCIES ADMINISTERING TAX INCENTIVES A COMPLETE
8 ANNUAL TAX INCENTIVES REPORT OF THEIR INCOME-BASED
9 TAX INCENTIVES, VALUE-ADDED TAX EXEMPTIONS AND ZERO-
10 RATING, CUSTOMS DUTY EXEMPTIONS, DEDUCTIONS, CREDITS
11 OR EXCLUSIONS FROM THE INCOME TAX BASE, AND
12 EXEMPTIONS FROM LOCAL TAXES, AS PROVIDED IN THE
13 SPECIAL LAWS OF THE CONCERNED INVESTMENT PROMOTION
14 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING
15 TAX INCENTIVES, AND RESPECTIVE LAWS, AND A COMPLETE
16 ANNUAL BENEFITS REPORT WHICH SHALL INCLUDE DATA
17 SUCH AS BUT NOT LIMITED TO THE APPROVED AND ACTUAL
18 AMOUNT OF INVESTMENTS, APPROVED AND ACTUAL
19 EMPLOYMENT LEVEL AND JOB CREATION, APPROVED AND
20 ACTUAL EXPORTS AND IMPORTS, DOMESTIC PURCHASES,
21 PROFITS AND DIVIDEND PAYOUT, ALL TAXES PAID, WITHHELD
22 AND FOREGONE WITHIN THIRTY (30) CALENDAR DAYS FROM
23 THE STATUTORY DEADLINE FOR FILING OF TAX RETURNS AND
24 PAYMENT OF TAXES; *PROVIDED*, THAT, A COPY OF THE
25 REPORT SHALL BE SIMULTANEOUSLY SUBMITTED TO THE
26 FISCAL INCENTIVES REVIEW BOARD IN ELECTRONIC FORM.

27 "THE INVESTMENT PROMOTION AGENCIES AND OTHER
28 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES
29 SHALL, WITHIN SIXTY (60) CALENDAR DAYS FROM THE END OF
30 THE STATUTORY DEADLINE FOR FILING OF THE RELEVANT
31 TAX RETURNS, SUBMIT TO THE BUREAU OF INTERNAL
32 REVENUE, THEIR RESPECTIVE ANNUAL TAX INCENTIVES
33 REPORTS BASED ON THE LIST OF THE REGISTERED BUSINESS
34 ENTERPRISES AND OTHER REGISTERED ENTERPRISES WHICH
35 HAVE FILED SAID TAX INCENTIVES REPORT.

36 "THE DETAILS OF THE TAX INCENTIVES REPORTS, AS
37 PROVIDED IN THE PRECEDING PARAGRAPHS, SHALL BE
38 PROVIDED IN THE IMPLEMENTING RULES AND REGULATIONS
39 OF THIS ACT.

40 "THE FOREGOING PROVISIONS SHALL BE WITHOUT
41 PREJUDICE TO THE RIGHT OF THE BUREAU OF INTERNAL
42 REVENUE AND THE BUREAU OF CUSTOMS TO ASSESS AND/OR
43 AUDIT TAX LIABILITIES, IF ANY, WITHIN THE PRESCRIBED
44 PERIOD PROVIDED IN THE NIRC, AS AMENDED, AND THE

1 CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA), AS
2 AMENDED, RESPECTIVELY.

3 "SEC. 306. *MONITORING, EVALUATION, AND REPORTING*
4 *OF TAX INCENTIVES.* — NOTWITHSTANDING ANY LAW TO THE
5 CONTRARY, THE BUREAU OF INTERNAL REVENUE AND THE
6 BUREAU OF CUSTOMS SHALL SUBMIT TO THE DEPARTMENT
7 OF FINANCE: (A) ALL TAX AND DUTY INCENTIVES OF
8 REGISTERED BUSINESS ENTERPRISES AND OTHER
9 REGISTERED ENTERPRISES, AS REFLECTED IN THEIR FILED
10 TAX RETURNS AND IMPORT ENTRIES; AND (B) ACTUAL TAX
11 AND DUTY INCENTIVES AS EVALUATED AND DETERMINED BY
12 THE BUREAU OF INTERNAL REVENUE AND THE BUREAU OF
13 CUSTOMS.

14 "THE DEPARTMENT OF FINANCE SHALL MAINTAIN A
15 SINGLE DATABASE FOR MONITORING AND ANALYSIS OF TAX
16 INCENTIVES GRANTED.

17 "THE FISCAL INCENTIVES REVIEW BOARD IS MANDATED
18 TO SYSTEMATICALLY COLLECT AND STORE ALL TAX
19 INCENTIVES AND BENEFIT DATA FROM THE DEPARTMENT OF
20 FINANCE, INVESTMENT PROMOTION AGENCIES, OTHER
21 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES,
22 REGISTERED BUSINESS ENTERPRISES, AND OTHER
23 REGISTERED ENTERPRISES, AS WELL AS TO EVALUATE AND
24 ASSESS THE PROCESS, OUTCOMES, AND IMPACT OF
25 INCENTIVES GRANTED TO FIRMS TO DETERMINE WHETHER
26 AGREED PERFORMANCE TARGETS AND INTENDED RESULTS
27 AND OUTCOMES ARE MET. THE METHOD OF EVALUATION MAY
28 INCLUDE THE CONDUCT OF COST-BENEFIT ANALYSIS OR
29 OTHER PROCESS AND IMPACT EVALUATION METHODS:
30 *PROVIDED, THAT* FOR PURPOSES OF THIS ACT, THE TERM
31 COST-BENEFITS ANALYSIS REFERS TO THE SYSTEMATIC
32 EVALUATION OF THE TOTAL COSTS OF GRANTING TAX
33 INCENTIVES VIS-À-VIS THE TOTAL BENEFITS DERIVED FROM
34 THE GRANT OF TAX INCENTIVES BASED ON THE ANNUAL TAX
35 INCENTIVE REPORT, ANNUAL BENEFITS REPORT, AND OTHER
36 RELATED SOURCES, TO CALCULATE THE NET BENEFIT OR
37 COST ASSOCIATED WITH TAX INCENTIVES.

38 "FOR PURPOSES OF MONITORING AND TRANSPARENCY,
39 THE DEPARTMENT OF FINANCE SHALL SUBMIT TO THE
40 DEPARTMENT OF BUDGET AND MANAGEMENT AGGREGATE
41 DATA ON A SECTORAL AND PER INDUSTRY BASIS OF: (1) THE
42 AMOUNT OF TAX INCENTIVES AVAILED OF BY REGISTERED
43 BUSINESS ENTERPRISES AND OTHER REGISTERED
44 ENTERPRISES; (2) THE ESTIMATE CLAIMS OF TAX INCENTIVES

1 IMMEDIATELY PRECEDING THE CURRENT YEAR; (3) THE
2 PROGRAMMED TAX INCENTIVES FOR THE CURRENT YEAR;
3 AND (4) THE PROJECTED TAX INCENTIVES FOR THE
4 FOLLOWING YEAR.

5 "THE AFORESAID DATA SHALL BE REFLECTED BY THE
6 DBM IN THE ANNUAL BUDGET OF EXPENDITURES AND
7 SOURCES OF FINANCING (BESF), WHICH SHALL BE KNOWN AS
8 THE TAX INCENTIVES INFORMATION (TII) SECTION: *PROVIDED,*
9 *THAT* THE TAX INCENTIVES INFORMATION SHALL BE LIMITED
10 TO THE AGGREGATE DATA RELATED TO INCENTIVES AVAILED
11 OF BY REGISTERED BUSINESS ENTERPRISES AND OTHER
12 REGISTERED ENTERPRISES BASED ON THE SUBMISSIONS OF
13 THE DEPARTMENT OF FINANCE AND THE CONCERNED
14 INVESTMENT PROMOTION AGENCIES AND OTHER
15 GOVERNMENT AGENCIES ADMINISTERING TAX INCENTIVES,
16 CATEGORIZED BY SECTOR, BY INVESTMENT PROMOTION
17 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING
18 TAX INCENTIVES, AND BY TYPE OF TAX INCENTIVE. *PROVIDED*
19 *FURTHER,* THAT THE RESULTS OF THE COST-BENEFIT
20 ANALYSIS SHALL BE PUBLISHED AT THE INDUSTRY-LEVEL BY
21 THE FISCAL INCENTIVES REVIEW BOARD AND A REPORT
22 SHALL BE SUBMITTED TO THE PRESIDENT AND CONGRESS ON
23 AN ANNUAL BASIS.

24 "SEC. 307. *CONDUCT OF COST-BENEFIT ANALYSIS ON*
25 *TAX INCENTIVES.* - THE FISCAL INCENTIVES REVIEW BOARD IS
26 MANDATED TO CONDUCT COST-BENEFIT ANALYSIS ON THE
27 INVESTMENT AND NON-INVESTMENT INCENTIVES TO
28 DETERMINE THE IMPACT OF TAX INCENTIVES ON THE
29 PHILIPPINE ECONOMY AND ON THE RELEVANT SECTOR.

30 "FOR THIS PURPOSE, ALL HEADS OF THE INVESTMENT
31 PROMOTION AGENCIES AND OTHER GOVERNMENT AGENCIES
32 ADMINISTERING TAX INCENTIVES SHALL SUBMIT TO THE
33 FISCAL INCENTIVES REVIEW BOARD FIRM- AND PER
34 REGISTERED PROJECT- OR ACTIVITY-LEVEL:

35 (1) DATA ON TAX INCENTIVES BASED ON THE
36 SUBMISSIONS OF REGISTERED BUSINESS ENTERPRISES
37 AND OTHER REGISTERED ENTERPRISES; AND

38 (2) OTHER INVESTMENT- AND NON-INVESTMENT-
39 RELATED DATA.

40 "SEC. 308. *PENALTIES FOR NONCOMPLIANCE WITH*
41 *FILING AND REPORTORIAL REQUIREMENTS.* - ANY
42 REGISTERED BUSINESS ENTERPRISE OR OTHER REGISTERED
43 ENTERPRISE WHICH FAILS TO COMPLY WITH FILING AND
44 REPORTORIAL REQUIREMENTS WITH THE APPROPRIATE

1 INVESTMENT PROMOTION AGENCIES OR OTHER GOVERNMENT
2 AGENCIES ADMINISTERING TAX INCENTIVES AND/OR WHICH
3 FAILS TO SHOW PROOF OF FILING OF TAX RETURNS USING
4 THE ELECTRONIC SYSTEM FOR FILING AND PAYMENT OF
5 TAXES OF THE BUREAU OF INTERNAL REVENUE UNDER
6 SECTION 305 HEREOF, SHALL BE IMPOSED THE FOLLOWING
7 PENALTIES BY THE APPROPRIATE INVESTMENT PROMOTION
8 AGENCY OR OTHER GOVERNMENT AGENCY ADMINISTERING
9 TAX INCENTIVES:

10 “(A) FIRST VIOLATION – PAYMENT OF A FINE
11 AMOUNTING TO ONE HUNDRED THOUSAND PESOS
12 (P100,000.00);

13 “(B) SECOND VIOLATION – PAYMENT OF A FINE
14 AMOUNTING TO FIVE HUNDRED THOUSAND PESOS
15 (P500,000.00); AND

16 “(C) THIRD VIOLATION – CANCELLATION BY THE
17 FISCAL INCENTIVES REVIEW BOARD OF THE
18 REGISTRATION OF THE REGISTERED BUSINESS
19 ENTERPRISE OR REGISTERED ENTITY WITH THE
20 INVESTMENT PROMOTION AGENCY OR OTHER
21 GOVERNMENT AGENCY ADMINISTERING TAX
22 INCENTIVES.

23 “*PROVIDED, THAT* IF THE FAILURE TO SHOW SUCH
24 PROOF IS NOT DUE TO THE FAULT OF THE REGISTERED
25 BUSINESS ENTERPRISES OR OTHER REGISTERED
26 ENTERPRISES, THE SAME SHALL NOT BE A GROUND FOR THE
27 SUSPENSION OF THE INCOME TAX HOLIDAY AND/OR OTHER
28 TAX INCENTIVES AVAILMENT: *PROVIDED, FURTHER THAT*
29 COLLECTIONS FROM THE PENALTIES SHALL ACCRUE TO THE
30 GENERAL FUND.

31 “ANY GOVERNMENT OFFICIAL OR EMPLOYEE WHO FAILS
32 WITHOUT JUSTIFIABLE REASON TO PROVIDE OR FURNISH THE
33 REQUIRED TAX INCENTIVES REPORT OR OTHER DATA OR
34 INFORMATION AS REQUIRED UNDER SECTIONS 15 AND 16
35 OF THIS ACT SHALL BE PENALIZED, AFTER DUE PROCESS, BY
36 A FINE EQUIVALENT TO THE OFFICIAL’S OR EMPLOYEE’S
37 BASIC SALARY FOR A PERIOD OF ONE (1) MONTH TO SIX (6)
38 MONTHS OR BY SUSPENSION FROM GOVERNMENT SERVICE
39 FOR NOT MORE THAN ONE (1) YEAR, OR BOTH, IN ADDITION TO
40 ANY CRIMINAL AND ADMINISTRATIVE PENALTIES IMPOSABLE
41 UNDER EXISTING LAWS.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

"CHAPTER VI"

"TRANSITORY AND MISCELLANEOUS PROVISIONS"

"SEC. 309. *NO DOUBLE REGISTRATION OF ENTERPRISES.* – REGISTERED ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE THAN ONE (1) INVESTMENT PROMOTION AGENCY: *PROVIDED, THAT,* REGISTERED BUSINESS ENTERPRISES RENDERING AUXILIARY PROJECTS OR ACTIVITIES MAY BE ALLOWED TO REGISTER IN MORE THAN ONE INVESTMENT PROMOTION AGENCY SUBJECT TO THE APPROVAL OF THE FISCAL INCENTIVES REVIEW BOARD.

"SEC. 310. *GOVERNANCE RULES.* – THE FISCAL INCENTIVES REVIEW BOARD MAY REQUIRE DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC AND/OR THEIR EMPLOYEES WITHIN FIVE (5) YEARS FROM DATE OF REGISTRATION."

"SEC. 311. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.* – REGISTERED BUSINESS ENTERPRISES WITH INCENTIVES GRANTED PRIOR TO THE EFFECTIVITY OF THIS ACT SHALL BE SUBJECT TO THE FOLLOWING RULES:

"(A) REGISTERED BUSINESS ENTERPRISES WHOSE PROJECTS OR ACTIVITIES WERE GRANTED ONLY AN INCOME TAX HOLIDAY PRIOR TO THE EFFECTIVITY OF THIS ACT SHALL BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF THE INCOME TAX HOLIDAY FOR THE REMAINING PERIOD OF THE INCOME TAX HOLIDAY AS SPECIFIED IN THE TERMS AND CONDITIONS OF THEIR REGISTRATION; *PROVIDED,* THAT FOR THOSE THAT HAVE BEEN GRANTED THE INCOME TAX HOLIDAY BUT HAVE NOT YET AVAILED OF THE INCENTIVE UPON THE EFFECTIVITY OF THIS ACT, THEY MAY USE THE INCOME TAX HOLIDAY FOR THE PERIOD SPECIFIED IN THE TERMS AND CONDITION OF THEIR REGISTRATION.

"(B) REGISTERED BUSINESS ENTERPRISES WHOSE PROJECTS OR ACTIVITIES WERE GRANTED AN INCOME TAX HOLIDAY PRIOR TO THE EFFECTIVITY OF THIS ACT AND THAT WILL EXPIRE WITHIN FIVE YEARS FROM THE EFFECTIVITY OF THIS ACT AND THAT ARE ENTITLED TO THE FIVE PERCENT (5%) TAX ON GROSS INCOME EARNED INCENTIVE AFTER THE INCOME TAX HOLIDAY SHALL BE ALLOWED TO AVAIL OF THE FIVE PERCENT (5%) GROSS INCOME EARNED INCENTIVE FOR THE

1 REMAINING PERIOD AFTER THE INCOME TAX HOLIDAY
2 NOT TO EXCEED FIVE (5) YEARS FROM THE EFFECTIVITY
3 OF THIS ACT.

4 “(C) REGISTERED BUSINESS ENTERPRISES
5 CURRENTLY AVAILING OF THE FIVE (5%) PERCENT TAX
6 ON GROSS INCOME EARNED GRANTED PRIOR TO THE
7 EFFECTIVITY OF THIS ACT SHALL BE ALLOWED TO
8 CONTINUE AVAILING THE SAID TAX INCENTIVE AT THE
9 RATE OF FIVE PERCENT (5%) IN 2020 AND THEREAFTER,
10 FOLLOWING THE SCHEDULE:

11 “(1) TWO (2) YEARS FOR PROJECTS OR
12 ACTIVITIES AVAILING OF THE GROSS INCOME
13 EARNED INCENTIVE FOR MORE THAN TEN (10)
14 YEARS;

15 “(2) THREE (3) YEARS FOR PROJECTS OR
16 ACTIVITIES AVAILING OF THE GROSS INCOME
17 EARNED INCENTIVE BETWEEN FIVE (5) AND TEN
18 (10) YEARS;

19 “(3) FIVE (5) YEARS FOR PROJECTS OR
20 ACTIVITIES AVAILING OF THE GROSS INCOME
21 EARNED INCENTIVE BELOW FIVE (5) YEARS; AND

22 “(4) SEVEN (7) YEARS FOR PROJECTS OR
23 ACTIVITIES WHICH WILL SATISFY ANY OF THE
24 FOLLOWING CONDITIONS: (i) REGISTERED
25 EXPORTERS THAT EXPORT ONE HUNDRED
26 PERCENT (100%) OF THEIR GOODS AND SERVICES;
27 (ii) REGISTERED BUSINESS ENTERPRISES THAT
28 EMPLOY AT LEAST TEN THOUSAND (10,000)
29 FILIPINO EMPLOYEES DIRECTLY ENGAGED IN THE
30 PRODUCTION OF THE REGISTERED PROJECT OR
31 ACTIVITY PRIOR TO THE EFFECTIVITY OF THIS ACT;
32 OR (iii) REGISTERED ENTERPRISES ENGAGED IN
33 FOOTLOOSE PROJECTS OR ACTIVITIES AS
34 DEFINED HEREIN.

35 “EXISTING REGISTERED PROJECTS OR ACTIVITIES
36 WHICH WILL QUALIFY FOR REGISTRATION UNDER THE
37 STRATEGIC INVESTMENT PRIORITY PLAN MAY OPT TO BE
38 GOVERNED BY THE PROVISIONS OF THIS ACT; IN SUCH CASE,
39 THE SAID ENTERPRISES SHALL BE REQUIRED TO SURRENDER
40 THEIR CERTIFICATES OF REGISTRATION WHICH SHALL BE
41 DEEMED AS AN EXPRESS WAIVER OF PRIVILEGE TO AVAIL OF
42 INCENTIVES PROVIDED IN THE INCENTIVES LAW UNDER WHICH
43 THEY WERE PREVIOUSLY REGISTERED.

1 "FOR PURPOSES OF THIS SECTION, A FOOTLOOSE
2 PROJECT OR ACTIVITY SHALL MEET ALL OF THE FOLLOWING
3 QUALIFICATIONS: (1) IT IS A MANUFACTURING ACTIVITY OR
4 PROJECT; (2) IT HAS A DIRECT LABOR EXPENSE TO ASSET
5 RATIO OF AT LEAST SEVENTY PERCENT (70%) FOR THREE
6 CONSECUTIVE YEARS IMMEDIATELY PRECEDING THE YEAR OF
7 IMPLEMENTATION OF THIS ACT; (3) IT EXPORTS ONE HUNDRED
8 PERCENT (100%) OF ITS MANUFACTURED GOODS; AND (4) ITS
9 ACTUAL AREA OF OPERATION IS OUTSIDE METRO MANILA:
10 *PROVIDED, THAT*, THE FISCAL INCENTIVES REVIEW BOARD
11 MAY MODIFY THE DIRECT LABOR EXPENSE TO ASSET RATIO
12 OR THE MANUFACTURING EXPORT REQUIREMENTS, UPON THE
13 RECOMMENDATION OF THE BOARD OF INVESTMENTS,
14 CONSISTENT WITH THE STRATEGIC INVESTMENT PRIORITY
15 PLAN."

16
17 **SEC. 10-A. *Repealing Clause.*** – The following laws, decrees, executive
18 orders, rules and regulations are hereby repealed:

19 (A) To transfer to the Fiscal Incentives Review Board the power of the
20 Investment Promotion Agency Board to review, approve, or disapprove fiscal
21 incentives and to mandate the Investment Promotion Agency Board to recommend
22 to the Fiscal Incentives Review Board after a thorough review of the application, the
23 approval or disapproval of the same, the following provisions are hereby repealed:

24 (1) Articles 7(3)(8) and (14) of Executive Order No. 226, series of 1987,
25 entitled "the Omnibus Investments Code of 1987", as amended by RA 7918,
26 entitled "An Act Amending Article 39, Title III of Executive Order No. 226,
27 series of 1987, entitled, 'the Omnibus Investment Code of 1987, as Amended,
28 and for Other Purposes";

29 (2) Section 1 of Executive Order No. 458, series of 1991, entitled
30 "Devolving the Powers and Functions of the Board of Investments Over
31 Investments Within the Autonomous Region in Muslim Mindanao to the
32 Autonomous Regional Government and for Other Purposes";

33 (3) Sections 7 and 8 of Republic Act 9400, entitled "An Act Amending
34 Republic Act No. 7227, as amended, Otherwise Known as the Bases
35 Conversion and Development Act of 1992, and for Other Purposes";

36 (4) Section 85(a) of Subchapter IV-B of RA 9593, entitled "An Act
37 Declaring a National Policy for Tourism as an Engine of Investment,
38 Employment, Growth and National Development and Strengthening the
39 Department of Tourism and its Attached Agencies to Effectively Implement
40 that Policy, and Appropriating Funds Therefor", as amended by Republic Act
41 No. 11262;

42 (5) Sections 7 and 8 of Republic Act No. 9490, entitled "An Act
43 Establishing the Aurora Special Economic Zone in the Province of Aurora,
44 Creating for the Purpose the Aurora Special Economic Zone Authority,

1 Appropriating Funds Therefor and for Other Purposes”, as amended by
2 Republic Act No. 10083, entitled “An Act Amending Republic Act No. 9490,
3 Otherwise Known as the “Aurora Special Economic Zone Act of 2007”;

4 (6) Section 13(i) of RA 7916, “An Act Providing for the Legal
5 Framework and Mechanisms for the Creation, Operation, Administration and
6 Coordination of Special Economic Zones in the Philippines, Creating for this
7 Purpose, the Philippine Economic Zone Authority and for Other Purposes, as
8 amended by RA 8748 entitled; and

9 (B) The provisions of the following laws, including the tax incentives, that are
10 inconsistent with this Act are hereby repealed:

11 (1) Book I, Title III, Article 39(A), (B), (C), (D), (E), (I), (J), (K), (M) and
12 (N); Title IV, Article 40; Book III, Articles 61, 62, 63, 64, 65, 66, and 67; Book
13 IV Article 69; Book VI, Articles 77 and 78 of Executive Order No. 226, series
14 of 1987, entitled “The Omnibus Investments Code of 1987”, as amended by
15 Republic Act No. 7918, and further amended by Republic Act No. 8756”;

16 (2) Executive Order No. 85, series of 2019, entitled “Reducing the
17 Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported
18 by Board of Investments - Registered New and Expanding Enterprises”;

19 (3) Section 17 (1) and (2), and Section 18(a), (b), (c), and (f) of
20 Presidential Decree No. 66, entitled “Creating the Export Processing Zone
21 Authority and Revising Republic Act No. 5490”;

22 (4) Section 4(e) and (f) of Republic Act No. 7903, entitled “An Act
23 Creating Special Economic Zone and Freeport in the City of Zamboanga and
24 Establishing for this Purpose the Zamboanga City Special Economic Zone
25 Authority, Appropriating Funds Therefor, and for Other Purposes”;

26 (5) Section 4(b) and (c) of Republic Act No. 7922, entitled “An Act
27 Establishing a Special Economic Zone and Freeport in the Municipality of
28 Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province
29 of Cagayan Providing Funds Therefor, and for Other Purposes”;

30 (6) Section 23 of Republic Act No. 7916, entitled “An Act Providing for
31 the Legal Framework and Mechanisms for the Creation, Operation,
32 Administration, and Coordination of Special Economic Zones in the
33 Philippines, Creating for the Purpose the Philippine Economic Zone Authority
34 (PEZA), and for Other Purposes” as amended by Republic Act No. 8748”;

35 (7) Sections 4(f), 5 and 9 of Republic Act No. 9490, entitled “An Act
36 Establishing the Aurora Special Economic Zone in the Province of Aurora,
37 Creating for the Purpose the Aurora Special Economic Zone Authority,
38 Appropriating Funds Therefor and for Other Purposes”, as amended by RA
39 10083;

40 (8) Sections 4(f), 5, 9 and 10 of Republic Act No. 9728, entitled “An Act
41 Converting the Bataan Economic Zone Located in the Municipality of
42 Mariveles, Province of Bataan, into the Freeport Area of Bataan (FAB),
43 Creating for this Purpose the Authority of the Freeport Area of Bataan
44 (AFAB), Appropriating Funds Therefor and for Other Purposes”;

1 (9) Section 16 of Republic Act No. 7844, entitled "An Act to Develop
2 Exports as a Key Towards the Achievement of the National Goals Towards
3 the Year 2000";

4 (10) Sections 86(a),(c),(d),(e),(f), 88, and 95(a) and (b) of Republic Act
5 No. 9593, entitled "An Act Declaring a National Policy for Tourism as an
6 Engine of Investment, Employment, Growth and National Development, and
7 Strengthening the Department of Tourism and its Attached Agencies to
8 Effectively and Efficiently Implement That Policy, and Appropriating Funds
9 Therefor";

10 (11) Section 9 of Presidential Decree No. 538, entitled "Creating and
11 Establishing the PHIVIDEC Industrial Authority and Making it a Subsidiary
12 Agency of the Philippine Veterans Development Corporation, Defining its
13 Powers, Functions and Responsibilities, and for Other Purposes" as amended
14 by Presidential Decree No. 1491;

15 (12) Section 1 (G) of Executive Order No. 458, series of 1991, entitled
16 "Devolving the Powers and Functions of the Board of Investments Over
17 Investments Within the Autonomous Region in Muslim Mindanao to the
18 Autonomous Regional Government and for Other Purposes";

19 (13) Presidential Decree No. 1955, entitled "Withdrawing, Subject to
20 Certain Conditions, the Duty and Tax Privileges Granted to Private Business
21 Enterprises and/or Persons Engaged in Any Economic Activity and for Other
22 Purposes".

23 (C) To expand the powers and functions of the Fiscal Incentives Review
24 Board and enhance its membership, the provisions of the following laws that are
25 inconsistent with this Act are hereby repealed:

26 (1) Sections 1(6) and 2 of Presidential Decree No. 776, entitled
27 "Repealing All Laws, Acts, Decrees, Orders and Ordinances, Granting
28 Exemptions from Taxes, Duties, Fees, Imposts and Other Charges Under
29 Certain Exceptions and Creating a Fiscal Incentives Board";

30 (2) Section 2 of Presidential Decree No. 1931, series of 1984, entitled
31 "Directing the Rationalization of Duty and Tax Exemption Privileges Granted
32 to Government-Owned or -Controlled Corporations and All Other Units of
33 Government";

34 (3) Section 1(c) and (d) of Executive Order No. 93, series of 1986,
35 entitled "Withdrawing All Tax and Duty Incentives, Subject to Certain
36 Exceptions, Expanding the Powers of the Fiscal Incentives Review Board and
37 for Other Purposes"; and

38 (4) Memorandum Order No. 23, series of 1986, entitled "Expanding the
39 Membership of the Fiscal Incentives Review Board".

40 (D) The provisions of the following laws, that are inconsistent with the
41 provisions on the Strategic Investment Priority Plan, are hereby repealed:

42 (1) Article 7(1) of Chapter II; Article 26, Chapter I, Title I, Book I; and
43 Chapter II, Title I, Book I of EO 226, series of 1987, as amended, entitled "the
44 Omnibus Investments Code of 1987"; and

1 (2) Sections 1(F), 2, and 3 of Executive Order No. 458, series of 1991
2 entitled, "Devolving the Powers and Functions of the Board of Investments
3 Over Investments Within the Autonomous Region in Muslim Mindanao to the
4 Autonomous Regional Government and for Other Purposes".

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

8 All other laws, decrees, executive orders, rules and regulations, or parts
9 thereof which are contrary to or inconsistent with this Act are hereby repealed
10 accordingly.

11 **SEC. 10-B. Amendatory Clause.** – The following laws, decrees, executive
12 orders, rules and regulations are hereby amended or modified accordingly:

13 (A) To transfer to the Fiscal Incentives Review Board the power of the
14 Investment Promotion Agency Board to review, approve, or disapprove fiscal
15 incentives and to mandate the Investment Promotion Agency Board to recommend
16 to the Fiscal Incentives Review Board after a thorough review of the application, the
17 approval or disapproval of the same, the following provisions are hereby amended:

18 (1) Section 7(a) and (c) of Republic Act No. 7903, entitled "An Act
19 Creating a Special Economic Zone and Freeport in the City of Zamboanga
20 City Special Economic Zone Authority, Appropriating Funds Therefor, and for
21 Other Purposes";

22 (2) Sections 4(f), 8, and 13(c) of Republic Act No. 9728, entitled "An
23 Act Converting the Bataan Economic Zone located in the Municipality of
24 Mariveles, Province of Bataan, into the Freeport Area of Bataan, Creating for
25 this Purpose the Authority of the Freeport Area of Bataan (AFAB),
26 Appropriating Funds Therefor and for Other Purposes", as amended by
27 Republic Act No. 11453;

28 (3) Sections 12(b), 13(b), 15, and 15-C of Republic Act No. 7227,
29 entitled "An Act Accelerating the Conversion of Military Reservations into
30 Other Productive Uses, Creating the Bases Conversion and Development
31 Authority for the Purpose, Providing Funds Therefor and for Other Purposes",
32 as amended by Republic Act No. 9400;

33 (4) Sections 69(n) of Subchapter IV-B of RA 9593, entitled "An Act
34 Declaring a National Policy for Tourism as an Engine of Investment,
35 Employment, Growth and National Development and Strengthening the
36 Department of Tourism and its Attached Agencies to Effectively Implement
37 that Policy, and Appropriating Funds Therefor", as amended by Republic Act
38 No. 11262;

39 (5) Section 12(a) & (b) of Republic Act No. 9490, entitled "An Act
40 Establishing the Aurora Special Economic Zone in the Province of Aurora,
41 Creating for the Purpose the Aurora Special Economic Zone Authority,
42 Appropriating Funds Therefor and for Other Purposes", as amended by
43 Republic Act No. 10083, entitled "An Act Amending Republic Act No. 9490,
44 Otherwise Known as the "Aurora Special Economic Zone Act of 2007";

1 (6) Section 6(c) of Republic Act No. 7922, entitled "An Act Establishing
2 a Special Economic Zone and Free Port in the Municipality of Santa Ana and
3 the Neighboring Islands of Cagayan, Providing Funds Therefor, and for Other
4 Purposes";

5 (7) Section 4(a) of Presidential Decree No. 538, entitled "Creating and
6 Establishing the PHIVIDEC Industrial Authority and Making it a Subsidiary
7 Agency of the Philippines Veterans Investment Development Corporation,
8 Defining its Powers, Functions and Responsibilities, and for Other Purposes";

9 (8) Sections 13(a) and 15 of RA 7916, "An Act Providing for the Legal
10 Framework and Mechanisms for the Creation, Operation, Administration and
11 Coordination of Special Economic Zones in the Philippines, Creating for this
12 Purpose, the Philippine Economic Zone Authority and for Other Purposes, as
13 amended by RA 8748 entitled; and

14 (B) The provisions of the following laws, including the tax incentives, that are
15 inconsistent with this Act are hereby amended:

16 (1) Section 24 of Republic Act No. 7916, entitled "An Act Providing for
17 the Legal Framework and Mechanisms for the Creation, Operation,
18 Administration, and Coordination of Special Economic Zones in the
19 Philippines, Creating for the Purpose the Philippine Economic Zone Authority
20 (PEZA), and for Other Purposes" as amended by Republic Act No. 8748";

21 (2) Sections 12(c), 15, 15-A, 15-B, 15-C of Republic Act No. 7227,
22 entitled "An Act Accelerating the Conversion of Military Reservations into
23 other Productive Uses, Creating the Bases Conversion and Development
24 Authority for this Purpose, Providing Funds therefor and for other Purposes"
25 as amended by Republic Act No. 9400, and further amended by Executive
26 Order No. 619, series of 2007";

27 (3) Section 6 of Republic Act No. 9728, entitled "An Act Converting the
28 Bataan Economic Zone Located in the Municipality of Mariveles, Province of
29 Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the
30 Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds
31 Therefor and for Other Purposes";

32 (4) Sections 86(b) of Republic Act No. 9593, entitled "An Act Declaring
33 a National Policy for Tourism as an Engine of Investment, Employment,
34 Growth and National Development, and Strengthening the Department of
35 Tourism and its Attached Agencies to Effectively and Efficiently Implement
36 That Policy, and Appropriating Funds Therefor";

37 (5) Section 8 of Presidential Decree No. 538, entitled "Creating and
38 Establishing the PHIVIDEC Industrial Authority and Making it a Subsidiary
39 Agency of the Philippine Veterans Development Corporation, Defining its
40 Powers, Functions and Responsibilities, and for Other Purposes" as amended
41 by Presidential Decree No. 1491;

42 (6) Section 1(1.1) of Executive Order No. 97-A, series of 1993, entitled
43 "Further Clarifying the Tax and Duty-Free Privilege Within the Subic Special
44 Economic and Free Port Zone";

1 (C) The provisions of the following laws that are inconsistent with the
2 provisions on the Strategic Investment Priority Plan are hereby amended:

3 (1) Section 13(j) of Republic Act No. 9728, entitled "An Act Converting
4 the Bataan Economic Zone located in the Municipality of Mariveles, Province
5 of Bataan, into the Freeport Area of Bataan, Creating for this Purpose the
6 Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds
7 Therefor and for Other Purposes", as amended by Republic Act No. 11453;

8 (2) Section 12(f) of Republic Act No. 9490, as amended, entitled "An
9 Act Establishing the Aurora Special Economic Zone in the Province of Aurora,
10 Creating for the Purpose the Aurora Special Economic Zone Authority,
11 Appropriating Funds Therefor and for Other Purposes";

12 (3) Section 6(f) of Republic Act No. 7922 entitled, "An Act Establishing
13 a Special Economic Zone and Free Port in the Municipality of Santa Ana and
14 the Neighboring Islands of Cagayan, Providing Funds Therefor, and for Other
15 Purposes";

16 (4) Section 21 of Republic Act No. 7916, as amended, entitled "An Act
17 Providing for the Legal Framework and Mechanisms for the Creation,
18 Operation, Administration and Coordination of Special Economic Zones in the
19 Philippines, Creating for this Purpose, the Philippine Economic Zone Authority
20 and for Other Purposes;

21 (5) Article 32, Chapter III, Title I, Book I of EO 226, series of 1987, as
22 amended, entitled "the Omnibus Investments Code of 1987";

23 (6) Section 5 of Executive Order No. 80, series of 1993 entitled,
24 "Authorizing the Establishment of the Clark Development Corporation as the
25 Implementing Arm of the Bases Conversion and Development Authority for the
26 Clark Special Economic Zone, and Directing all Heads of Departments,
27 Bureaus, Offices, Agencies and Instrumentalities of Government to Support
28 the Program"

29 (7) Sections 4(b), 13(b)(7) of Republic Act No. 7227 entitled, ""An Act
30 Accelerating the Conversion of Military Reservations into Other Productive
31 Uses, Creating the Bases Conversion and Development Authority for this
32 Purpose, Providing Funds Therefor and for Other Purposes";

33 (8) Sections 85 and 88(c)(1) of Republic Act No. 9593, as amended by
34 Republic Act No. 11262, entitled "An Act Declaring a National Policy for
35 Tourism as an Engine of Investment, Employment, Growth and National
36 Development, and Strengthening the Department of Tourism and its Attached
37 Agencies to Effectively and Efficiently Implement That Policy, and
38 Appropriating Funds Therefor"; and

39 All other laws, decrees, executive orders, rules and regulations, or parts
40 thereof which are contrary to or inconsistent with this Code are hereby amended or
41 modified accordingly.

42 **SEC. 11. Separability Clause.** – If any provision or part of this Act is declared
43 invalid or unconstitutional, such declaration shall be confined in its operation to the

1 clause, sentence, paragraph, or part thereof directly involved in the case, whereas
2 the parts or provisions not affected thereby shall remain in full force and effect.

3 **SEC. 12. *Appropriation.*** – The National Tax Research Center, as the
4 secretariat of the Fiscal Incentives Review Board, shall be provided with an initial
5 appropriation of One Hundred Million Pesos (PHP 100,000,000.00) to be drawn from
6 the available funds from the National Treasury not otherwise appropriated.
7 Appropriations for the succeeding years shall be included in the annual General
8 Appropriations Act.

9 **SEC. 13. *Implementing Rules and Regulations.*** – Within ninety (90) days from
10 the effectivity of this Act, the Secretary of Finance upon the recommendation of the
11 Commissioner of Internal Revenue, shall promulgate the necessary rules and
12 regulations for its effective implementation; *Provided, that* for the provisions under
13 Title XIII, the Secretary of Finance and the Secretary of Trade and Industry shall
14 jointly promulgate the necessary rules and regulations thereof within the same
15 period, after due consultations with the Commissioner of Internal Revenue, the
16 Board of Investments, and other Investment Promotion Agencies, for its effective
17 implementation.

18 **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
19 complete publication in the Official Gazette or in a newspaper of general circulation;
20 *Provided, that* the effectivity of the provisions under Sections 5, 6 and 7 shall
21 retroact to January 1, 2020.

Approved,